Electronic Word of Mouth and Brand Image on Customer Decisions

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Abstract: This study aims to examine the effect of Electronic Word of Mouth and Brand Image on Customer Decisions. This study uses explanatory quantitative research on 50 star hotels in West Sumatra with 150 respondents processed using the SEM-PLS approach. The results of the study indicate that Electronic Word of Mouth directly influences Customer Decisions Star Hotel in West Sumatra and Brand Image directly influence Customer Decisions Star Hotel in Jakarta.

Keywords: Electronic Word of Mouth, Brand Image, Customer Decisions

INTRODUCTION

Humans are social creatures who always communicate and cannot be separated from the influence of other humans. Humans without communicating it is impossible to obtain their physical needs such as food, clothing, shelter and other basic needs. The communication they do can produce information, where the information can be obtained from their living environment and workplace. Humans themselves consist of individuals who have many differences and need each other so that they interact with each other into a large group, namely as a society. The community is part of a large population and settles in an area then becomes a consumer. Consumers are every person who uses goods and or services available in the community, both for the benefit of themselves, their families, other people, and other living creatures. As consumers they have to work to fulfill their basic needs.

West Sumatra itself has many attractions to offer, one of which is hot water rides with various advantages. Therefore, people must consider before making a decision which destination they will visit. And now in the Digital Marketing Era or what is often referred to as the Millennial era where almost all aspects of utilizing digital facilities, especially the use of social media in influencing guests, often become a conversation on social media, both about what experiences were obtained by former visitors. and other communities who provide information to each other.
The tendency of people to use electronic media can influence decisions in determining their goals. People who receive recommendations based on word of mouth are more likely to believe that the recommender is speaking the truth and is not riddled with ulterior motives associated with the destination's image. Destination image is an individual's perception of the characteristics of a destination that can be influenced by promotional information, mass media and many other factors (Tasci and Kozak, 2006:304). Some consumers choose a brand because they want to understand themselves and to communicate aspects of themselves to others. In addition, facilities can also be a factor for consumers to make decisions when visiting. Facilities are physical resources that must exist before services are offered to consumers (Tjiptono, 2004: 19). Basically facilities in service companies are factors that determine people's choices to visit tourist attractions. Many service companies perceive that customer interactions with service facilities affect the service in the eyes of customers.

**LITERATURE REVIEW**

**Electronic word of mouth**

Electronic word of mouth is a positive or negative statement made by potential customers or former customers about a product or company, which is intended for many people or institutions via the internet (Hennig-Thurau et.al., 2004:39). This opinion is in accordance with the opinion of Kevin et.al., in Hasan (2015:227), electronic word of mouth is a positive or negative statement by potential, actual or former consumers regarding a product or company and disseminated to other people or other companies via the internet.

According to Charo et.al., (2015:41) that the online form of information and knowledge exchange on social media is known as electronic word of mouth (e-WOM). In addition, according to Chatterjee in Jalilvand and Samiei (2012: 2), the increasing use of the internet and social networks is also an important thing where currently Word of Mouth is not only done by individuals but can be in any form including the internet called Electronic Word of Mouth (e-WOM). Therefore, it can be said that electronic word of mouth is done through social media and the internet. The effectiveness of electronic word of mouth is more effective than word of mouth communication in the offline world, due to greater accessibility and high reach. Goldsmith and Horowitz (2006:3), reveal that in the online world, there are various ways in which consumers can exchange information. Internet users can conduct electronic word of mouth through various online channels, including blogs, microblogs, email, consumer review sites, forums, virtual consumer communities and social networking sites. The Word of Mouth Association (WOMMA) simply defines word of mouth marketing as a person's act of sharing interesting information with others. Consumers tend to accept suggestions from relatives, friends and family because of the high credibility among them when talking about the products they consume.

Based on the opinion above, it can be concluded that "electronic word of mouth is a form of marketing by expressing positive or negative statements that tend to be included in the communication section delivered through social media to provide information, promote, recommend a product or service."

**Brand Image**

Image or image can be interpreted as a public perception of the identity of the company or association (Arafat, 2006:27). In addition, according to Kotler and Keller (2012: 406) image is a number of beliefs, ideas and impressions held by a person about an object. While the image contained in a tourist destination is known as the destination image (destination image).

Therefore, Lawson and Bovy in Lopes (2011:307) define that "destination image is a concept as the expression of all objectives knowledge, prejudices, imagination and emotional thoughts of an individual or group about a particular location", which means it is Destination
image is objective knowledge, prejudice, imagination and emotional thoughts of individuals and groups towards a particular location. This statement is in accordance with what was stated by Kotler (2005: 24) that the image of a destination is the beliefs and impressions that a person holds about a place.

