

THE INFLUENCE OF E-WORD OF MOUTH COMMUNICATION ON CUSTOMER PURCHASING INTENTIONS THROUGH BRAND IMAGE OF SMARTFREN ANDROMAX IN INDONESIA

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ABSTRACT

Word of Mouth has been recognized as one of the most influential resources of information transmission. Advances in technology and the emergence of online social network sites have changed the way information transmitted. This phenomenon impacts consumers as this easily accessible information could greatly affect the consumption decision. The purpose of this research is to examine the extent to which e-WOM among consumers can influence purchase intention through brand image in the mobile communication vendor industry.

Measurement item are adapted from existing scales found in the marketing literature. The scales were evaluated for reliability and validity using data collected in a survey of Indonesian’s perspective consumers in Indonesia.

A Partial Least Squares Structural Equation modeling procedure is applied to the examination of the influences of e-WOM on brand image and purchase intention. The research model was tested empirically using 100 samples respondents who had experience within online communities of Smartfren Andromax’s consumers.

The research found that e-WOM is one of affecting factors influencing purchase intention through brand image on Smartfren Andromax.

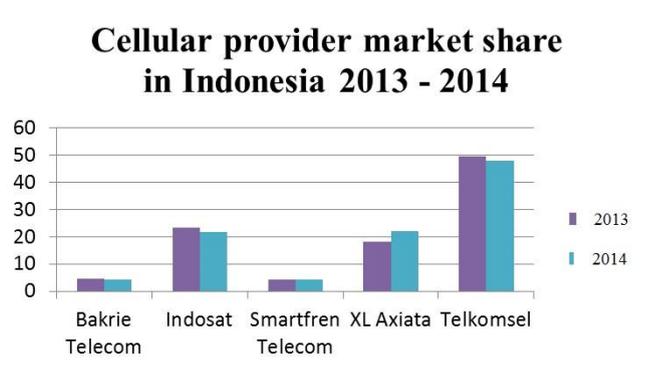
Keyword: e-Word of Mouth, Brand Image, Purchase Intention, Partial Least Squares Structural Equation Modeling.

Introduction

Smartfren Telecom’s Market Share Condition

In the last few years many people use cellphone or mobilephone worldwide. As revealed from Smartfren mobility report, However, the Company successfully closed the year 2014 with an increase in revenue by 22% to Rp 2.95 trillion. This is supported by an increase of customers for a total of 11.9 million customers until the end of 2014, increased by 5% from the previous year.

In 2010 until 2011 Smartfren brand get trust by the customer as good internet provider with affordable price, but because some problem like BTS location, graphics fluctuation and the weather it makes smartfren being slow. This bad image of smartfren spread faster by e-wom from the forum, blog, and social media in the internet, the future customers who doesn’t know yet, can easily know, observe, recognize and finally found that smartfren had slow connection, thats why the internet users



Source : Annual Report of Bakrie Telecom, Telkomsel, Indosat, XLAxiata and Smartfren Telecom. Cited 2015

In figure 1.3, it is shown that Smartfren Telecom in 2013-2014 a major decreased of market share. This happens because most of the quality problems lie in signal and increased android based phones user such as Samsung and iPhone in the Indonesian market which cannot use CDMA card.

Smartfren Telecom Tbk (smartfren) was originally named PT Smart Telecom Tbk and PT Mobile-8 Telecom Tbk (Mobile-8) before April 2011. Through several years they succeed in keeping their brand image *To provide best-value-for-money Data and Voice Service proposition to our subscribers while maintaining technological leadership and excellent customer experience.* A lot of innovation was also initiated by the company.

Smartfren struggled in the cheap tariff era and also at the launching of Smartphone in Indonesia such as Apple’s iPhone and Samsung which is cannot use CDMA SIMCard, that make Smartfren lose their brand. In 2012, Smartfren decide to launch Andromax to recapture their market. Until today, the condition remains the same and as a result, since Smartfren Andromax brand suffers from 20% sales to 15,6%. (Source : IDC, cited 2015).

Consumers have always valued opinions expressed directly to them. Marketers may spend millions of dollars on elaborately conceived advertising campaigns, yet often what really makes up a consumer's mind is not only simple but also free: a word-of-mouth recommendation from a trusted source. (Jacques et al., 2010). Word-of-mouth (WOM) communication is generally acknowledged to play a considerable role in influencing and forming consumer attitudes and behavioral intentions (Mohammad and Neda, 2012).

