



## e Word of Mouth: The Key to the Power of the Digital Economy

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**Abstract.** The emergence of digital economic power in the Southeast Asia region is of course inseparable from the role of the emergence of social media and supporting technology. But for e-commerce, there are still people's doubts about doing e-commerce because there is no face-to-face meeting and often the products purchased are not as shown. Evidence is needed in the form of reviews provided by buyers who can convince and invite new buyers. There is a need for e WOM. This study aims to examine the influence of social media and family influence on purchase intentions through e-WOM. The findings from this study can provide evidence that the importance of e WOM is in the survival of e-commerce. This study used questionnaires which were distributed and reprocessed from 60 respondents. The method used is path analysis. The results of this study indicate that e WOM can mediate social media and family influence on purchase intention with a full mediation of 71.9%.

**Keywords:** e WOM, Social Media, Family Influence, dan Purchase Intention.

### Introduction

In the era of globalization, the development of telecommunications and informatics (IT) has been so rapid. Technology makes distance no longer a problem in communicating. The internet is of course one of the media (Nasution et al., 2021). Internet users in Indonesia currently reach 63 million people. Of these figures, 95 percent use the internet to access social networks (<https://kominform.go.id/>). Based on the results of Hootsuite's Wearesocial research which was released in January 2019 by users [social media](https://socialmediainindonesia.com/) in Indonesia it reaches 150 million or 56% of the total population. This number is up 20% from the previous survey. Meanwhile, mobile social media users (gadgets) reach 130 million or around 48% of the population. The size of the population, the rapid growth of internet and telephone users is a potential for the national digital economy (Ramadania et al., 2018). As a result, e-commerce, online transportation, online shops and other internet-based businesses emerged in Indonesia. It will become a digital economic powerhouse in the Southeast Asia region, (<https://databoks.katadata.co.id/>). The emergence of the power of the digital economy, of course, will be in line with the promotion method which has begun to shift from word of mouth (WOM) to e WOM (Electronic Word of Mouth). With so many social media users, business people are starting to look to promote through social media, for example Facebook, Twitter or Instagram. The problem that often occurs is the lack of public trust in e-commerce, for reasons of security or the product that reaches the buyer does not match the product that has been shown in the item description (Prawira et al., 2023). Coupled with the presence of a close family who is usually used as a place to ask for advice or recommendations before buying a product (Tambunan et al., 2018). This research will prove that reviews or product assessment results (eWOM) can increase customer purchase intention.

In e-commerce, e WOM is manifested in the form of ratings or reviews of products provided by customers who purchase goods at the online store. The higher the value of the positive rating or stars that the online store receives from its customers, of course, the value of the store will increase in the eyes of other potential customers (Nurlinda et al., 2018). Thus, potential customers will be more likely to read online reviews carefully and will then plan their purchase, (Roy et al., 2017). There is even a marketplace that provides frills for online stores that respond quickly to chats or mark them as star sellers or can be called shops that have been verified properly. Customers love leveraging eWOM, and, perhaps more importantly, trust it as a communication tool, (Maceli et al., 2015; Yusuf et al., 2018). Online reviews or electronic word of mouth (eWOM) are becoming important guiding tools for online shoppers with intrinsic product information and evaluation characteristics. (Roy et al., 2017). This is where the power of e-WOM greatly influences the intention to shop (Erkan & Evans, 2016, 2018; Hamdani & Maulani, 2018; Jalilvand et al., 2011; Sa'ait et al., 2016; Tariq et al., 2017; Yusuf et al., 2018). eWOM is more powerful than advertising, (Taylor), but it's not just eWOM alone. There are family support factors in determining purchasing decisions. Women more often rely on family members and e-WOM for product information, and women also have more positive attitudes toward the products reviewed, (Johnson Jorgensen & Ha, 2019). The research results show that users of social networking sites in Indonesia tend to do e-WOM (spread information) because of the influence of strong social ties, and on interpersonal influences, both these influences are informative and normative, (<http://bbs.binus.ac.id/>)

This study uses the mediating effect of e-WOM as a force to increase purchase intention with social media and family influence.

