

The Influence of Word of Mouth on Purchasing Decisions for Wardah Cosmetic Products with Communication Media as a Mediating Variable

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Abstract

This research aims to describe the influence of word of mouth on purchasing decisions for Wardah Cosmetic products with communication media as a mediating variable. The research method used in this research is a quantitative approach. Data processing in this research uses smartPLS SEM (Partial et al. - Structural Equation Modeling) software. PLS can explain the relationship between variables and the ability to conduct analyses in one test. To test the hypothesis using statistical values, for alpha 5%, the t-statistic value used is 1.96. Research results. The results of testing the first hypothesis were accepted that Media Communication (Z) affected buying decisions (Y). The results of testing the second hypothesis were accepted that Word of Mouth (X) had an effect on buying decisions (Y). The results of testing the third hypothesis are accepted that Word of Mouth (X) influences Media Communication (Z). The results of testing the fourth hypothesis were accepted. Word of Mouth (X) had a significant effect on buying decisions (Y) via Media Communication (Z).

Key words: Word of Mouth, Purchasing Decisions, Media Communication

INTRODUCTION

The development of the current era is a phenomenon that is bringing about changes in people's social lives, not only in Indonesia but throughout the world; there is a change in the habits of conventional society towards a digital society, where people do everything only through a tool that is very easy to use. (Sunarti, 2018). Bebbber et al. (2017) stated that consumers are changing how they buy by searching for websites online, using smartphones and laptops to get information, comparing products and prices, and determining the best purchase option. With the rapid growth rate of Internet use in Indonesia, companies have vast opportunities to expand their marketing activities via the Internet.

With this in mind, one of the companies that uses social media as a promotional medium for its products is PT. Paragon Technology and Innovation. PT. Paragon Technology and Innovation is a company engaged in body care production, with one of the brands selling Wardah. It has become one of the fastest-growing cosmetic companies in Indonesia. These cosmetics have become a part of life for most women. Women have always dreamed of having facial treatments that can improve their appearance. Many people have commented on social media after experiencing the benefits provided by Wardah products, making people who have never used Wardah products curious to try the products offered by Wardah. From this, Electronic Word of Mouth (eWOM) was created, which caused Wardah to become increasingly popular among the public and encouraged the desire to buy.

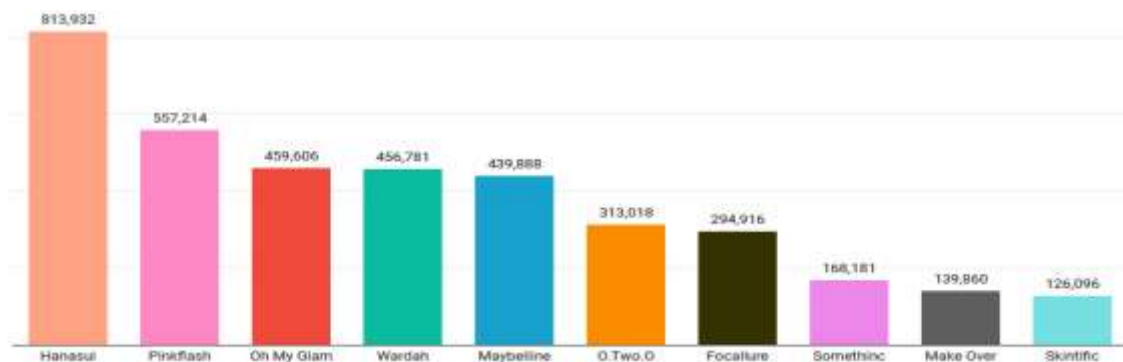


Figure 1. Quantity of Top 10 Brands

From the data above, it can be seen that in second and third place are Pinkflash and Oh My Glam, respectively, recording sales of 557,214 products and 459,606 products. Wardah is in the following position with sales of 456,781, and Maybelline is in fifth position with 439,888 products. Meanwhile, if we look at sales value, Hanasui occupied the second top position after Maybelline with IDR 20.91 billion. It should be noted that Maybelline occupies the top position with sales value of up to IDR 28.55 billion. This is because the selling price of cosmetics from the L'oreal Group is higher than that of Hanasui.

