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ELECTRONIC WORD OF MOUTH AND ELECTRONIC PAYMENT FOR PURCHASE INTENTION

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ABSTRACT:

With the development of technology and information today, many business sectors apply technology and media as a means of carrying out marketing activities. This study attempts to examine the effect of electronic word of mouth and electronic paymant on purchase intention of the Lazada company. The sample in this study were 121 respondents who were randomly selected with the conditions to use an online shopping application on a smart phone. Multiple linear regression analysis approach with the help of SPSS version 25 software was used in this study. The results show that the variables electronic word of mouth and electronic paymant have an effect on purchase intention and can be categorized as good.

INTRODUCTION

The development of science and technology today has made many changes in life (Laksmi and Farah, 2016). The development of internet and network technology has now become a tool for consumers in finding products and services to meet their needs (Febrianti, M, 2020). Today's companies have used various kinds of social media as a promotional tool to get consumers. Activities that are carried out such as repost of consumer posts are one way to be able to convey responses from consumers about the products and services used. An increasing number of followers can encourage businesses to increase their sales. Machmud's research (2016) states that followers in social media can influence consumers to make purchases. Allsop (2007) states that this is a concern that the existence of word of mouth by consumers through social media can encourage conversations that provide reviews and comments on products that can make the business wider (Baber, et al, 2016)

When cellular has moved from being used only as a means of communication, now it has developed into a versatile tool and a necessity for everyone (Musa and Joseph, 2019). This also develops in the payment system itself, where the payment system uses M-Payment for consumers or the public to find it easy. The payment system has evolved from previously only using cash transactions or using debit and credit cards and has now expanded to a new payment system, namely via smartphones (Abaenewe, 2013). The development of internet technology and internet networks, which can now be said to spread evenly to all corners of Indonesia, has brought a new trading platform that has never existed before, namely the e-Money service (Ajisigeri and Oyebisi, 2014). The opportunity for e-Money or also known as electronic marketing in Indonesia is very large, this is shown by the large number of internet users. The growth of electronic payments has grown significantly, marked by the continued increase in the volume of financial transactions using digital transactions. However, despite its growth, there are still obstacles, including the consumer's own knowledge of the payment system using M-payment, and the security system of M Payment itself (Barasa and Obura, 2017). With many economic activities that take advantage of sophisticated information technology to facilitate consumers, the transformation of money as a payment system is also developing, such as buying and selling online, transfers, and other payments. The development of technology-based payment systems has significantly changed the architecture of the conventional payment system which relies on physical money as a payment instrument (Fatonah and Yulandari, 2018). With so many conveniences, as well as promotion via digital, this study tries to examine the extent to which the influence of electronic word of mouth and electronic payment variables in influencing consumer purchase interest. The problem formulations in this study are: (1) how much influence is electronic word of mouth on purchase interest, (2) how much influence does electronic payment have on purchase interest, (3) how much influence is electronic word of mouth and electronic payment purchase interest.

THEORITICAL REVIEW

Electronic Word of Mouth

Electronic word of mouth (EWOM) is a positive or negative statement that provides statements from customers about products or services from social media (Berger, 2014). According to Richins and Root-Shafer, Word of Mouth is the process of conveying information from person to person and plays a major role in customer purchase interest. In addition, in commercial situations, WOM involves customers sharing attitudes, opinions, or reactions about a business, product, or service with other people (Chiosa, 2015). A positive EWOM is considered a powerful marketing communication medium for companies to influence customers. WOM functions based on social networking and trust, people rely on their family, friends and other people in their social networks. Cheung (2012) states that the sender of the message has no intention of normalizing, so this is what makes electronic word of mouth have a high level of trust and credibility. According to Arwieyda, promotional media can have an influence to get consumers as long as consumers use social media as a tool in finding needs. According to Chiosa (2015) there are four

dimensions in the word of mouth variable, including intensity, negative valence, positive valence, and content.

Electronics Payment

According to Fatonah et al (2018), Electronic Payment (e-payment) is a payment activity to business people, banks or public services, this payment is made through telecommunications or electronic networks that use modern technology. Meanwhile, Fernandes (2013) defines e-payment as the transfer of value from payer to payee via an electronic network that allows customers to access and manage their bank accounts and transactions remotely. The presence of technology in various business sectors has made transactions that were originally traditional become digital. This shift was made in order to provide convenience for consumers when making transactions. According to Fernandes (2013) the use of online transactions provides more convenience for consumers when compared to cash transactions. According to Fatonah (2018) the purpose of doing electronic payment (EP) is to make it easier and offer convenience to users in making payment transactions without having to go to the seller.