It is 21st Century and Word of Mouth evolved alongside with technology and digital lifestyle. Whereas WOM communication initially referred to the idea of person-to-person conversation between consumers about a product, the worldwide spread of the internet brought up less personal but more ubiquitous form of WOM communication, so-called online WOM communication (Xia and Bechwati 2008).

The potential of having huge Internet User that keep growing also could make this WOMM becomes more powerful in Indonesia. APJII (Asosiasi Penyelenggara Jasa Internet Indonesia) revealed that in 2013 total Internet user in Indonesia is 71.19 million, increased 13% from 2012 which is 63 million. It Predicts that in 2014 it will reach 107 million by the end of 2014 (Source : www.antaraneews.com, cited 26 January 2014).

Problem Identification

With all the fact that was mentioned in the research background, it shows that Sony Mobile Communication is suffering from poor performance in Indonesian market. These symptoms has already been researched and predicted by several researchers (Yossie, 2006; GSM arena, 2010).

Knowing that there are still a lot of active online opinions and complaints activity from @smartfrenworld twitter account, it showed that still a lot of consumers using Smartfren and want to use Smartfren product. However looking from the performance that has been in second lowest poor condition in Telecommunication market since 2011, it shows that Smartfren has not found the solution for their problem yet.

Several researches (mohammad & Neda, 2012; Mohammad noer, 2009; Yossie 2006) has touch these aspects as their research topic. But in specific case of smartphone industry, such research has not yet been done.

Therefore the researcher tries to formulate research questions as below:

1. Does e-WOM has significant impact on brand image of Andromax Product?
2. Does e-WOM have significant impact on purchase intention of Andromax Product?
3. Does brand image have significant impact towards purchase intention of Andromax Product?
4. Does e-WOM have significant impact on Andromax Product purchase intentions, through brand image?

Research Purposes

After the researchers methods formulation of the problem, the objectives of this study are:

1. To get to know how significant the influence of e-WOM is against the Establishment of brand image on Andromax.
2. To get to know how significant the influence of e-WOM is against Andromax purchase intentions.
3. To get to know the influence of brand image on Andromax purchase intentions.
4. To get to know the influence of e-WOM on Andromax brand image and purchase intentions, also the influence of brand image on Andromax purchase intentions.

Practical Aspect

a. Through this research, the author hopes to determine the influence of electronic word of mouth marketing on brand image and purchase intentions, and use it for an evaluation to create strategy to increase sales.

b. The results of this study are expected to contribute ideas that can be helpful and also provide information to others who want to know the issue of electronic word of mouth marketing, brand image and purchase intentions.

Literature Review

The rise of online communities and communication has dramatically increased the potential for significant and far-reaching momentum effects of word of mouth. (Jacques Bughin et al. (2010))

E-Word of Mouth is the new marketing paradigm that facilitates the distribution of branding over existing social networks such as site review, facebook, twitter and etc. but how it works is similar with traditional one. Digital WoM allow word of mouth spread become faster and wider. With the help of Internet it could spread a message (text, picture, even video) to all over the world.

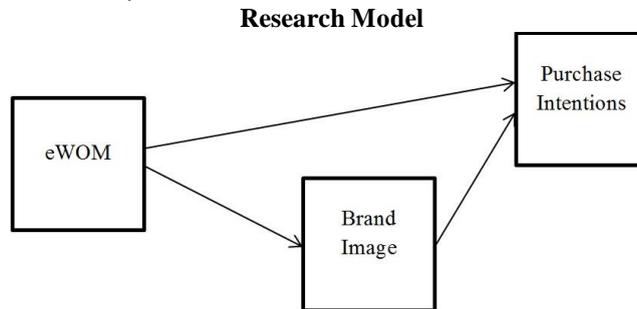
When characteristic of analog word of mouth is neutral, e-Word of Mouth is transparent. Most people in the internet will not hesitate to say anything in their mind thus resulting an honest feedback for the company. That is why digital Word of Mouth is harder to manage.

Brand image comprises the attributes and benefits associated with a brand that make the brand distinctive, thereby distinguishing the firm's offer from competition (Webster and Keller, 2004). In firm-customer relationships, every interaction between a firm and its customers becomes an input to brand image. Because a service brand communicates a commitment to provide a certain kind of experience, it is critical that service firms assure that everyone in the organization

understands the importance of delivering consistent, predictable, high quality performance to the customer (Webster and Keller, 2004).