### Literature Review

This study uses a quantitative descriptive verification approach, namely to analyze the influence of social media and family influence on purchase intention through e-WOM. The method used in this study is the method of path analysis (path analysis) using the SPSS application. Questionnaires were distributed to all lecturers at Prima Indonesia University, Medan. The number of returned questionnaires was 60 which would then be analyzed further. The indicators used in this study are:

e WOM Dimensions:

1. Intensity, namely the number of opinions written by consumers about what has been observed on social networking sites
2. Positive valence, namely positive comments given by consumers
3. Negative valence, namely negative comments given by consumers
4. WOM content, namely comments given by consumers regarding product quality, content, and procedures for its use, (Goyette et al., 2010)

Social media dimensions:

1. Context is how we form a story or message/information
2. Communication is how we share stories or messages, how to respond and various ways that can make users feel comfortable so that the messages conveyed can be well received
3. Collaboration is how we work together to make things better
4. Connection is how to maintain good relations in cooperation, (Kaplan & Haenlein, 2010)

The Family Influence Dimension

The role of the family in influencing decision making:

1. The initiator is a family member who issues an idea or identifies a need
2. Gatekeepers are family members who conduct information searches and control the flow of information available to the group
3. Influencers are family members who try to influence the outcome of the buying decision process

4. Buyers are family members who actually make purchases
5. Users are family members who use the product or service, Salomon said(Citra Savitri, 2019)

Purchase intention dimensions:

1. Simulation
2. Vigilance
3. Looking for information, Wijaya in(Avriyanti et al., 2018)

Before the path analysis test is carried out, the reliability and validity test of a construct is first performed. A construct is declared reliable if it has a value above 0.5 and is declared valid if it has a value above 0.3,(Ghozali, 2016). After that, the researcher conducted a classical assumption test on the data obtained which included a normality test, heteroscedasticity test, and multicollinearity test. From all tests, it can be concluded that the data has been normally distributed and does not deviate from the classical assumptions.The steps in this research:

**The influence of social media and family influence on e WOM.**

The R Square value of 0.362 means that 36.2% of eWOM can be explained by social media and family influence variables, while the remaining 63.8% is explained by other variables outside of this study.

Table 1 Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	std. Error	Betas			tolerance	VIF
1	(Constant)	8,537	1693		5,044	.000		
	ttlms	.606	.150	.482	4,034	.000	.786	1,272
	ttlfi	.097	.058	.200	1679	.099	.786	1,272

Source: Processed data, 2020

Based on table 1, it can be seen that social media can affect purchase intention with a significant value of 0.000, while family influence cannot affect e-WOM with a value of 0.099. This means that if the purchase intention variable increases by one unit, then the social media variable will increase by 0.606 units and the family influence variable will increase by 0.097 units.

**The influence of social media and family influence on purchase intention through e WOM.**

The R Square value of 0.719 means that 71.9% of purchase intention can be explained by social media variables and family influence through ewom, while the remaining 28.1% is explained by other variables outside of this study.

Table 2 Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	Q	Sig.	Collinearity Statistics	
		B	std. Error	Betas			tolerance	VIF
1	(Constant)	-3,753	2,090		-1,795	.078		
	ttlms	.437	.175	.226	2,496	.016	.611	1636
	ttlfi	.183	.061	.246	3,005	.004	.749	1,335
	talkom	.839	.136	.547	6,172	.000	.638	1,566

Source: Data processed, 2020

From table 2 above, it can be seen that social media and family influence, and e-WOM can influence purchase intention with significant values of 0.016, 0.004 and 0.000. This means that if the purchase intention variable increases by one unit, then the social media variable will increase by 0.437 units, the family influence variable will increase by 0.183 units and the e WOM variable by 0.839. The influence of mediation here can be said to be full mediation, because for family influence which in the initial test could not influence it, in the second test it could change to influence purchase intention.

#### IV. DISCUSSION

The results of the path analysis show that social media and family influence variables can have a direct effect on purchase intention and can also have an indirect effect, namely from social media and family influence to e WOM (as an intervention) then to purchase intention.