Then also explained by Tasci and Kozak (2006: 304), the image of a destination is an individual's perception of the characteristics of a destination that can be influenced by promotional information, mass media and many other factors. Likewise, according to Coshall (2002: 89) which states that the image of a destination is a tourist's impression in general of a tourist destination. The image of a destination is an important part to sell to stakeholders including tourists. Fakeye and Crompton in Chen (2007:1116) state that the image of a destination is a picture, thought, belief, feeling and perception of a destination. In addition, according to Echtner and Ritchie (2003:35), the image of a destination is the perception of potential tourists towards a destination. Still according to Echtner and Ritchie (2003:35), the image of a destination is the perception of a complex combination of various products and related attributes. The image of the destination is formed from the primary image and secondary image, namely that the primary image comes from after the tourist has visited the destination and perceptions are rebuilt through experience while at a destination (Phelps, 1986:37). In addition, the secondary image according to Gunn and Mercer in Khairani (2009:17), is built before visiting a destination, namely:

1. Organic or informal images come from general information sources such as personal experiences, opinions of friends or word of mouth reports, mass media, and other information. The source of this information cannot be controlled by the marketer (relevant destination manager).
2. Induced or formal image designed by marketers from a destination that aims to form an image in accordance with marketers' expectations. The forms of these sources of information are various advertisements, activities, festivals and natural phenomena introduced by marketers to attract tourists to come to these destinations.

Based on several opinions from the experts above, it can be concluded that the image of the destination is the overall impression of the position of the destination in terms of its competition with other destinations that consumers know whether the destination is seen by consumers as a strong destination.

Customer Decisions

In relation to the world of tourism, purchasing decisions are assumed to be visiting decisions so that theories regarding purchasing decisions are also used in visiting decisions. Purchasing decision is an integration process that combines knowledge to evaluate two or more alternative behaviors and choose one of them (Peter and Olson, 2000:162). According to Swastha and Handoko (2000:102), the purchase decision taken by the buyer is a collection of a number of decisions. Each purchasing decision has a structure of seven components, including decisions about product types, decisions about product forms, decisions about brands, decisions about sales, decisions about product quantities, decisions about when to buy and decisions about how to buy.

The decision to visit is a stage where consumers have a choice and are ready to make a purchase or exchange between money and a promise to pay with ownership rights or use of an item or service (Kotler, 2005: 202).

Theoretical Framework

According to Medlik in Ariyanto (2005:132), the decision to visit is influenced by several factors. One of the factors that consumers visit is E-WOM. E-WOM is a positive or negative statement made by potential customers or former customers about a product or
company, which is intended for many people or institutions via the internet (Hennig-Thurau et.al., 2004:39). Based on the results of research from Nurul RetnoHapsari, it was also revealed that E-WOM had a significant effect on visiting decisions. In E-WOM itself consists of various social media facilities that are used and accessed by the public every day.

In addition to E-WOM, the decision to visit is also influenced by the image of the destination. According to Fakeye and Crompton in Chen (2007:1116), the image of a destination is a picture, thought, belief, feeling and perception of a destination. RizkyPriyanto in his journal also said that the image of the destination significantly influences the decision to visit. An image will provide its own point of view for a destination so that it is easier for people to judge a destination.

**Research Methodology**

This study uses a quantitative method with an explanatory approach. The population in this study is the employees of star hotel in West Sumatra. The number of samples is 150 respondents from 50 star hotel in West Sumatra, where the sample is obtained based on the rule of thumb from the statistical analysis used. The data collection technique in this study was a questionnaire using a Likert scale. Data were analyzed using Structural Equation Modeling (SEM) with Partial Least Square (PLS) approach. The hypotheses in this study are:

<table>
<thead>
<tr>
<th>No.</th>
<th>Direct Hypothesis</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Electronic Word of Mouth has a direct influence on Customer Decisions</td>
</tr>
<tr>
<td>H2</td>
<td>Brand Image has a direct influence on Customer Decisions</td>
</tr>
</tbody>
</table>

