

CHAPTER I

INTRODUCTION

1.1 General Overview of Study Object

1.1.1 General History of Wall Street English

Wall Street English is a multinational company focused on learning English based in Baltimore, United States of America. Wall Street English was first founded in 1972 by Luigi Peccenini, with its expansion in Switzerland, then he established its international headquarters in Spain in 1990. From then until 1995 Wall Street has expanded its branches from 102 branches in 8 countries to 400 branches spread over 28 countries. Wall Street began to enter Indonesia in 2007 and already has several branches spread across Jakarta, Bandung, Surabaya, and Cibubur. Currently, Wall Street English has more than 40 years of experience and has more than 3 million consumers spread across 29 countries. Wall Street English has a unique way of learning and teaching, they combine multimedia technology, social activities, and small classes to help members learn English in a friendly and natural environment as possible. Wall Street English also offers a new offering where they help those who want to learn English for professional or personal reasons but do not have time to attend traditional classes.

The method offered is better known as the blended learning method (Wallstreet, 2020). Where Wall Street has been using this method for approximately 40 years and this method is proven to have helped students learn according to their abilities as measured by placement tests. This established learning method can encourage members to be more active by combining face-to-face systems with online learning systems Wall Street English itself chooses adults as its main target market because they provide a combination of conventional learning where teachers and students can meet face-to-face and also learn online.

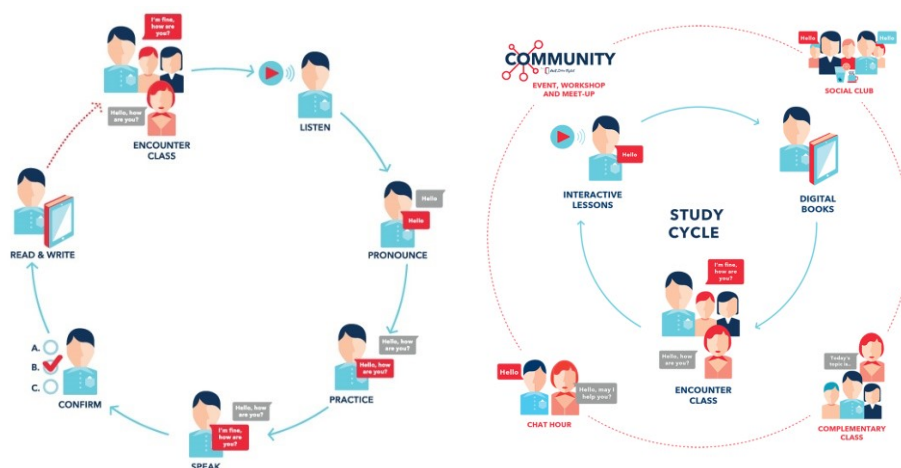


Figure 1.1 Wall Street English Study Cycle

Source: <https://wallstreetenglish.ch/en/learn-english/our-method>

Currently Wall Street English offers 3 kinds of study cycles WSE Go, WSE Deluxe, and WSE Club. WSE go offers to learn without location restrictions, access to digital and face-to-face learning, and access to the WSE Community which is completely online. WSE Deluxe offers access to digital and face-to-face learning, WSE Community, and exclusive online and offline events, and can take private classes. Meanwhile, WSE Club offers various activities that focus on the effective use of English, such as WSE Community, speaking classes, and exclusive monthly events. Classes are carried out directly under the guidance of native and non-native teachers, Wall Street offers 4 types of classes, namely Social Club, Complementary class, Chat Hour, and Encounter class. very flexible and adapts to general working hours, and members can also book classes in advance by contacting Wall Street or registering through the Wall Street English website.

In addition to offering a Blended Learning Method and a flexible schedule, Wall Street also offers the concept of "Lifestyle". Wall Street wants to give its customers a "lifestyle" by using and speaking English, the main goal is not only the use of English but something as important as "lifestyle". This is also implemented with the aim that members can comfortably use English in their daily lives and not feel awkward if they apply it to the lives of customers.

1.1.2 Wall Street English Vision and Mission

The following companies must achieve and implement their visions and mission: Wall Street English's Vision and Mission:

Vision

1. To be widely recognized as the most preferred, aspirational adult English learning brand in Indonesia.
2. To be leading a lifestyle based on the platform that empowers and inspires people who want to get ahead in life.

