

The Influence of Word of Mouth on Purchase Decisions at Tokopedia

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Abstract

The digital economy continues to drive the development of buying and selling from conventional to using e-commerce. Indonesian people have the highest number of e-commerce users in the world, namely 88.1% of internet users shop online at marketplaces. Based on Tokopedia's reputation which is still in second place in terms of usage in the community, several efforts can be made to encourage the use of Tokopedia as a superior marketplace. In accordance with several previous studies, one of the efforts is to promote word of mouth which can encourage increased purchasing decisions, in this case the Tokopedia marketplace by the general public. This study aims to determine the effect of word of mouth on purchasing decisions at Tokopedia. This research uses quantitative research methods with causal associative research types. The data collection method in this study was a survey through questionnaires distributed using Google form media. The population in this study is Indonesian society in general. The sampling technique in this study was a purposive sampling method with a total of 80 respondents. The data analysis method in this study is simple linear regression using SPSS 26 which involves 1 independent variable and 1 dependent variable. Based on the results of research on 80 respondents, the results show that there is a significant and strong influence between word of mouth on purchasing decisions at Tokopedia. .

Keywords: *Word of Mouth, Buying Decision, E-Commerce, Marketplace, Tokopedia*

INTRODUCTION

The digital economy continues to drive the development of buying and selling from conventional to using e-commerce. Slowly but surely, this is an appropriate slogan to describe the growing number of companies starting to implement e-commerce. People's consumption behavior has also begun to move towards online shopping behavior. Based on data from the Central Bureau of Statistics, in 2021 companies in Indonesia that carry out e-commerce activities amount to 25.92%. It is known that of this amount, 21.64% of businesses sell through marketplaces, while the remaining 78.36% of businesses sell through non-marketplace media such as social media, email, websites (Central Bureau of Statistics, 2021). In 2022, this number has increased, namely 34.10% of companies

in Indonesia will start conducting business activities in e-commerce. There was a decrease in the number of companies using the marketplace as a sales tool, namely 20.64% while the remaining 79.36% made sales via social media, email, website and sms (Central Bureau of Statistics, 2022).

Indonesian people have the highest number of e-commerce users in the world, namely 88.1% of internet users shop online (CNN Indonesia, 2022). Marketplace is an electronic means that brings sellers and buyers together for online buying and selling transactions (Apriadi & Saputra, 2017). There are several e-commerce in Indonesia. The most dominating e-commerce are Shopee, Tokopedia, and Lazada. Shopee occupies the top position with an average number of visitors per month of 181 million followed by Tokopedia in second place with 135 million visitors per month, based on a survey conducted by SimilarWeb from October to December 2022. Based on a survey conducted by Ipsos in 2022, with indicators the market shares with the highest number of transactions are Shopee (41%), Tokopedia (34%), and Lazada (16%). According to the transaction value market share indicator, the highest ranking winners were Shopee (40%), Tokopedia (30%), and Lazada (16%). Based on KataData Insights Center research, 57% of respondents who are entrepreneurs say that their biggest sales are through the Shopee marketplace (Jawa Pos, 2023).

PT. Tokopedia is a marketplace that was established on February 6, 2006 and released to the general public on August 17, 2009. The founder of PT. Tokopedia are William Tanuwijaya and Leontinus Alpha Edison. PT. Tokopedia also supports small, micro and medium enterprises to market their products online. Until now, the scope of PT. Tokopedia has covered 99% of sub-districts in Indonesia with more than 12 million sellers, which are dominated by new entrepreneurs of 86.5%. There are a variety of products available on Tokopedia ranging from daily necessities, fashion, beauty products, animal equipment, to electronics (Liputan 6, 2023).

Word of mouth (WOM) is a communication either directly or using electronic means in order to convey the superiority and experience of buying and using certain products or services (Kotler & Keller, 2009). WOM can be considered as a strategy in encouraging consumers to participate in discussing, promoting, and indirectly selling products to other people, regarding experience of use, characteristics, brands, and product quality in the form of goods or services (Fauzi et al., 2020). WOM has 2 characteristics, namely negative WOM where there is dissemination of information related to consumer dissatisfaction and positive WOM where there is dissemination of information related to customer satisfaction which can influence other consumers' purchasing decisions. There are 2 models of WOM, namely Organic WOM which occurs naturally where a person feels satisfied then shares related information and Amplified WOM that has been arranged by the company, such as campaigns (Hasan, 2010). WOM can increase or even decrease someone's buying interest in an item or service depending on its positive or negative characteristics (Wibowo et al., 2022). Consumer trust, especially in well-known brands (Kartajaya, 2017). The WOM indicator is the desire of consumers to talk positively about the quality of services and products to other people, recommend

services and products to other people, and encourage friends or relations to buy related products or services (Babin et al., 2005).