**RESULT AND DISCUSSION**

**Validity and Reliability**

<table>
<thead>
<tr>
<th>Variables</th>
<th>Sub-Variables</th>
<th>Cross Loading</th>
<th>Composite Reliability (CR)</th>
<th>Average Variance Extracted (AVE)</th>
<th>Critical Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electronic Word Of Mouth</td>
<td>Giving Information</td>
<td>0.776</td>
<td>0.933</td>
<td>0.915</td>
<td>1.0000</td>
</tr>
<tr>
<td></td>
<td>Give Opinions</td>
<td>0.712</td>
<td>0.914</td>
<td>0.923</td>
<td>1.0000</td>
</tr>
<tr>
<td></td>
<td>Give feedback to company</td>
<td>0.854</td>
<td>0.969</td>
<td>0.944</td>
<td>1.0000</td>
</tr>
<tr>
<td></td>
<td>Give positive recommendations</td>
<td>0.776</td>
<td>0.943</td>
<td>0.932</td>
<td>1.0000</td>
</tr>
<tr>
<td></td>
<td>Search informations</td>
<td>0.712</td>
<td>0.864</td>
<td>0.967</td>
<td>1.0000</td>
</tr>
<tr>
<td>Brand Image</td>
<td>Best Experience</td>
<td>0.754</td>
<td>0.811</td>
<td>0.943</td>
<td>1.0000</td>
</tr>
<tr>
<td></td>
<td>Unique Experience</td>
<td>0.744</td>
<td>0.853</td>
<td>0.933</td>
<td>1.0000</td>
</tr>
<tr>
<td></td>
<td>The impression of a pleasant environment</td>
<td>0.745</td>
<td>0.821</td>
<td>0.921</td>
<td>1.0000</td>
</tr>
<tr>
<td></td>
<td>Experience about usefull entertainment</td>
<td>0.766</td>
<td>0.841</td>
<td>0.965</td>
<td>1.0000</td>
</tr>
<tr>
<td></td>
<td>Impressions for an interesting relaxing place</td>
<td>0.761</td>
<td>0.862</td>
<td>0.966</td>
<td>1.0000</td>
</tr>
<tr>
<td>Customer Decisions</td>
<td>Recognition of Needs</td>
<td>0.777</td>
<td>0.844</td>
<td>0.941</td>
<td>1.0000</td>
</tr>
<tr>
<td></td>
<td>Information Search</td>
<td>0.798</td>
<td>0.812</td>
<td>0.931</td>
<td>1.0000</td>
</tr>
<tr>
<td></td>
<td>Evaluation of Alternatives</td>
<td>0.754</td>
<td>0.831</td>
<td>0.951</td>
<td>1.0000</td>
</tr>
</tbody>
</table>
From table 2 above, it can be seen that the data that has been processed using the Wrap-PLS application indicates convergent validity in the study, showing that each variable has a loading factor value above 0.5 which means that the questionnaire instrument used in this study is valid and represents the condition of the electronic word of mouth, brand image and customer decisions. Then, from the table above, it can be seen that the AVE value is greater than 0.5, which means that this research questionnaire has met discriminant validity. In addition, the variables from the table above have met the composite reliability, where the value is more than 0.70, which means that the research is feasible to continue in the hypothesis testing process.

Hypotheses Testing

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Impact</th>
<th>Path Coefficients</th>
<th>t-test</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Electronic word of mouth - &gt;&gt; customer decisions</td>
<td>0.789</td>
<td>18.222</td>
<td>Significant</td>
</tr>
<tr>
<td>H2</td>
<td>Brand image - &gt;&gt; customer decisions</td>
<td>0.882</td>
<td>15.433</td>
<td>Significant</td>
</tr>
</tbody>
</table>

Referring to table 3 above, it can be seen that the t-test value in hypothesis 1 is greater than t-table 1.99, which means that there is a significant influence between electronic word of mouth on customer decisions. Then, the results of the t-test on hypothesis 2 are also greater than t-table 1.99, which means that there is a significant effect between brand image on customer decisions.

Discussion

**H1: The Effect of Electronic Word of Mouth on Customer Decisions**

Electronic Word of Mouth has a direct influence on Customer Decisions, which means that when the electronic word of mouth going positive, then customer will choose the product. This study supports the results of research by Ariyanti (2005:132); Henning-Thurau, et al (2004:39) that there is a significant influence between Electronic Word of Mouth and Customer Decisions.

**H2: The Effect of Brand Image on Customer Decisions**

From the results of the calculation and hypothesis testing above, it can be seen that Brand Image has a direct effect on Customer Decisions in this study, which means that the brand image as expected as customer need, then customer will choose the product. This study supports the results of research by by Chen (2007:1116) explained that brand image can increase customer decisions.

CONCLUSIONS AND SUGGESTIONS

**Conclusions**

The results showed that the rise and fall of customer decisions was influenced by electronic word of mouth and brand image. Based on result study, it can be seen that electronic word of mouth has a partial effect on customer decisions, Which means the electronic word of mouth going positive, then customer will choose the product. Then, Brand Image has a direct effect on Customer Decisions in this study, which means that the brand image as expected as customer need, then customer will choose the product.
Suggestions

The limitation of this study is that the research only focuses on electronic word of mouth and brand image as a factor that affects customer decisions. In fact, the factors that affect customer decisions are not only electronic word of mouth and brand image, but there is advertising, distribution channels, service quality, brand equity, and so on.

REFERENCE


