

# Effect of Electronic Word of Mouth (E-WOM) and Instagram Account on Purchase Intention

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**Abstract:-** The problem in this study is whether there is an influence of electronic word of mouth (E-WOM) and an Instagram account on the purchase intention and which variables have the most influence the interest in buying. The goal to be achieved is to find out and analyze the electronic word of mouth (E-WOM) and Instagram account for purchase intention and the variables that have the most influence affect the interest of buying. This research is quantitative research. This quantitative research examines the effect of E-WOM (independent variable) on purchase intention (dependent variable). To answer the purpose of the research, the data analysis technique used is multiple linear regression analysis. Based on the results of the research and discussion that has been done, conclusions can be drawn as follows:

- Electronic Word-of-Mouth (E-WOM) and Instagram accounts have a simultaneous and partial effect on purchase intention.
- The most influential Instagram account for purchase intention.

**Keywords:-** Electronic Word of Mouth (E-WOM), Instagram Account and Purchase Intention.

## I. INTRODUCTION

Technological developments make people demanded quickly and precisely to act. These conditions causes business people increasingly demanded to have the right marketing strategy to sales volume target (Nafillah, 2012). According to Godsmith and Horowitz (2006), marketers or marketers are using the internet as a platform in communicating company messages to the public to attract customers. The process of communication between customers via the internet is known as Electronic Word-of-Mouth (E-WOM). Hasan (2010), Word of Mouth is the act of consumers giving information to other consumer (interpersonal) in a non-commercial i.e, brand, product and service. Word of Mouth is the most powerful media in communicating products or services to two or more consumers.

Another opinion said that Word of Mouth (WOM) is marketing carried out by people, whether in the form of oral, written, or electronic communication related to the good experience of buying or using products and services, and communication mix which is of course expected can communicate something to other consumers (Kotler and Keller, 2009). Jalilvand (2012), WOM is perceived as

superior because of more reliable information. thus, this kind of communication with non-commercial messages has a higher persuasive level with high trust and credibility. Research by Cheung and Thadani (2012), WOM's can influence consumer purchasing decisions has long been known by researchers and marketers. In the internet age, development of WOM emerged in a new way called electronic word of mouth (E-WOM). Chatterjee (2001), The communication of Word of Mouth (WOM) does not require physical presence by internet. Then, Christy (2010) said that Electronic Word of Mouth (E-WOM) communication through electronic media is able to make consumers not only get information about related products and services from people they know, but also from a group of people who have different geographical areas and who have experience for the product or service in question.

The electronic media used for Word of Mouth communication is social media. Isparmo (2016) said that in 2016 data from the Indonesian Internet Service Providers Association (APJII) internet users in Indonesia had reached 132.7 million (51.8%) of Indonesia's total population of 256 million users. Most internet users are young people who always access social media.



Fig 1:- Data on Indonesian Internet users in 2016

In 2014, Indonesia had 78 million internet users and it is estimated that in 2016 it will increase to 100 million. Around 70% of internet users are active users on social networks such as Instagram, Facebook, Twitter, Path, Snapchat, Blogs and etc. Kaplan and Hanlein (2010), social media is a group of internet, these applications built on the ideological and technological framework of Web 2.0 (the basis of social media formation), and allows the creation and exchange of information content from internet users.



Fig 2:- Data on Indonesian Internet users in 2016

Internet users most often visit online websites at 82.2 million or 62%. And the most visited social media content is Facebook at 71.6 million users or 54% and second place is Instagram at 19.9 million users or 15%. There are several studies try to prove the existence of business opportunities from electronic word of mouth towards consumer attitudes through social media. The research of Iblasi, Bader, and Al-Qreini (2016) said that impact of social media on buying decisions. The research is kind of quantitative research. The researchers collected information from Samsung customers through a questionnaire and distributed it to 93 samples in 3 branches of the Samsung company. The results show that social media sites (Facebook, Twitter and Youtube) have a significant impact on the stages of purchasing decisions.

There is also research from Rizqia and Hudrasyah (2015) said that Instagram as one of the text-based technologies used by business people as an Electronic Word-of-Mouth (E-WOM) tool to attract customers then leads to purchase intention. This study uses questionnaire analysis and SEM analysis to analyze the relationship between customer intentions and purchases with E-WOM as an intervening variable. Respondents were as many as 231 respondents and the results showed a positive relationship between E-WOM and purchase intention. Furthermore, the third is research from Widyanto, Sunarti and Pangestuti

(2017), said that effect of E-WOM through Instagram on interest and decisions to visit Hawaii Waterpark.

In this study, researchers adopted indicators that influence consumers to decide to buy certain goods or services belonging to Goyette (2010), He shared consumer experience through E-WOM in four dimensions, i.e: WOM intensity, Intensity is the number of opinions written by consumers on a site social networking. Positive valence WOM, Positive opinions are positive comments from consumers about products, services and brands. Negative valence WOM. negative Valence is a negative comment from consumers about products, services and brands. WOM content, content is the content of information from social networking sites related to products and services. Instagram has also become a media that plays a role to introducing the products and services. In this case Instagram social media is used as E-WOM.