Purchasing decision is the study of how the selection, purchase, use and disposal of products, services, ideas and experiences of individuals, groups and organizations in meeting their wants and needs (Kotler & Armstrong, 2016). Purchase decisions are the integration of attitudes and knowledge in choosing one of the existing alternatives (Buchory & Saladin, 2010). Purchase decisions arise after someone has searched for information and carried out the evaluation process. Purchase decisions can be influenced by WOM which is information conveyed by other people (Dwi Cahyani & Utami, 2022). 67% of purchasing decisions are influenced by other people's recommendations (Oktavianto, 2013). The buying process starts with the recognition of needs by consumers which can occur from internal and external encouragement, then searches for information related to satisfying their needs, then selects alternatives from existing information based on the attractiveness of each alternative, so that a purchasing decision is obtained, then followed by post-purchase behavior. purchase which can be in the form of satisfaction that has an impact on positive behavior or vice versa (Kotler & Armstrong, 2012). Indicators of purchasing decisions are there is a purpose in purchasing products, information processing to brand selection, stability in a product, recommending to others, and repurchasing (Kotler & Armstrong, 2012).

Previous research that has been conducted by Oktavianto (2013) shows the results that purchasing decisions are influenced by WOM, where good product quality will lead to satisfaction, positive recommendations, and consumer loyalty. WOM can influence consumer purchasing decisions from when consumers are looking for information regarding a particular product or service. WOM is an effective tool for marketing because it does not require a large budget, it is only based on the experience of using previous consumers, but the effect is powerful because of the recommendation effect that occurs (Moy et al., 2021). This is in line with research (Moy et al., 2021; Rembon et al., 2017; Sega Dian & Endang Prinatini, 2021) who say that there is an influence of WOM on purchasing decisions.

Based on Tokopedia's reputation which is still in second place in terms of usage in the community, several efforts can be made to encourage the use of Tokopedia as a superior marketplace. In accordance with several previous studies, one of the efforts is to promote word of mouth which can encourage increased purchasing decisions, in this case the Tokopedia marketplace by the general public. This study aims to determine the effect of word of mouth on purchasing decisions at Tokopedia.

H1: Word of Mouth influences Purchase Decisions at Tokopedia

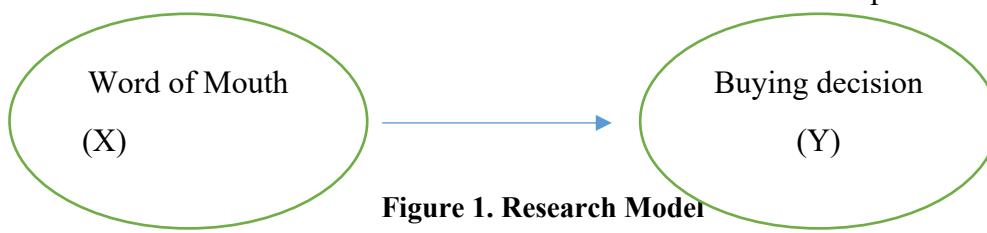


Figure 1. Research Model

METHODS

This study uses a quantitative research method which is research with numerical data so that statistical conclusions can be drawn. The characteristics of quantitative research are systematic, planned, and structured. This type of research is causal associative research which states the causal influence between the independent variables on the dependent. The research population is a group of people with certain characteristics determined by the researcher. The research sample is part of the population selected through the sampling method (Siyoto & Sodik, 2015).

The data collection method in this study was a survey through questionnaires distributed using Google form media. The population in this study is Indonesian society in general. The sampling technique in this study was purposive sampling using certain criteria in selecting respondents (Siyoto & Sodik, 2015). The criteria for respondents in this study were men and women who are Indonesian citizens, aged 17 to 55 years, and Tokopedia users. The number of samples in this study uses the number of indicators x 5 to 10 (Hair et al., 2010). The number of samples in this study was 8 x 10 so that a total of 80 respondents were obtained.

The data analysis method in this study is simple linear regression using SPSS 26 which involves 1 independent variable and 1 dependent variable (Sulistiyowati & Astuti, 2017). The independent variable (X) in this study is word of mouth and the dependent variable (Y) in this study is the purchase decision. Simple linear regression analysis can be described by the following formulation(Moy et al., 2021):

$$Y = a + bx$$

Figure 2. Simple Linear Regression Analysis

Y = Purchase Decision

X = Word of Mouth

a = Intercept value (constant)

b = Coefficient

The results of the t test which show the results of the significance test <0.05 , it can be concluded that there is an influence between the independent variables on the dependent variable (Moy et al., 2021). The coefficient of determination test (R²) which is close to 1 indicates that the influence of the independent variable on the dependent is getting bigger (Moy et al., 2021). The correlation coefficient function is used to measure the degree of relationship between variables, if -1 then the correlation is perfect negative where the significance of the influence of the independent variable on the dependent is very weak, and vice versa, if it is 0 then there is no correlation between variables (Safitri, 2016).

