

Analysis of The Effect of Digital Word of Mouth (WOM) Marketing To Customer Purchase Decision

Bunga Indah Bayunitri^{1*}, Fitri Nuraeni² and Nenden Desi³

^{1,2,3}Widyatama University, Bandung, Indonesia

ABSTRACT

Objective – The study aims to explore the effect of digital Word of Mouth (WOM) marketing on customer purchase decision.

Methodology/Technique – Types of research are a descriptive analysis and causal also measuring a conclusion by using a regression analysis and for hypothesis testing using t-test and F-test.

Findings – The results of this research indicated that digital word of mouth marketing is effective and also has a influenced on customer purchase decision. The results show that digital word of mouth marketing included in the criteria of “Effective”, this means that customer respondents had a positive view about digital word of mouth marketing at Dusun Bambu by using these indicators: Talking, Promoting, and Selling.

Novelty – It is suggested that the company can increase the quantity of purchases in one transaction by cooperating with local tour and travel agents in order to raise the number of visitors.

Type of Paper: Empirical

Keywords: Digital Word of Mouth; Dusun Bambu; Marketing; Purchase Decision; Tourism.

JEL Classification: M31, M37.

1. Introduction

Tourism in Indonesia is one of the important industries in Indonesia are able to accelerate economic growth, reduce unemployment by providing jobs, increase incomes and living standards and stimulate other productive sectors.

In 2013 and 2014, tourism, ranking fourth in terms of foreign exchange earnings after oil and gas, coal and palm oil. In January, the tourism in Indonesia decreased by 4%, while in December increased by 8% (Kemenpar, 2014).

West Java province is one of the provinces in Indonesia which has a tourist attraction after Bali, Jakarta, Yogyakarta and East Java. But City, Regency Bandung and West Bandung is excellent for domestic and foreign tourists to tour because besides Bandung as the capital of West Java, Bandung also has a variety of attractions, which include 64 natural, 27 cultural tours and 10 special interest tours by Data Disbudpar West Java province in 2011 (Disparbud, 2011).

* Paper Info: Received: February 7, 2017

Accepted: July 13, 2017

* Corresponding author:

E-mail: bunga.indah@widyatama.ac.id

Affiliation: Economy Faculty of Widyatama University, Indonesia

One area in Bandung tourist area which offers many family leisure park and resort is West Bandung regency that began to develop, especially in the last four years. It shows that managers of family leisure park and resort trying to take advantage of existing opportunities to compete for market share.

Dusun Bambu is a company engaged in the field of family leisure park and resort and is located in the area of West Bandung. The main target market share *Dusun Bambu* is a family other than that certain groups such as companies that want to vacation in the area of West Bandung regency.

In order to win business competition, especially those engaged in the same field as Pinisi Resto, Slope Anteng, Farmhouse Dairy Lembang, Ciwidey Valley Hot Spring Waterpark Resort, Kampung Batu Malakasari, Window Nature, Ranch Upas, and Kampung Gajah should be able to increase visitors by making strategic marketing.

Today, with the explosion of digital marketing that affect changes in marketing trends around the world, making many companies turn to all sorts of activities therein. No wonder also that many businesses are intentionally added content on its online site to increase traffic visiting customers every day.

Customers in making a purchasing decision of a product tend to believe the quality of a product through the suggestions and opinions of their peers than ads that come directly from the company. With the proliferation of social media sites, blogs, and online testimonials, to enable people to pour their thoughts and instantly reach thousands of people at once globally.

But if digital marketing is ready to be implemented in Indonesia, because at this time even though Indonesia has a market opportunity that is pretty great views of the population, but constrained in their complicated procedures, risk, fraud and disputes, capital flows are minimal, lack of knowledge of the market and the digital marketing system.

Based on the aforementioned background, the problems can be formulated as follows: What are the perceptions of customers about the Digital Word of Mouth Marketing at *Dusun Bambu Family Leisure Park*? What are the perceptions of customers regarding the purchasing decisions of customers at *Dusun Bambu Family Leisure Park*? And How big is the influence of Digital Word of Mouth Marketing on purchasing decisions of customers at *Dusun Bambu Family Leisure Park*?