#### A. Research Purpose

The problem in this study is whether there is an effect of electronic word of mouth (E-wom) and an Instagram account on purchase intention and which variable for the most effect of the purchase intention. The goal is to find out and analyze the electronic word of mouth (E-WOM) and Instagram account for the purchase intention and the variable for the most effect of the purchase intention.

## II. THE ORETICAL FRAMEWORK

#### A. Electronic Word of Mouth (E-WOM)

Electronic word of mouth is a review conducted online by consumers. Electronic word of mouth allows consumers to share information about products and services from peoples who have experience with these products and services. So that communicators can share their experiences, information, and thoughts with through internet media (Goyette et al., 2010). According to Hennig-Thurau et al., (2004), Electronic Word of Mouth (E-WOM) is a form of marketing communication which contains positive or negative statements made by potential customers, customers and former customers about a product or company, which is available to many people or institutions through internet. Every consumer who has consumed a product will give their own assessment of the product and cannot be influenced because it comes from themselves, wheater consumer is satisfied or not satisfied with the consumption of the product, the consumer will tell the review of the product to someone else who has accounts on social media, e-mail, blogs, and sites that have previously been created (Lee, Park, and Han, 2008).

#### B. Social Media

McQuail (2005) said that one of the new media is social media. Kotler and Keller in Wurinanda (2015), social media is a means for consumers to share text, images, audio and video information with each other and with their companies or otherwise.

### C. Instagram

Nurudin (2012), Instagram is a photo sharing application that allows users to take photos, apply digital filters, and share them to social networking services, including Instagram's own. The unique feature on Instagram is cutting the photo into a square shape, thus the results looks like of Kodak, Instamatic, and Polaroid cameras. This is different from commonly aspect ratio used by cameras on mobile devices. Rahmawati (2016), said that Instagram is a medium that provides an easy way to share photos, videos and also social networking services that users can use to retrieve and share with their friends (Budiargo, 2015, p.48). The increase in Instagram's popularity gives an opportunity for users to promote their products, brands, and businesses from Instagram.

### D. Purchase Intention

Kinney and Taylor (1995), purchase intention is the component of consumer behavior in the attitude of consuming, respondents' tendency to act before buying decisions are actually made. Whereas Shimp (2003) said that purchase intention stems from cognition, affection, and konasi. An individual becomes aware of an object such as a new brand, then obtains information and forms trust (cognitive component). after trust is formed, feelings will arise to evaluate the product (component of affection) and then the purchase intention arises over the trust of the flow of thinking (cognitive), feeling (affective) and behaving (conative). Schiffman and Kanuk (2007), said that external influences, awareness of needs, product introduction and evaluation of alternatives are things that can lead to consumer's purchase intention. This external influence consists of social factors, marketing efforts, and social culture. Schiffman and Kanuk (2007) also explain the indicators of purchase intention can be explained by several components, i.e : 1) Interest to find information about products 2) Consider buying 3) Interested in trying 4) Want to know the product 5) Want to have a product. Kotler and Keller (2002) divide in two levels of interest, i.e the level of light information seeking and the active level of seeking information. The second stage, consumers study the product or brand from gathering information that they have done. After the information obtained is collected, they will evaluate the information and then begin to consider buying. In the third stage, consumers are interested in buying. The next stage, consumers want to know the product and also consumers view the product as a collection of attributes with different abilities in providing benefits and satisfying needs. The last stage, consumers will pay more attention to the perceived product.

## III. METHOD

This research is quantitative research. Kriyantono (2010), quantitative research is describes or explains a problem whose results can be generalized. Researchers are more concerned with the breadth of data so that data or research results are considered to be representations of the entire population. This quantitative research examines the effect of E-WOM (independent variable) on purchase intention (dependent variable). The research instrument to measure natural and social phenomena that are observed or

specifically all these phenomena are called research variables (Sugiyono, 2000). The instrument used in this study was a questionnaire. Kriyantono, (2006) the questionnaire is a list of questions that must be filled out by the respondent. The questionnaire is a list of questions arranged systematically and structured that will be submitted to the respondent. The purpose of this study was to determine the effect of the Electronic Word Of Mouth (E-WOM) Dimension on purchase intention. The dimensions of E-WOM include Intensity, Content, Positive Opinion and negative opinion as independent variables (X), while the purchase intention (Y) as the dependent variable or bound. To answer the purpose of the research, the data analysis technique used is multiple linear regression analysis.