Purchase Intention

Purchase intention (intention to buy) is a person's desire to fulfill the needs and desires in the minds of consumers. The purchase intention of consumers is always hidden and no one can know what consumers want and expect (Baber, 2016). According to Fan and Miao (2013) Purchase intention is the tendency to buy a brand and is generally based on the suitability of the purchase motive with the attributes or characteristics of the brand that can be considered. According to Lim and Osman (2016), purchase intention can be measured through the likely dimension, namely the consumer's purchase plan for a product, definitely would refer to consumer certainty in a product, and probable refers to the possibility of consumers buying a product. Purchase intention is related to 2 (two) categories, namely the first category of purchase intention for the product category only or commonly called a planned purchase even though the choice of brand is made at the time of purchase (Lim and Osman, 2016). The first category is product results with high involvement (high involvement) and broad problem solving (extended problem solving). In this case, consumers will have more desire to waste time and energy in shopping. The second category is the final decision may depend on promotions such as discounts, special displays, and others.

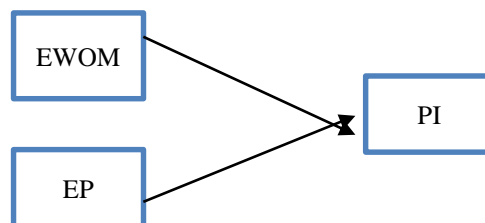


Figure 1. Conceptual Framework

Effect of Electronic Word of Mouth on Purchase Intention

A word of mouth communication conducted through social media will greatly affect consumers who are interested in suggestions from people who have used the product and have experience with the product (Machmud, 2016). Research by Barber et al, (2016) states that someone will trust the opinions of other people who have experience with a product more when compared to advertisements and other media.

H1. There is an influence between electronic word of mouth on purchase intention.

The effect of electronic payments on purchase intention

Musa and Joseph (2019) state that users regarding e-payment have a significant effect on their acceptance, which greatly depends on the user's attitude. Furthermore, the use of electronic payments can be influenced by the characteristics of technology objectives, as well as human factors themselves and interactions with other related users. According to Fatmah (2018), electronic payment has an effect on purchase intention, this is based on the premise that the information technology in question is an e-payment system that has become a tool that facilitates transactions.

H2. Electronic payment for purchase intention

The effect of electronic word of mouth and electronic payment on purchase intention

Electronic word of mouth, promotional media that can have an influence on getting consumers as long as consumers use social media as a tool in finding needs (Chiosa, 2015). However, this is also supported by developments in the transaction known as e-payment. So that in order to make digital marketing activities easier, e-payments are really needed by consumers when they are looking for what they need.

H3. Electronic word of mouth and payment electronics have an effect on purchase intention

RESEARCH METHODS

This study uses a descriptive method with a quantitative approach by distributing questionnaires to 121 respondents with simple random sampling technique using online shopping applications. The analysis technique used in this research is multiple linear regression analysis. Multiple linear regression analysis is used to determine the relationship between two or more independent variables on the dependent variable simultaneously or simultaneously. Before using this analysis, first the classical assumption test is carried out before the hypothesis is carried out.

RESULTS AND DISCUSSION

The results of the distribution of 121 respondents indicated that the results were as follows:

Table 1.1. Profile of respondents

Respondent Profile		Percentage
Gender	Male	68%

	Female	32%
Age	20- 30 year	72%
	31 - 40 year	23%
	> 40 year	5%

Source: Data processed in 2020

In the table above, the results show that the respondents are 68%, and 32% are women. Respondents in this study were > 20 years old on average. The descriptive analysis test results can be seen in the table below:

Table 1.2. Descriptive Analysis Results

No.	Variable	Percentage of Average Score	Interpretasi
1	Elektronic Word of Mouth (X1)	85,47%	Very good
2	Elektronic payment (X2)	75,17%	good
3	Purchase intention (Y)	76,81%	good

Source: Data processed in 2020

Table 2 shows that electronic word of mouth (Ewom) is in the very good category, Electronic payment (Epay) and Purchase intention (PI) are in the good interpretation category. The classical assumption test is as follows:

Table 1.3. Normality test

One-Sample Kolmogorov-Smirnov Test		Unstandardized Residual
N		124
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	1.06319280
Most Extreme Differences	Absolute	.044
	Positive	.033
	Negative	-.044
Test Statistic		.044
Asymp. Sig. (2-tailed)		.058 ^c
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		

Source: Data processed in 2020

In Table 1.3, it can be seen that the significance value is $0.0058 > 0.05$. So it can be concluded that the data used are normally distributed. The multicollinearity test is as follows:

Table 1.4. Multicollinearity Test

Coefficients ^a			
Model		Collinearity Statistics	
		Tolerance	VIF
1	Electronic Word of Mouth (X1)	.550	1.818
	Elektronik Paymant (X2)	.738	1.354

a. Dependent Variable: Purchase Intention (Y)

Source: Data processed in 2020

In Table 1.4 it can be seen that the independent variable has a tolerance value of not less than 0.10. The Variance Inflation Factor (VIF) value also shows that the independent variable has a VIF value of not more than 10. So, it can be concluded that the independent variable does not occur multicollinearity.