2. Literature Review

Definition of marketing according to the American Marketing Association (AMA) in Philip Kotler and Kevin Lane Keller (2012) is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.

Andriyanto (2010) states that Word of mouth is an information about a product that is shipped or transmitted from one party to another. According to Armstrong dan Kotler (2004:90):

“Viral marketing is the Internet version of word-of-mouth marketing, that involves creating an E-Mail message or other marketing event that is so infectious that customers will want to pass it along to their friend.”

Meanwhile, according to Chevlan in Andriyanto (2010) says that word of mouth is also known as Digital Word of Mouth Marketing, Viral Marketing or Buzz Marketing is a marketing technique that is used with the aim of spreading a marketing message from one website or the users of the website or other users, in which deployment can form growth potential as well as a virus.

Three stages of word of mouth by Sumardi in Andriyanto (2010) are:

- Talking is the stage at which a consumer talking about a product or brand to other consumers.
- Promoting is when a consumer is not just talking about a brand or product, but also willing to promote it to other consumers.
- Selling is the stage at which a consumer is willing to sell the brand or the product to others.

A purchase decision is an excuse about how consumers make a choice to purchase a product that fits the needs, desires and expectations, which can lead to satisfaction or dissatisfaction with the product are affected by several factors such as family, price, experience, and quality of products (Mustafid & Gunawan, 2008).

There are several decisions made by the buyer:

1. Product Option
Consumers can take the decision to buy a product or use the money for other purposes. Company focused on people who are interested in buying a product as well as the alternatives they consider.
2. Brand Option
Consumers should take the decision about which brand to buy. Each brand has its own differences. In this case the company must know how consumers choose a brand.
3. Distributor Option
Consumers have to make decisions about which ones to attend dealer. Every consumer is different in terms of determining the dealer may close due to factors location, low prices, complete inventory, shopping convenience, the breadth of the place and so forth.
4. Time Buyers
Consumers in the decision timing of purchase can be vary, for example, there are buying every day, one week, two weeks or once a month.
5. Purchase Amount
Consumers can make a decision about how much product to be purchased at one time. Purchases made may be more than one. In this case the company must prepare a number of products in accordance with different desires of the buyer.
6. Payment Methods
Consumers make decisions about how or what payment methods will be selected from a variety of other alternatives in accordance with the conditions provided for the purchase of a product.

3. Methodology

This type of research is descriptive and using survey methods in conducting research with questionnaires. According to Uma Sekaran (2003: 121) descriptive research aims to create a description, picture, systematic picture, factual and accurate of facts, characteristics and relationships between phenomena.

The technique used in this study is associative hypothesis testing of correlation and regression analysis. According to Ghazali (2006), testing simultaneous effect is used to determine whether the independent variables jointly or simultaneously affect the dependent variable. Simultaneous testing using the F distribution is compared between F arithmetic with F table with significance level of 5%. Criteria for testing the hypothesis that H_0 accepted if $F_{\text{arithmetic}} < F_{\text{table}}$ at $\alpha = 5\%$, H_0 is rejected if $F_{\text{count}} > F_{\text{table}}$ at $\alpha = 5\%$.

Theoretical sampling size is done by applying theory mentioned by Hair et al (2006) that: "The ratio between the number of subjects and the number of independent variables in the multivariate analysis is recommended around 15 to 20 subjects per independent variable."

$n = \text{multivariate analysis} \times \text{the number of independent variables or sub-variables}$

$n = 20 \times 3 = 60$ (minimum of 60 respondents).

Sampling using purposive random sampling (Sugiyono, 2008), which is a sampling process to first determine the number of samples to be taken that meet the following criteria:

- West Java citizen;
- Had experienced to visited to *Dusun Bambu*.

The process to test the hypothesis using the method of analysis is the method of analysis klausalitas to determine the influence of independent variables (Digital Word Of Mouth Marketing), on the dependent variable (Customer Purchase Decision).

4. Results

The results show that digital word of mouth marketing included in the criteria of “Effective”, this means that customer respondents had a positive view about digital word of mouth marketing at Dusun Bambu by using these indicators: Talking, Promoting, and Selling.