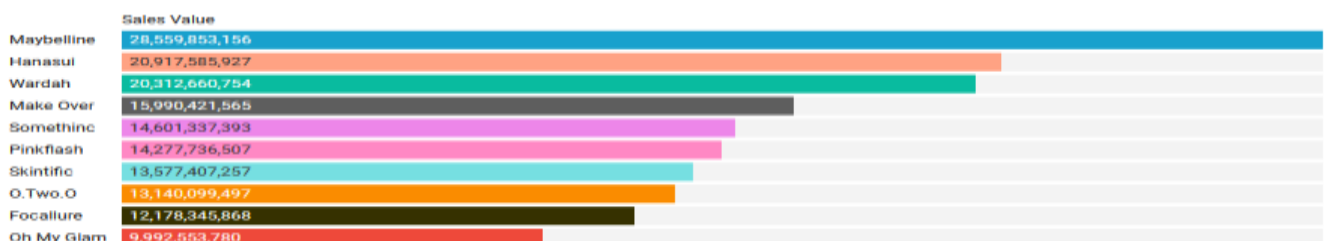


Figure 2 Sales Value Top 10 Brands

In deciding to purchase and use cosmetic products, consumers' considerations for purchasing or using a cosmetic product can be influenced by information from other people, such as word of mouth. Word-of-mouth or word-of-mouth promotion is seen as a more trustworthy or reliable source compared to non-personal information. The credibility and quality of the information source play an important role in WOM because the background of the person providing the information influences the credibility and quality of the information provided; if the background of the person providing the information is not competent, then there will be doubts in the credibility and quality of the information.

The Internet created a new paradigm in Word-of-Mouth communication, and this was the beginning of the emergence of the term electronic Word of Mouth (eWOM.). The eWOM phenomenon is an evolution from traditional interpersonal communication towards a new cyberspace generation. With advances in information technology, many consumers, before buying cosmetics, look for information by looking at reviews from social media, such as Instagram, YouTube, blogs, and Facebook. Women often discuss Online product reviews nowadays, such as www.femaledaily.com, an online forum specifically for women in Indonesia that discusses cosmetics. eWOM activities can create negative or positive statements by actual, potential, or previous consumers regarding products or companies where this information is available to people or institutions via the Internet (Semuel & Lianto, 2014).

Purchasing decisions are a concept in purchasing behavior where consumers decide to act or do something and, in this case, make a purchase or utilize a particular product or service (Balawera, 2013). Purchasing decisions are critical to pay attention to because purchasing decisions are something that companies use to create marketing strategies. One of the things that companies need to pay attention to when marketing products to be sold is understanding consumer needs, consumer desires, and consumer tastes. A deep understanding of consumers will enable marketers to influence consumers' decision processes so that they are willing to buy what the marketer offers (Yulindo, 2013).

Several factors cause a person's purchasing behavior because each person has different attitudes and preferences, so what they want and need will also be different. As producers, companies need to understand consumer needs by looking at the attitudes and behavior of these consumers. The purchasing decision-making process for everyone is the same, but the decision-making process will be colored by personality traits, age, income, and lifestyle. According to Kotler (2013), a person's purchasing decisions are influenced by cultural, social, personal, and psychological factors. Meanwhile, according to Satya and Susanta (2016), purchasing decisions are influenced by external factors, which are information input for consumers originating from marketing efforts carried out by companies such as

products, prices, services, location, and promotions, then information input originating from the social and cultural environment. which includes family, informal information sources, other non-commercial information sources, social class, and culture. Internal factors are factors that arise from within consumers, including motivation, perception, learning, personality, attitudes, and beliefs.