RESULTS AND DISCUSSION

Simple linear regression testing, t test, coefficient of determination, and correlation coefficient of 80 samples using the SPSS 26 application yielded the following results:

Simple Linear Regression Test Results

The analysis technique used next is simple regression. The results of a simple linear regression test are as follows:

Table 1. Simple Linear Regression Test Results

Model	Coefficientsa					
	B	Unstandardized Coefficients	std. Error	Standardized Coefficients	t	Sig.
1 (Constant)	13.309	2,313			5,754	0.000
Word of Mouth	0.744	0.102		0.637	7,301	0.000

a. Dependent Variable: Purchase decision

Source: Processed data (2023)

According to the table above, the regression equation is obtained as follows:

$$Y = 13.309 + 0.744 X_1$$

The formula above can be explained as follows (Moy et al., 2021):

- The constant value of 13.309 shows that if the word of mouth variable is 0, then the level of purchasing decisions on Tokopedia is equal to 13.309.
- Word of mouth coefficient value of 0.744 positive value. The interpretation of these results is that for every increase in word of mouth by 1 time, the level of purchasing decisions on Tokopedia increased by 0.744.

Test Results t

The t test in this study uses a significant level of 0.05 ($\alpha = 5\%$). The results of the t test are as follows:

Table 2. Test Results t

Model	Coefficientsa					
	B	Unstandardized Coefficients	std. Error	Standardized Coefficients	t	Sig.
1 (Constant)	13.309	2,313			5,754	0.000
Word of Mouth	0.744	0.102		0.637	7,301	0.000

a. Dependent Variable: Purchase decision

Source: Processed data (2023)

Based on the calculation results above, it can be concluded that word of mouth has a significance value of 0.000, which is less than 0.05. The conclusion that can be drawn is that word of mouth partially has a significant influence on purchasing decisions on Tokopedia (Moy et al., 2021).

Determination Coefficient Test Results

The results of the test for the coefficient of determination are as follows:

Table 3. Determination Coefficient Test Results

Summary models

Model	R	R Square	Adjusted R Square	std. Error of the Estimate
1	, 637a	0.406	0.398	3,859

b. Predictors: (Constant), Word of Mouth

Source: Processed data (2023)

Based on the test results above, an R2 value of 0.406 or 40.6% was obtained. This shows that word of mouth influences purchasing decisions on Tokopedia by 40.6%. Other variables outside this research model influence purchasing decisions at Tokopedia by 59.4% (Moy et al., 2021).

Correlation Coefficient Test Results

The results of the correlation coefficient test are as follows:

Table 4. Correlation Coefficient Test Results
correlations

		Word of Mouth	Buying decision
Word of Mouth	Pearson Correlation	1	,637**
	Sig. (2-tailed)		0.000
	N	80	80
Buying decision	Pearson Correlation	,637**	1
	Sig. (2-tailed)	0.000	
	N	80	80

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Processed data (2023)

Pearson's correlation coefficient between word of mouth and purchasing decisions on Tokopedia is 0.637. This value is above 0.5, which indicates a fairly strong positive relationship between the two variables. This means that the higher the word of mouth value, the more likely someone is to make a purchase decision (Safitri, 2016).

Word of mouth has an effect on purchasing decisions

Based on the tests that have been done, it can be concluded that hypothesis 1 is accepted, namely WOM has an effect on purchasing decisions at Tokopedia. This can be seen from the results of a simple linear test which displays positive results so that it can be concluded that there is an influence of WOM on purchasing decisions at Tokopedia, where every time there is an increase in word of mouth by 1 time, the level of purchasing decisions on Tokopedia increased by 0.744. Based on the results of the t test, the significance value of WOM is <0.05 and shows that there is a significant influence of WOM on purchasing decisions at Tokopedia. According to the results of the coefficient of determination test, it appears that 40.6% of purchasing decisions on Tokopedia are influenced by WOM. The results of the correlation coefficient test show that the positive relationship between WOM and purchasing decisions at Tokopedia is classified as strong, with a value of > 0.5 .

Conveying information through word of mouth has proven effective in determining purchasing decisions. This is in line with research conducted by (Adi et al., 2022; Wibowo et al., 2023 ; Fadilah et al., 2020) where word of mouth online and offline through testimonials, reviews, and promotions influences a person's purchasing decision. The means of word of mouth is a strong promotion and quickly spreads by word of mouth, as a result it affects the brand image and the level of sales (Hasan, 2010).

CONCLUSION

Based on the results of research on 80 respondents, it was found that there was a significant and strong influence between word of mouth on purchasing decisions at Tokopedia. The advice that can be given by researchers is that Tokopedia's efforts are needed to improve the quality of service for consumers so that good and positive WOM is created in society. For example, a clearer user interface, more promos and discounted shipping costs, as well as promotions so that more people download Tokopedia by using a referral code to get discounts or cashback. Calculation of service costs should also be minimized so that consumers do not feel at a loss if they have to pay higher service fees than competitors. Tokopedia can also ban sellers who have been inactive for a long time, and replaced them with active sellers, thereby reducing the probability of undelivered orders. Further research needs to discuss other factors that influence purchasing decisions at Tokopedia, such as trust and consumer characteristics.

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