Intent to purchase is a kind of decision in which studied why a customer purchases a brand in particular. Constructs like considering something purchasing a brand and anticipating to purchase a brand aids to scope the intentions of purchasing (Porter, 1974). Porter (1974) also elaborated customers' intention to purchase a focused brand is not merely by his same brand attitude, but also by his attitudes leading to other brands in choice of set considered.

the study is focused on the element of e-word of mouth as independent variable associated with its effect on brand image and purchase intention. Based on the theory described before, the author has used following research model :



Jalivand and Neda Samiei (2012)

Research hypothesis

This hypothesis is temporary answer against the problem, but the author still need empirically test to proof the truth. Based on the problem formulation research purpose and the theoretical basic the hypothesis of this research are:

- H1 : e-Word of Mouth has significant impact on brand image of Andromax product**
- H2 : e-Word of Mouth has significant impact on purchase intention of Andromax product**
- H3 : Brand image has significant impact on purchase intention of Andromax Product**
- H4: Brand image has significant impact on purchase intention through Andromax Brand image**

Research Methodology

This study use quantitative research study. quantitative research methods can be interpreted as the research methods used to examine the population or a particular sample, data collection using research instruments, data analysis is statistical, with the goal to test the hypotheses that have been established (Chaolong Wang, 2012:26).

This study will use PLS- SEM (Partial Least Squares Structural Equation Modeling) as data analysis technique. Types of variables in this study consist of latent variables and observed variables. In SEM (Structural Equation Modeling) key variables that in considerations are latent variables. The latent variables can be observed only indirectly and imperfectly through its effect on the observed variables. SEM has two types of latent variables which is exogenous and endogenous. These variables are distinguished by their participation as the dependent variable in the equation-equation model (Yves Rosseel, 2012:6)

Observed Variables

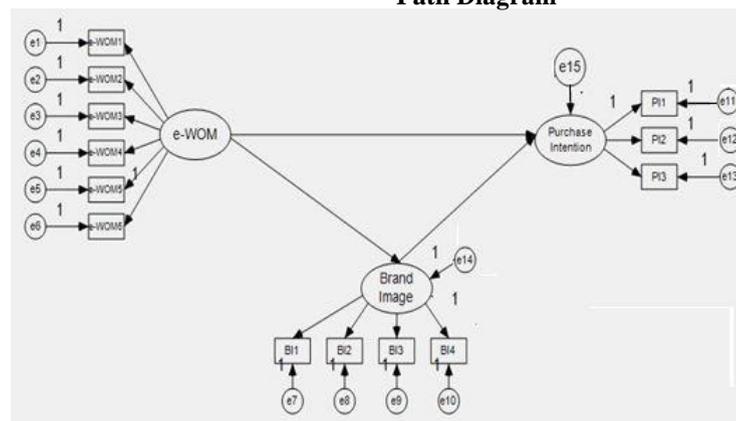
Observed variables or measurable variables are variables that can be observed or measured empirically and is often referred to as an indicator. (Yves Rosseel, 2012:6).In this study, observed variables is mentioned in operational variable.

Variables	Definition	Indicator	Scale	Item
Electronic Word of Mouth (Bambauer-Sachse and Mangold,2011	any positive or negative statement made by potential, actual, or former customers about a product or company which is made available to multitude of the people and institutes via the	brand image impression from e-wom	Ordinal	1
		e-wom review for purchase		2
		e-wom chat and comment in review before purchase		3
		ecustomer gather product info from ewom before buy		4
		customer worry to purchase before knowing the evaluation of the product from e-wom		5

	Internet (Hennig-Thurau et al. 2004)	e-wom review influence confidence to purchase product		6
Brand Image (Davis et al., 2009)	perceptions about a brand as reflected by the brand associations held in consumer memory (Keller, 1993)	product quality compare with others andromax cheap price brand image of new andromax 4g tech andromax performance	Ordinal	7 8 9 10
Purchase Intention (Shukla,2010)	individual's intention to buy a specific brand individuals who want to buy a specific brand which they have chosen for themselves after certain evaluation (Imran et al., 2012)	the influence to purchase andromax because of latest technology performance the willingnes to recomend for andromax than the others because of the latest technology desire to purchase andromax in future because of the latest technology performance and cheap price	Ordinal	11 12 13

The scale of measurement is a procedure to give value to several aspects such as object, human, statements and events (Yves Rosseel, 2012:6). The intent of this measurement scale to classify the variables to be measured in order to avoid mistakes in data analysis and determining the next research steps (Riduwan, 2010:81).