LITERATURE ANALYSIS AND METHODOLOGY

Word of Mouth

Word of mouth is a very effective strategy that influences consumer decisions in using products or services, and word of mouth can build a sense of trust among customers. Siswanto & Maskan (2020) state that word-of-mouth communication is a story in the form of an impression from consumers to their friends regarding a pleasant service and promotion of a product or service. Naufal (2015) states that word of mouth is an interaction between one individual and another that contains product information. Word of mouth is more trusted by potential consumers because the product information they receive comes from people they already know and have bought the product.

Buying Decision

According to Indrasari (2019), a purchasing decision is a selection of two or more alternative choices; in other words, choices/alternatives must be available to someone when making a decision. On the other hand, if consumers have no alternative to choose from and are genuinely forced to make a purchase, then this situation does not constitute a decision. According to Gunawan (2022), consumer purchasing decisions recognize the problem; looking for information about a particular product or brand is a process.

Media Communications

Communication media is a type of communication aimed at several groups spread across print media, newspapers, magazines, electronics, radio, and television so that messages can be received simultaneously (Pratyaksa & Putri, 2021). Rini Darmastuti (2016) stated, "Media is a means used to communicate, whether print or electronic media." located between two parties, or means of communication such as newspapers, magazines, radio, television, films, banners, and posters."

Conceptual framework

According to Notoatmodjo (2018), a conceptual framework is a framework of relationships between concepts that will be measured or observed in a study. A conceptual

framework must be able to show the relationship between the variables to be studied. The conceptual framework in this research can be described below.

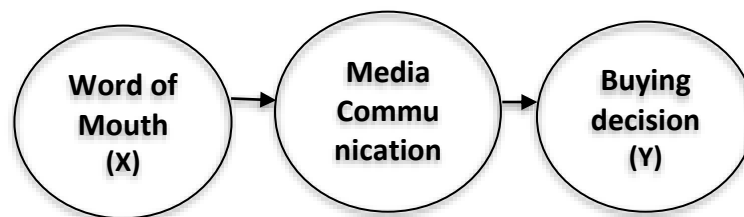


Figure1 Conceptual framework

Hypothesis

Based on the research framework and paradigm on the previous page, the researcher formulated the following hypothesis:

1. *Word of Mouth* influence on Media Communication.
2. *Word of Mouth* influence purchasing decisions.
3. Media Communication influences Purchasing Decisions.
4. *Word of Mouth* influences purchasing decisions, with Media Communication as a mediating variable.

The research method used in this research is a quantitative approach. According to Sugiyono (2016), quantitative research is a method based on the philosophy of positivism used to research specific populations or samples. Sampling techniques are generally carried out randomly; data collection uses research instruments, and data analysis is quantitative/statistical in nature with the aim of testing predetermined hypotheses.

Data processing in this research uses smartPLS SEM (Partial et al. - Structural Equation Modeling) software. PLS can explain the relationship between variables and the ability to conduct analyses in one test. The purpose of PLS is to help researchers confirm theories and explain whether there is a relationship between latent variables. Imam Ghozali (2016) states that the PLS method can describe latent variables (not directly measurable) and is measured using indicators.

In his book, Husein (2015: 21), hypothesis testing can be seen from the t-statistic and probability values. To test the hypothesis using statistical values, for alpha 5%, the t-statistic value used is 1.96. So, the criteria for accepting or rejecting a hypothesis is that H_a is accepted, and H_0 is rejected when the t-statistic is > 1.96 . To reject or accept a hypothesis using probability, H_a is accepted if the p-value < 0.05 .

RESEARCH AND RESULTS

Evaluation of the Measurement Model (Outer Model)

The measurement model (outer model) is confirmatory factor analysis (CFA) by testing the validity and reliability of latent constructs. The following are the results of the outer model evaluation in this research.