Mission

1. To empower you with the self-confidence to communicate effectively in English and therefore enrich your life.
2. To make Indonesia more competitive through English.

1.1.3 Company Logo

The logo is identified of a company, and the following is the logo of Wall Street English:



Figure 1. 2 The Company Logo of Wall Street English

Source: <https://seeklogo.com/vector-logo/324833/wall-street-english>

In 2013 Wall Street English officially introduced its new name and identity. This Wall Street English name and logo have a philosophy of being the door to a brighter future. The new identity that we have shown that the door to their future is open when they learn English. They can have to walk through that door and make their dreams come true (McGowan, 2013) (Deepa Sethi, Lifeblood and Organization , 2009).

The new name continues to use the name Wall Street with the addition of English with the aim that this educational institution is relevant to the field of education it is engaged in, namely the place for English courses. The new logo is made using handwriting with the meaning that everyone has a different personality so Wall Street is committed to educating its members according to their ability and speed of understanding which of course is not the same for everyone.

1.2 Background of the Study

The number of companies trying to open new branches outside their home areas is increasing every year. Multinational companies also do the same thing, they try to open business branches as well, especially in Indonesia, this also happens due to the large number of collaborations carried out by Indonesian companies to outside parties and vice versa. This makes it very important to improve the quality of Human Resources with the aim of surviving in adapting and facing any new changes and problems that occur in this era of changing global and technological developments, especially in terms of communication. This is discussed in a journal entitled interpersonal communication where it is stated that the existence of an organization is supported by several factors and these factors are strengthened by the existence of interpersonal communication, therefore interpersonal communication becomes the lifeblood of an organization (Deepa Sethi, 2009).

From the statements contained in the journal, it can be concluded that communication is one of the most important things in determining the success and achievement of an organization's goals, and communication is also very much needed in building better quality relationships, ranging from daily conversations to meetings that are held every day. happened at a greater moment. Due to the change of globalization, people need one basic language as a communication tool so that people can communicate with each other without difficulty understanding what is meant. Currently English is one of the languages used by people around the world in

communicating this is due to the many aspects of using English such as business, education, technology, science, travel, tourism, and so on (Rao, 2019).

According to Ethnology in 2021, English is the most widely spoken language in the world, and as many as 1,34 billion people around the world can use and speak English as their first or second language. An Austrian philosopher said that “The limits of my language mean the limit of my world.” This despite the massive investment that has taken place in English language education in both the private and public sectors. In the last 5 years, Asia itself has had a stable average score on English Proficiency (English First, 2020). Although English has now become one of the most important languages and one of the global languages, the level of English Proficiency in Indonesia is still quite low. This data was shown in the English Proficiency Index (EPI) research report released by Education First (EF) in the year of 2020.