Path Diagram



Source: Mohammad Reza Jalivand and Neda Samiei (2012)

Based on the type of research, the scale that will be used in this study is interval scale. Interval scale is a scale that shows the distance between the data with others and has the same weight (Riduwan, 2010:84). In the PLS SEM analysis of

interval data should be used as nominal or ordinal data usage will shrink the coefficient of correlation matrices used in PLS SEM (Yves Rosseeel, 2012:6)

Result

Based on the result from characteristic of respondent, People who experiences Smartfren Andromax and actively using the internet is mostly men with percentage of 38%, while 62% is women. Thus, it can be said that female is dominating the use of this smartphone brand.

Characteristic based on age shows that mostly the respondents are in age of 15-25 with percentage of 77%. This data was supported by the characteristic based on last education level that achieved by them that they're mostly senior high school graduate with 68% and have an occupation as a wmployee with percentage of 16%.

Coefficient Path	Coefficient Path	T Statistic	H ₀	Conclusion
eWOM -> Brand Image	0.834	14.938	Rejected	Significant
eWOM -> Purchase Intention	0.546	6.939	Rejected	Significant
Brand Image -> Purchase Intention	0.397	5.046	Rejected	Significant

Source: Data Processed by the author

Variable	Coefficient effect	t-statistic	t-table ($\alpha = 5\%$)	Conclusion
eWOM	0.546	6.939	1.984	Significant (Ho rejected)
Direct impact Coefficient		0.546		Total Effect
Direct impact Coefficient through Brand Image		0.331		0.877

From these data we could conclude that all hypothesis in this research is correct and it can be said that there is a real and significant effect of e-WOM on Purchase Intention through Brand Image.

Conclusion and Suggestion

Based on analysis of result that was gained from respondents of this research, it was known that the respondents is dominated by men with age between 21-25 that is mostly in their senior high school – College year with income that derived from their parent above Rp. 2.000.001,00.

From the analysis conducted in the previous chapter, it can take several conclusions, which are as follows.

1. eWOM significant effect on brand image;
2. eWOM significantly influence Purchase Intention;
3. Brand Image significantly influence Purchase Intention;
4. eWOM significant effect on purchase intention, either directly or through brand image.

Using an organized Word of Mouth Strategy (by using andy sernovitz (2010) WOM strategic model) could help company to analyze their consumer's word of mouth behavior. This model could help company determine the correct marketing strategy to be executed for digital word of mouth.

5 T's suggested by author for Smartfren Andromax Communication for improving their e-Word of Mouth:

1. Talkers :
 - a. Tell your fans and product owners to think of one word that describe Smartfren Andromax in facebook page and twitter.
 - b. Make a special one day for brand ambassadors to take a picture of what they're doing in one day by using Andromax product.
 - c. Everytime there is a new product, make a chance for reviewer editor to

take a hands on the new product earlier before the sales day

2. Topics

- a. Try to explain in social media of how good is the feature (especially camera, screen quality, and Connectivity) that could be useful in people's every day live. For example, the quality of screen in Smartfren Andromax

product is good that it would make your content readable without make your eyes suffer. Try to make it as short as possible and keep it interesting.

b. Tweet/comment/ post about how your products appear in a certain movie title that you choose as product placement.

3. Tools

a. Try to retweet/repost/regram or use another quotation feature that would help people read the information made by other people (including product ambassadors) about Andromax product.

b. Keep updating your Social Media tools by checking the newest version of each social media used for e-WOM.

4. Taking Parts

a. Try to reply people's comment about you. Choose a comment that would make people think that you care about them. Doesn't necessarily positive comments. A negative comment response could also help increase you relationship with consumers. Make sure to choose the right comments

b. Commenting hilarious comments could at least entertain your followers/fans/etc.

5. Tracking

a. Try to evaluate your most popular social media. But the company still have to maintain all of them (don't focus on one social media).

b. Use 3rd parties analytical apps or website to assess your social media.

c. Make sure you're aware with the current popular social media (twitter, facebook, etc.).

Suggestions for future research

For the future research about digital word of mouth, pricing, and product specification towards customer purchasing decision process, here are several suggestions:

1. Try to compare the performance of e-Word of Mouth, Brand Image, and Purchase Intention between two similar products in an industry so that it could be seen how effective their strategy is.

2. The existence of error in the research shows that there is another exogenous variable that affecting both endogenous variables. Future researcher could try to add another exogenous variable that could affect those endogenous variables.

3. In Research method, future researcher hopefully used different methods and do experiment on it, so that it could shows the differences and similarity that could increase people's knowledge

4. e-WOM could increase people knowledges brand image and purchase intentions, its also influence the purchase intentions through brand image. By building good eWOM which deliver good brand image, its will leads to purchase intentions

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