Validity test

Convergent validity can be determined by examining the loading factor value, and discriminant validity can be determined by examining the cross-loading cross-loading value

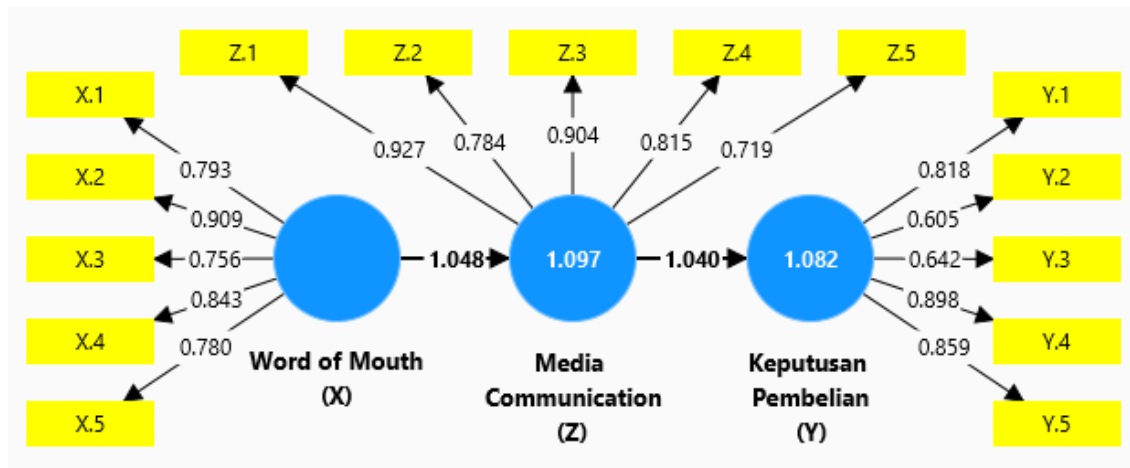


Figure 2. Outer Model

Convergent Validity

Convergent validity of the measurement model with the reflective indicator model is assessed based on the correlation between the item/component score and the construct score calculated using PLS. Based on Figure 2 above, it can be seen that all loading factor values have exceeded the limit of 0.7, so it can be concluded that each indicator in this study is valid. Therefore, these indicators can be used to measure research variables.

Discriminant Validity

Discriminant validity compares each construct's Average Variance Extracted (AVE) value with the correlation between other constructs in the model. Based on Figure 4.1 above, all cross-loading values for each of the indicators targeted have a higher correlation with each variable compared to other variables. Thus, it can be concluded that the indicators above are valid as a whole.

Reliability Test

An instrument can be reliable if its Average Variance Extracted is more than 0.5, Cronbach Alpha is more than 0.6, and Composite Reliability is more than 0.7.

Table 1 Calculation of AVE, Cronbach Alpha, and Composite Reliability

Validitas dan reliabilitas konstruk - Ringkasan					Salin ke Excel
	Cronbach's alpha	Keandalan komposit (rho_a)	Keandalan komposit (rho_c)	Rata-rata varians diekstraksi (AVE)	
Keputusan_Pembelian_(Y)	0.876	0.895	0.879	0.398	
Media_Communication_(Z)	0.918	0.925	0.918	0.694	
Word of Mouth_(X)	0.908	0.913	0.910	0.669	

Based on Table 1 above, the Cronbach Alpha value of the purchase decision variable (Y) is 0.876, the Media Communication variable (Z) is 0.916, and the Word of Mouth variable (X) is 0.908. From the calculations above, all indicators are reliable in measuring the latent variables.