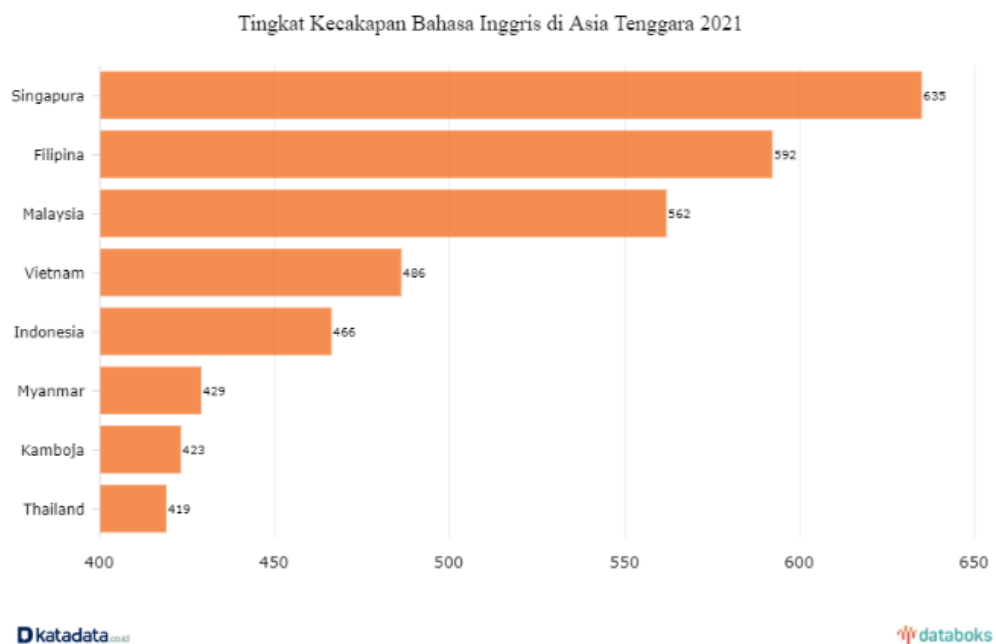


Figure 1. 3 English Proficiency Level in Southeast Asia 2021

Source: <https://databoks.katadata.co.id>

The data above shows the fact that out of 8 countries in Asia, Indonesia is ranked 5th, and Singapore has been chosen as the country with the highest qualification in Southeast Asia. The index score achieved by Singapore was 635, followed by the Philippines with an index of 592 and Malaysia with an index of 562, while on the other hand, Indonesian English proficiency was only ranked 5th with an index score of 466. This proves that the level of fluency in English in Indonesia is still relatively low. In fact, according to the facts mentioned above, English is the most widely used language in the world and will continue to be used in various fields, especially economics, for many years to come.

At this time many people know at this time learning English has become a must, therefore there is currently an increase in people who are looking for English language courses (Fernandes, 2018). Currently, there are quite a several English courses spread across Indonesia offering various programs with varying price ranges and target markets, especially in big cities which are the center of the economy and government. However, among the many English courses spread across Indonesia, it is very difficult to find one that offers special learning for adults, most of them offer programs for children to teenagers (Hidayatulloh, 2019). At this time, the English language course only focuses on learning that is theoretical and based on writing. (Fernandes, 2018) states that from the results of his research it was found that the need for adults is to talk more and use it in everyday life which can support their careers. This is what causes the stigma that occurs among adults that learning English is only for children and teenagers, even though adults try to take the available classes they will feel unsuitable and feel a waste because of the English language learning program offered. in Indonesia currently mostly designed for children to teenagers. This is the main reason Wall Street English is an English company whose main goal is to provide fast learning English for adults (Wallstreet, 2020).

Wall Street English has a different target market from competitors in the same field; this aims to create a significant difference when compared to competitors,

and there is an interest in buying among adults against the offer provided by Wall Street English. Purchasing on Wall Street English consumer is also caused by psychological factors in consumers that can motivate them to make purchases because someone has needs at some point in time, one of which is the need for recognition, self-esteem, or feeling accepted by their environment. One such need becomes an incentive if the need arises until it reaches a sufficient level of identity (Kotler & Keller, Marketing Management , 2016). Such as data obtained through the results of the English Proficiency Index research report in 2020, which resulted in a growing sense of awareness in the community that, at this time, learning English is a must to meet needs both in terms of work, education, or other things. When consumers feel that the product or service offered can meet their needs and satisfy their satisfaction, they will decide to but and use the products or services, so consumer behavior is very influential on consumer purchasing decisions themselves.

The decision-making by a consumer to purchase a product or service begins with an awareness of the fulfillment of a need or desire and an awareness of a further problem. The consumer will then perform several stages that ultimately arrive at the post-purchase evaluation stage. If consumers have no experience with a product, they tend to trust a preferred or well-known brand (Schiffman & Kanuk, 2008). This reason encourages companies to strengthen their brand position in order to form a positive brand image and stick firmly in the minds of consumers because through brand image, consumers are able to recognize a product, evaluate quality, reduce purchase risk, and gain experience and satisfaction fr (Placeholder1)om certain product differentiation (Lin, 2007).

Currently, there are several competitors for Wall Street English, especially in the Bandung area, one of which is English First (EF). English First itself offers several programs that are no less attractive than those on Wall Street English, including:

Class type	Price Range
General English Class	6 mill / 6 months

TOEFL	6,5 mill / 4 months
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Table 1 English First Price List

Source: English First (EF)

The General English Class offered by English First (EF) offers facilities in the form of intensive classes twice a week, in which the class is in accordance with the consumer's ability that has been determined at the beginning of registration. This class is usually attended by members aged around 16-19 years with equivalent English language skills. For the General English Class, the price starts at 6 million for 6 months. The class is set per level, and when the members reach a new level, other fees will be charged. For the General English Class program, members will only take classes that have been scheduled twice a week and special classes in the form of various activities that are carried out once a week on weekends. Furthermore, the TOEFL class is offered for consumers who will start the course at domestic or overseas levels. This TOEFL class is priced starting at 6,5 million for 4 months if intensive classes 3 times a week with no special classes and it lasts for 4 months. While Wall Street English itself offers several packages, such as:

Type of Class	Price Range
15 months membership	28,8 million
IELTS	12 mill / 6 months

Table 2 Wall Street English Price List

Source: Wall Street English (WSE)

Wall Street English has a number of membership options with varying lengths, including 9 months, 15 months, and 24 months. Wall Street English offers an expensive pricing, but the benefits they offers are highly distinctive from those of their competitors. For example, English First (EF) offers classes twice a week and

special class once a week, while Wall Street English offers daily classes that can be attended by all members with all types of membership classes every day.

Figure 1. 4 Wall Street English Bandung Monthly Schedule

Source: Wall Street English

The attached image above is an example of an offline classes held by Wall Street English Bandung. Wall Street English offers Social Club, Chat Hour Complementary Class, and Encounter Class classes that are held every day. In the Social Club class, members at all level can participate; the class is in the form of non-formal discussions with different topics every day, in the complementary class, members can participate according to their level; the class is formal and discusses grammar, good structure, and other topics that related with how to speak and write in English in a right way, in the encounter class, members participate in the class to level up their level. For special classes offered, Wall Street English offers four times events in a month with a different theme and no additional fees. The classes held also have a flexible schedule considering that Wall Street English itself is designed for

adults, and every month Wall Street English gives member of the month awards to all members at each center who are always actively participating in classes. The benefits are given in the form of points that can be exchanged for money, merchandise, and vouchers offered on the Tada application. With the price offered, members can take classes every day, including Saturdays, and Sundays. While the IELTS class offered is more less similar to the TOEFL class offered by English First (EF), but Wall Street English charges more for 6 months classes conducted twice a week. The classes that are followed include the four IELTS English test, reading, writing, listening, and speaking. After completing the classes that have been carried out members will receive an international certificate where Wall Street English has collaborated with the British Council, IDP: Australia and Cambridge English Language Assessment. It can be conducted that although Wall Street English provides higher prices than competitors, the benefits provided are greater than those of competitors, and this is what causes consumers to make purchases at Wall Street English.

Consumers will decide to buy and use a product or service when they get information about the products or services offered by a company from trusted sources such as friends, relatives, or other consumers of related products or services. This marketing strategy is better known as “World of Mouth Marketing”. This strategy is a personal communication about a product that a consumer makes to potential customers; they will exchange information about related products or services, and the information obtained is clearer and easier to understand by potential consumers because the message is the information contained in the document comes directly from consumers who have experience with the product or service (Kotler & Armstorng, 2016). Word of Mouth is very suitable to be applied in Indonesia; this statement is supported by research in the 2007 Global Consumers Study conducted by the Nielsen Research Institute, which shows that out of 47 countries in Indonesia. Indonesia is included in the top 5 countries where the Word-of-Mouth strategy is considered the most credible dorm of advertising. Ini the world, Indonesia ranks third after Hong Kong and Taiwan (Vibiznew: Sales and Marketing, October 25, 2007). In addition to the research conducted, the results of research conducted by Walker (2001:67) argue that consumers who are satisfied with the products and services sued

will tell 4-5 other people about the experiences they have had, while consumers who are dissatisfied will tell 9-10 people. The phenomenon that occurs shows that consumers are likely to share their dissatisfaction with the product or service than their satisfaction, so marketers need to pay attention so that there is no negative word-of-mouth that will ultimately affect the company's image in the eyes of other consumers. Supported by the results of research conducted by Arnanda (2022), where word-of-mouth has a positive and significant effect on purchase intention. Meanwhile, based on research conducted by Riyanto (2021), it is stated that word-of-mouth has a significant negative effect on the purchasing decision variable.

Wall Street English also offers a "referral" program where registered members will get more benefits if they can invite their friends, relatives, and even their families to join as Wall Street English members. Referral itself is one strategy that can attract customers to invite other new customers. Invitations that can be made can be in the form of creating an account, distributing content owned by a company to an invitation to be able to buy a product. This program is one form of "World of Mouth" promotion or better known as the information distribution strategy, this strategy is a form of marketing that has always been an interesting phenomenon to talk about (Lupyoadi, 2008). Word of mouth itself is a form of promotion in the form of word-of-mouth recommendations about the goodness and advantages of a product or service offered by a company. In this promotion, the role of people is very important in promoting a product or service, where the communication that occurs is carried out by consumers who have used goods or services on a product to other people. This promotion cycle begins with the consumer's interest in buying a product, after knowing and getting information about the advantages and disadvantages of the product or service, the consumer will buy the company's product or service, because they feel interested, consumers will begin to tell their experiences to other potential consumers.