## IV. RESULT

In this statistics are presented on the effect of Electronic Word-of-Mouth (E-WOM), an Instagram account on purchase intention with computer-processed research results through the SPSS program with partial and simultaneous multiple regression analysis. Calculation of multiple linear regression to predict the measure of the dependent variable to the independent variable. The regression equation used is as follows:

$$Y = -0,503 + 0,185 X1 + 0,866X2$$

### A. The results of Partial Linear Regression Analysis

The multiple linear regression line equation, it can be interpreted that: a = -0,503 is a constant value, that is the estimated purchase intention, if the independent variable is Electronic Word-of-Mouth (E-WOM) and the Instagram account has a value equal to zero. So if the Electronic Word-of-Mouth (E-WOM) and Instagram accounts are not formed, purchase intention will decrease. b1 = 0.185 is the Electronic Word-of-Mouth (E-WOM) variable direction coefficient that influence to purchase intention (Y). That means Electronic Word-of-Mouth (E-WOM) variable has a positive effect on purchase intention, if other variables are considered constant. b2 = 0.866 is the slope or direction coefficient of the Instagram account variable (X2) influence to purchase intention (Y), that means Instagram account variable has a positive effect on purchase intention, if other variables are considered constant.

### B. Determination Coefficient (R2)

The results of the calculation of multiple linear regression analysis that has been done. The results shows the model explain the effect of independent variables on the dependent variable is large, it can be seen in the value of Adj. R. Square (R2) is equal to 0.759. Thus it means the regression model used is able to explain the effect of Electronic Word-of-Mouth (E-WOM) variables and Instagram accounts on purchase intention of 75.9%, while the remaining 24.1% is explained by other variables not included in this study. The results of multiple linear regression analysis from each the Electronic Word-of-Mouth (E-WOM) and Instagram accounts the results show that there is a multiple correlation (R) of 0.874. This figure shows the existence of a strong relationship between the independent variables on the dependent variable.

**C. F Test Result**

The results of the analysis can be presented in the following table:

Alternative Hypothesis (H <sub>a</sub> )	F Table	Information
There are significant simultaneous effect of Electronic Word-of-Mouth (E-WOM) variables and purchase intention (Y) on Instagram accounts	F <sub>count</sub> = 156,497 F <sub>table</sub> = 2,479 Sig. F = 0,000	H <sub>a</sub> accepted/ H <sub>0</sub> rejected

Table 1:- F test

The results of multiple regression analysis using Df1 = 2 and Df2 = 97 at alpha of 5% obtained F Table of 2.479 while F calculated obtained at 156.497 so from the above calculations can be seen that Fcount > FTable, so Ho is rejected and Ha is accepted, with Thus it can be said that simultaneously the Electronic Word-of-Mouth (E-WOM) and Instagram account variables influence of purchase intention.

**D. T Test Result**

To determine the effect of each independent variable, i.e the Electronic Word-of-Mouth (E-WOM) variable and the Instagram account partially influence the purchase intention, the t-test used:

Variable	value	
Electronic Word-of-Mouth (E-WOM) variables significantly influence of purchase intention	t count = 2,647 Sig. t = 0,009 t table =1,980	Significant
The variable Instagram account significantly influences of purchase intention	t count = 15,739 Sig. t = 0,000 t table =1,980	Significant

Table 2:- T Count with T Table

1. The effect of Electronic Word-of-Mouth (E-WOM) variable (X1) on purchase intention (Y). The results of partial calculations shows that at the 5% significance level (= 0.05) with a 95% confidence level obtained value of 1,980 . By testing statistics, the value of t count is 2.647, because the value of t count> t Table (2.647> 1.980), it can be concluded that the Electronic Word-of-Mouth (E-WOM) (X1) variable partially has a significant effect on purchase intention.

2. The influence of the Instagram account variable (X2) on purchase intention (Y). The results of partial calculations shows that at the 5% real level (= 0.05) with a 95% confidence level, the Table value is 1.980. With statistical tests obtained t value of 15.739, because the value of tcount> t Table (15.739> 1.980) then it is concluded that the partially instagram account variable (X2) has a significant effect on purchase intention.

**E. Independent Variables That Have Dominant effect**

As for knowing the influence of independent variables on the dependent variable, it can be seen from the results of the comparison the regression coefficients of each variable. By using standardized coefficient efficient, it is able to eliminate the difference in unit size on independent variables which consists of Electronic Word-of-Mouth (E-WOM) and Instagram accounts.

Variable	Standardized Coefficient Beta
Electronic Word-of-Mouth (E-WOM)	0,138
Instagram Account	0,820

Table 3:- Standardized Coefficient Beta

The results of the regression coefficients (b) each of the Instagram account variables has a dominant effect on purchase intention, because the regression coefficient (Standardized Coefficients (Beta) on this variable has the greatest value when compared to the Electronic Word-of-Mouth (E-WOM) variable.

**V. CONCLUSION**

Based on the results of research and discussion, conclusions on these research as follows: 1) Electronic Word-of-Mouth (E-WOM) and Instagram accounts have a simultaneous and partial effect on purchase intention. 2) Instaling account has an effect on purchase intention.

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