Structural Model Evaluation (Inner Model)

Evaluation of the inner model can be seen from several indicators, which include the coefficient of determination (R^2), Predictive Relevance (Q^2), and Goodness of Fit Index (GoF) (Hussein, 2015). The results of the structural model displayed by Smart PLS 3.0 in this research are as follows:

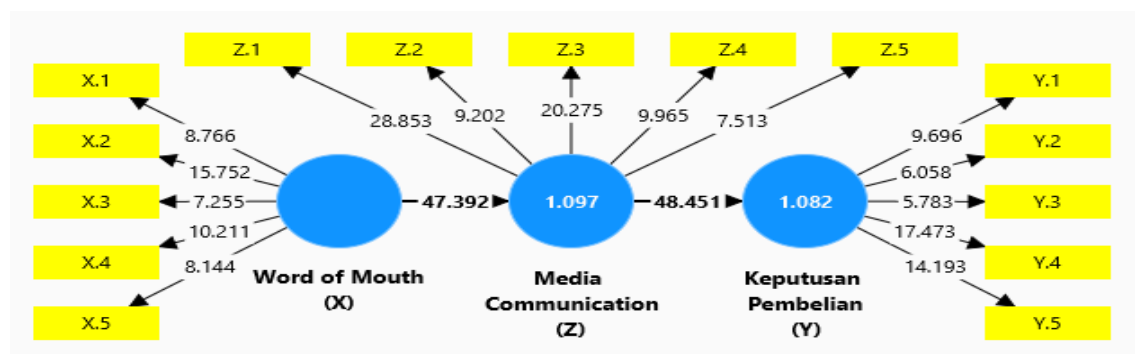


Figure.2 Structural Model (Inner Model)

R² Results (R-square)

In assessing the model with PLS, start by looking at the R-square for each dependent latent variable. The results of the r^2 calculation in this study are as follows:

Table 2 Correlation Value (r²)

R-square - Ringkasan		
	R-square	Adjusted R-square
Keputusan _Pembelian_(Y)	1.082	1.085
Media _Communication_(Z)	1.097	1.100

Based on the results of calculations using bootstrapping in Table 4.2 above, the r² value of the Media Communication (Z) variable is 1.100, which means that the Media Communication (Z) variable is influenced by the Word of Mouth (X) variable by 100.1%, or in other words, the contribution of the Word of Mouth (X) variable is 100.1%.

The r² result of the variable Purchase Decision (Y) is 1.085, which means that the variable Purchase Decision (Y) is influenced by Word of Mouth (X) and Media Communication (Z), amounting to 108.5%. In other words, the contribution of the Word of Mouth (X) and Media Communication (Z) variables is 108.5%.

Goodness of Fit Model

The goodness of fit calculations can be used to determine the magnitude of the contribution made by exogenous variables to endogenous variables. The GoF value in PLS analysis can be calculated using Q-square predictive relevance (Q²). The following are the results of the Goodness of Fit Model calculations in this research:

$$Q^2 = 1 - (1 - r_{12}) (1 - r_{22})$$

$$Q^2 = 1 - (1 - 1,100) (1 - 1,085)$$

$$Q^2 = -1.008$$

Based on the calculation above, the Q-square predictive relevance (Q²) value is -1.008 or -1.08%. This shows that the diversity of variables Purchase Decision (Y) can be explained by the overall model as -1.008. It can also be interpreted that the contribution of the Word of Mouth (X) and Media Communication (Z) variables to the variable purchase Decision (Y) overall is -1.08%.

Hypothesis test

Based on the outer model's results, all the hypotheses tested have met the requirements to be used as analysis models in this research. Hypothesis testing in this study

uses an alpha of 5%, which means that the t-statistic value is ≥ 2.048 or the probability value is $\leq$ level of significance ($\alpha = 5\%$). The limit of 0.05 means that the probability of deviation is only 5%, and the remaining 95% is indicated as being able to accept the hypothesis.

Hypothesis testing in this research is divided into two parts: direct influence testing and indirect influence testing (mediation). Testing the direct effect will use bootstrapping in Smart PLS 3.0 software while testing the indirect effect will use t-statistics on the indirect effect.