Figure 1. 5 Wall Street English Referral Promo

Source: Wall Street English

The above is a form of referral promotion offered by Wall Street English in February where members will get benefits such as an exclusive dinner for 2 people at 5 stars hotel restaurant. This promotion is valid every month by offering different benefits according to the events that occur in that month. Marketing using the Word-of- Mouth system is considered more effective; this is because consumers tend to trust the recommendations and words of someone who has or has bought a product more than seeing an advertisement. As stated by Torlak et al (2014) that Word of Mouth is considered more effective than other communication methods and is more targeted.

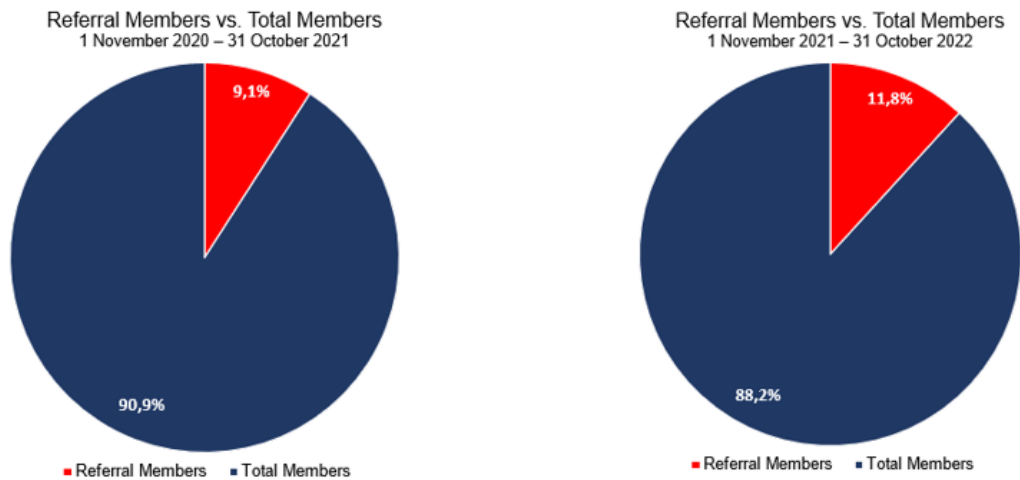


Figure 1. 6 Wall Street English Bandung Referral Data

Source: Wall Street English Data

Wall Street English Bandung itself implements a referral program as applied to every other Wall Street English branch in Indonesia. In the data above, it can be seen that there is an increase in the use of the referral system on Wall Street English Bandung from November 1,2020 to October 31,2021 – and from November 1,2021 to October 31, 2022. In the first diagram, it can be seen that from 100% of the registered members are 9,1% of member with referral programs, while the second diagram whose an increase of 2,9%. This prove that the referral sales offered by Wall Street English Bandung have increased.

However, in the latest data provided by Wall Street English starting from the end of the 2022 period to early 2023, there is a decrease in the use of the "Refferal" program offered by Wall Street English to its members, because at this time Wall Street English is focused on improving brand image. they have because due to recovering from the pandemic that happened on 2019.

It is very important for Wall Street English in knowing what the key is in attracting attention and fulfilling consumer desires, Wall Street English is expected to be able to adapt and always follow the dynamic movement of conditions in order to survive from existing competitors. Brand image on Wall Street English itself is

believed to increase consumer interest where consumers will prefer to buy and use products or services offered by Wall Street English than the competitors, if Wall Street English has a good brand image this will make it easier for consumers to evaluate products or services offered and can increase consumer confidence in Wall Street English (Mohammad et al, 2017). Widjaja (2016) speculated that “World-of-Mouth” is one of the marketing communications carried out by word-of-mouth as a communication process in the form of providing recommendations both individually and in groups for a products or service offered by a company that aims to provide comprehensive information. Personal, has an interest, and it is supported by a good brand image.