The Selling is the indicator with the highest score is means that respondents agree with using digital word of mouth marketing in addition to improving customer satisfaction can also increase the participation of other people to do marketing and sales for the product.

The results show that customer purchase decision is included in the criteria “High” so is means that customer respondents had a positive view of customer purchase decision by using these indicators: Product Option, Brand Option, Distributor Option, Time Buyers, Purchase Amount, and Payment Methods.

Product Option is an indicator with highest score which indicates that respondents agree that product quality and distinctiveness of services is an important factor in making purchasing decisions.

The result shows that the coefficient of determination was 50%, which means a change in the customer purchase decision amounted to 50% influenced by the digital word of mouth marketing. While, the rest 50% is explained by other factors. Here is a summary of hypothesis testing results seen that H0 and H1 accepted meaning a positive influence on the digital word of mouth marketing to customer decision purchase.

5. Discussion

Based on the results of data processing that digital word of mouth marketing included in the criteria of “Effective”, meaning that customer respondents had a positive view about digital word of mouth marketing at Dusun Bambu.

There is sub indicators that still has inherent limitations related to the frequency of promotion. The level of promotional gift sales were low enough complaints by customers. In response, the possibility of the company to do that is because of the level of their sales are high enough without having to do a lot of promotion. The company is quite confident with the quality and distinctiveness that they have the product will bring many visitors their services without having to make excessive promotion. Because Dusun Bambu has a uniqueness in providing services leisure park that combines nature and architecture.

However, the company should reduce customer complaints regarding the sale is carried out at certain periods such as holidays, the anniversary of the company, or monthly promotion. It is possible to increase the number of customers who come to the Dusun Bambu.

The results show that customer purchase decision is included in the criteria “High” so is means that customer respondents had a positive view of customer purchase decision.

There is sub indicators that still has inherent limitations related to the purchase quantity. Likelihood of this happens because most who come to the hamlet of bamboo are the main family. Therefore, should the company in order to increase the quantity of purchases in one transaction by cooperating with local tour and travel agents in order to raise the number of visitors is more like a group visit.

Acknowledgements

In the name of Allah, the Most Gracious and the Most Merciful. Thank you for your support during this particularly to the achievement of this research. The biggest thanks for Widayatama University to support regarding to gives us opportunity by doing this research by facilities and financial support. And my second and third author whom my student that gives the contribution to this research by involved in the design concept, deployment of questionnaires and processing of statistical data.

References

- Andriyanto, Darmawan dan Haryanto, Oktavian. (2010). Analysis of Effect of Internet Marketing on Word of Mouth Formation and Brand Awareness to Bring Intention to Buy. *Journal of Technology Management*, 9(1). Universitas Kristen Satya Wacana.
- Disparbud. (2011). Retrieved from <http://www.disparbud.jabarprov.go.id/applications/frontend/index.php>
- Ghozali, Imam. (2006). *Nonparametric Statistics*. Semarang: Badan Penerbit UNDIP.
- Hair, J. F. et al. (2006). *Multivariate Data Analysis* (6th ed.). New Jersey: Pearson Education, Inc.
- Kemenpar. (2014). Retrieved from <http://www.kemenpar.go.id/asp/index.asp>
- Kotler, Philip & Armstrong, Gary. (2004). *Principles of Marketing* (7th ed.). Jakarta: Salemba Empat.
- Kotler, Philip & Keller, Kevin Lane. (2012). *Marketing Management* (14th ed.). New Jersey: Pearson Education, Inc.
- Mustafid & Gunawan. (2008). The Influence of Product Attributes Against Purchasing Decision Banana Chips "Kenali" in PD. Asa Perkasa In Bandar Lampung. *Journal of Business and Management*. (4)2. 123-140.
- Sekaran, Uma. (2003). *Research Methods For Business: A Skill Building Approach*. New York-USA: John Wiley and Sons, Inc.
- Sugiyono. (2008). *Quantitative Research Methods, Qualitative and R & D*. Bandung: Alfabeta.