Table 3 Path Coefficients

Total efek - Rata-rata, STDEV, Nilai-T, Nilai-p						Salin ke Excel
	Sampel asli (O)	Rata-rata sampel (M)	Standar deviasi (STDEV)	T statistik (O/STDEV)	Nilai P (P values)	
Media_Communication_(Z) -> Keputusan_Pembelian_(Y)	1.040	1.041	0.021	48.451	0.000	
Word of Mouth_(X) -> Keputusan_Pembelian_(Y)	1.090	1.091	0.042	26.236	0.000	
Word of Mouth_(X) -> Media_Communication_(Z)	1.048	1.048	0.022	47.392	0.000	

Based on Table 3, the test results for each hypothesis are obtained as follows:

- Media Communication (Z) influences buying decisions (Y).

Based on the test results contained in Table 4.3, it can be seen that the t-statistical value of the relationship between the Media Communication (Z) variable and the variable Buying decision(Y) is 48.451 with sig. Equal to 0.000. The test results show that the t-statistic ≤ 1.96 and the sig value. $\geq$ level of significance ($\alpha = 5\%$). Thus, the first hypothesis is accepted that Media Communication (Z) has an influence on buying decisions (Y).

- Word of Mouth(X) affects buying decisions (Y).

Based on the test results contained in Table 4.3, it can be seen that the t-statistical value of the relationship between the variable Word of Mouth (X) and the variable Buying decision(Y) is 26.236 with sig. of 0,000. The test results show that the t-statistic ≤ 1.96 and the sig value. $\geq$ level of significance ($\alpha = 5\%$). Thus, the second hypothesis is accepted: that word of mouth (X) affects buying decisions (Y).

- Word of Mouth(X) influences Media Communication (Z).

Based on the test results in Table 4.3, it can be seen that the t-statistical value of the relationship between the word-of-mouth (X) variable and the Media Communication (Z) variable is 47.392 with sig. Equal to 0.000. The test results show that the t-statistic ≤ 1.96 and the sig value. $\geq$ level of significance ($\alpha = 5\%$). Thus, the third hypothesis is accepted: that word of mouth (X) influences media communication (Z).

The indirect influence test is carried out by testing the strength of the indirect influence of the independent variable (variable). An indirect influence can be declared significant if both direct influences that form it are significant. The results of this test can be seen in the following table:

Table 4. Indirect Effects

Efek tidak langsung spesifik - Rata-rata, STDEV, Nilai-T, Nilai-p					
	Sampel asli (O)	Rata-rata sampel (M)	Standar deviasi (STDEV)	T statistik (O/STDEV)	Nilai P (P values)
Word of Mouth (X) -> Media_Communication (Z) -> Keputusan_Pembelian (Y)	1.090	1.091	0.042	26.236	0.000

Word of Mouth(X) has a significant effect on buying decisions (Y) via Media Communication (Z). Based on the test results contained in Table 4.4, it can be seen that the t-statistical value of the relationship between the variable Word of Mouth (X) and the variable Buying decision(Y) through the Media Communication variable (Z) is 26.236 with sig. of 0,000. The test results show that the t-statistic ≥ 1.96 and the sig value. $\leq$ level of significance ($\alpha = 5\%$). Thus, the fourth hypothesis is accepted. Word of Mouth (X) has a significant effect on buying decisions (Y) via Media Communication (Z).

CONCLUSION AND RECOMMENDATIONS

Based on the results of the research and discussion in the previous chapter, it can be concluded as follows:

1. The results of testing the first hypothesis were accepted: Media Communication (Z) affected buying decisions (Y).
2. The results of testing the second hypothesis were accepted: Word of Mouth (X) affected buying decisions (Y).
3. The results of testing the third hypothesis that Word of Mouth (X) influences Media Communication (Z) are accepted.
4. The results of testing the fourth hypothesis were accepted. Word of Mouth (X) had a significant effect on buying decisions (Y) via Media Communication (Z).

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