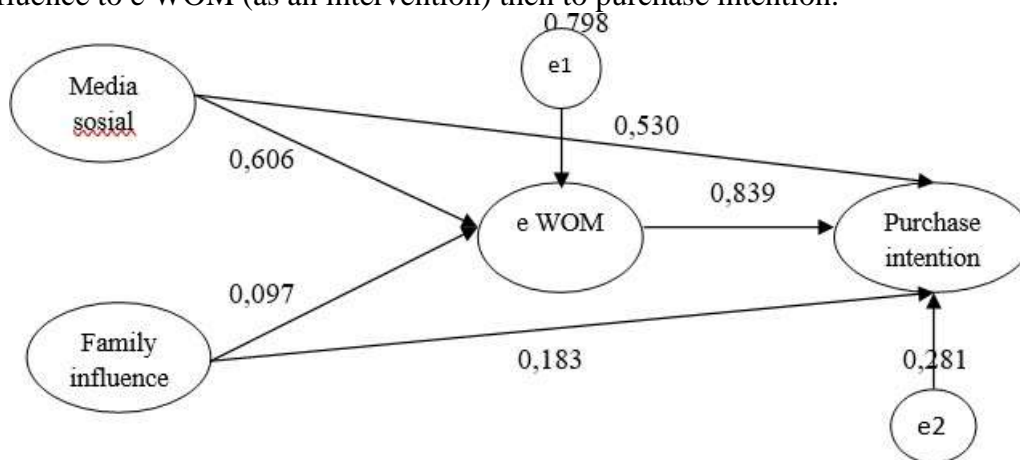


Figure 1 Path analysis

Social media gets a direct influence value on e WOM of 0.606. Meanwhile, the indirect effect of social media through e-WOM is 0.437. Social media as an electronic promotional tool in this era can influence the results of assessments or reviews of a product sold in the marketplace. The results of the reviews that are embodied in eWOM indirectly become a powerful promotional tool even more than advertising. E WOM is considered as one of the tangible evidence regarding the condition of a product. There is an assumption that e-commerce is often detrimental because often the conditions and reality of goods often do not match the images displayed, is still an obstacle in implementing e-commerce. In the use of social media, it is necessary to have a strong bond to interact with each other.

When sharing information about a product, users will be careful in giving ratings where this assessment allows customers to get positive feedback from other users. As a result, consumer consumption choices are highly dependent on the opinions of other customers involved in it. (Thumrunroje, 2014). For this reason, marketplaces are competing with each other to get customers by inviting customers who have shopped to provide reviews which will later earn points and can be exchanged for the programs offered. The results of this study indicate that information displayed on social media can affect the results of reviews or ratings of a product (e WOM). (Maceli et al., 2015; Roy et al., 2017; Thumrunroje, 2014; Yusuf et al., 2018). This research also shows that social media can also influence purchase intention, and e WOM can influence purchase intention. (Avriyanti et al., 2018; Erkan & Evans, 2016, 2018; Hamdani & Maulani, 2018; Putranti & Pradana, 2015; Sa'ait et al., 2016; Sulthana & Vasantha, 2019; Tariq et al., 2017; Yusuf et al., 2018).

Family who is the closest person to the customer. Not infrequently, families are often asked for advice or input regarding a product to be purchased. From the results of this study, the direct effect

of family influence on purchase intention is 0.183 and the indirect effect of family influence on purchase intention through e-WOM is 0.081. The effect of mediation here can be said to be full mediation or complete mediation.(Baron & Kenny, 1986). This is because in the first test, family influence cannot affect e WOM, but after e WOM is used as mediation between family influence and purchase intention, the influence of family influence appears with a significant value of 0.004,(Citra Savitri, 2019).

## Results and Discussion

It is undeniable, social media has a very important role in e-commerce. The shift from WOM to e-WOM changed the way of shopping. This research proves that customers feel comfortable and trust more with the review of product evaluation results from previous customers, and decide to buy the product. The strong influence of e-WOM can mediate the relationship between social media and family influence on purchase intention with full mediation properties.

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