Table 1.5. Multiple Linear Regression Test Results

Coefficients ^a									
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations		
		B	Std. Error	Beta			Zero-order	Partial	Part
1	(Constant)	2.534	2.507		1.091	.278			
	Electronic word of mouth (X1)	.379	.120	.179	2.499	.014	.487	.222	.154
	Elektronik paymant (X2)	.331	.102	.379	5.098	.000	.629	.422	.315

a. Dependent Variable: Purchase intention (Y)

Source: Data processed in 2020

From the table above, it is obtained that the constant value (a) is 2.534, the regression coefficient value for X1 (b1) is 0.379, the regression coefficient value for X2 (b2) is 0.331. The regression equation that explains the effect of electronic word of mouth and electronic payment on purchase intention is as follows

$$Y = 2,534 + 0,379 X_1 + 0,331 X_2$$

The positive regression coefficient shows that the better the electronic word of mouth, the greater the use of electronic payment so that it can increase consumer purchase intention.

Table 1.6. Results of the coefficient of determination

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.796 ^a	.634	.632	1.06890
a. Predictors: (Constant), Electronic payment (X2), Electronic word of mouth (X1)				

Source: Data processed in 2020

Based on the results in Table 1.6, it can be seen that the multiple correlation coefficient (R) value obtained is 0.796. These results indicate that 0.796 is between 0.60 - 0.79. This means that electronic word of mouth and electronic payment on purchase intention have a strong level of relationship.

Table 1.7. Multiple linear regression test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,384	,479		2,890	,004
	Electronic word of mouth (X1)	,420	,031	,548	13,427	,000
	Electronic payment (X2)	,122	,034	,121	3,552	,000

a. Dependent Variable: Purchase Intention

Source: Data processed in 2020

Based on the table above, if $t_{count} > t_{table}$ (1.966) or significance < 0.05 , it can be explained that:

H_0 is rejected and H_1 is accepted, or in other words, electronic word of mouth has a significant effect on purchase intention.

H_0 is rejected and H_1 is accepted, namely the electronic payment variable has a significant effect on purchase intention

Table 1.8. Test of the coefficient of determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,789 ^a	,628	,624	1,06990

Based on Table 1.8, the R-Square value or the coefficient of determination with a value of 0.628 shows that electronic word of mouth and electronic payment have an effect on purchase intention 62.8%, while the rest is $100\% - 62.8\% = 37.2\%$ influenced by factors- factors not examined in this study.

Table 1.8. F Test Results

ANOVA ^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2038.085	3	679.362	49.243	.000 ^b
	Residual	1725.262	120	14.377		
	Total	3763.347	123			
a. Dependent Variable: Purchase intention (Y)						
b. Predictors: (Constant), Electronic payment (X2), Electronic word of mouth (X1)						

Source: Data processed in 2020

Based on the calculation results as presented in the table, it can be seen that the regression model has an F-count of 49.243 with p-value = 0.000. So that the conclusion of the test is significant, thus H1 is accepted. Electronic word of mouth and electronic payment have an influence on purchase intention. The results of the calculation in table 4:18 show that the t value for the variable Customer Relationship Management (CRM) (X2) is 5.098 with a significance value of 0.000.

CONCLUSION

Based on the results of research conducted on 121 respondents who used online shopping applications, it was concluded that messages conveyed through social media (electronic word of mouth) and digital transaction methods (electronic payment) were very good. On the dependent variable, purchase intention is included in the very good category. Based on the results of multiple linear regression analysis, the variables Electronic word of mouth and Electronic payment have a simultaneous (joint) effect on purchase intention. This shows that the consumer's purchase intention will be greatly influenced by the information he receives from social media and the ease of making transactions. This is also supported by research by Baber et al (2016), Musa and Joseph (2019) and Fatonah (2018) which state that electronic word of mouth and electronic payment can influence consumer purchase intentions.

SUGGESTIONS

This research was conducted in the city of Bandung, further research is expected to be carried out in various big cities in Indonesia as the scope of research, then it is hoped that further research can use moderator variables such as satisfaction or social media. Future research can also examine credit and debit card users who may be able to influence purchase intentions. Based on the results of the study, electronic word of mouth is the variable with the greatest influence among the electronic payment variables, so it is hoped that companies will increase their socialization efforts to consumers about the ease of doing digital transactions.

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