At this time, brand image is a top priority that is used as a reference for consumers before making a purchase on a product or service. As a result, companies must be able to create appealing brands and demonstrate the benefits of the products or services they offer in accordance with consumers desires, so that consumers have a positive perception of the brand of the products or services offered.

In a brief interview conducted by the author with several Wall Street English members regarding the reasons for making a purchase, on average they answered that "Wall Street English offers a learning system that is quite different from other institutions, and Wall Street English has a pretty good brand image". However, most of them felt that there had been a decline in the quality provided by Wall Street English Bandung. In the past year, some of the members regretted that there were no native speakers at the center of Wall Street English Bandung, so they felt that there had been a decline in the brand image owned by Wall Street English Bandung recently. . Meanwhile, in an interview conducted by the author with the center manager of Wall Street English regarding complaints made by members, Erick Fernando said that "Indeed, there has been a decline in the quality provided by Wall Street English Bandung, and the absence of native speakers is still one of the reasons." however, Wall Street English Bandung is trying to fix the problem by offering online access to members so they can conduct classes with native speakers in other centers.

Several studies related to Word-of-Mouth stated that this promotion influenced brand image. Rahayu research (2016) said that word-of-mouth has a positive influence on brand image. The results of Pertiwi and Sukawati's (2017) research also show that Word-of-Mouth also has significant effect on brand image. According to Art and Luke (2007), the brand image of a good products or service will be more attractive to potential consumers to buy and use the products or services offered rather than buying and using the same products or services from competing brands. Manufacturers of a product must also be able to maintain the brand image they have on the product. This is because having a good brand image will make it easier for people to recognize the product and increase buying interest in the product so that the company will gain greater profits.

The authors are interested in conducting additional research on purchasing decisions based on the issues raised, the theoretical underpinnings, and the variations in research findings on each factor that influences purchasing decisions. The author chooses the title "The Impact of Word of Mouth (WOM) and Brand Image on Purchase Decision: Study in Wall Street English Bandung.

1.3 Problem Formulation

Based on the description of the background of the problem that has been described above, the formulation of the problem in this study is as follows:

1. Does Word-of-Mouth (WOM) have a significant effect on purchasing decisions at Wall Street English Dago Bandung?
2. Does the Brand Image have a significant effect on purchasing decisions at wall Street English Bandung?
3. Do Word-of-Mouth and Brand Image have a significant effect on purchase decisions at Wall Street English Bandung?
4. How Word of Mouth, Brand Image and Purchase Decision on Wall Street English Bandung?

1.4 Study Objectives

Based on the formulation above, the objectives of this study are:

1. To analyses how Word-of-Mouth affects purchasing decisions on Wall

Street English Bandung.

2. To analyze how Brand Image affects purchasing decisions on Wall Street English Bandung.
3. To analyze how Word-of-Mouth and Brand Image affect purchasing decisions on Wall Street English Bandung.
4. To analyze how Word of Mouth, Brand Image and Purchase Decision on Wall Street English Bandung

1.5 Benefits of Study

All interested parties are anticipated to gain knowledge from this research. These are the advantaged this study has found:

1. Theoretical aspects, this research is expected to provide information for business administration education and add to the results of existing research as well as increase knowledge and reference for readers regarding word-of-mouth and brand image for purchasing a product.
2. Practical aspects, as the practical benefits of this research, it is hoped that it can help add information, especially to wall Street English Bandung, readers, and researchers to further investigate how the influence of word-of-mouth and brand image on purchasing decisions on Wall Street English Bandung.

1.6 Scope of The Study

To make the writing of this study report to be more focused and specific, the scope of the issues to be discussed in this study are as follows:

1. This study is only focused on discussing and studying how it affects word-of-mouth and brand image on the buying decision on Wall Street English Bandung.
2. This study is only intended for Wall Street English Bandung buyers (customers).

1.7 Systematic of Writing

This research is organized into the following:

a. CHAPTER I INTRODUCTION

This chapter discusses the background, research questions, research objectives, significance of the research, and research systematic.

b. CHAPTER II REVIEW OF LIBRARIES AND SCOPE OF STUDY

The literature review discusses the research theory basis that is used by the previous researcher, the framework, and the hypothesis which can be applied to this research.

c. CHAPTER III STUDY METHODOLOGY

In this chapter, the researcher reviews the research objectives, type of research, population, and sample, data collecting techniques, and type of data variables.

d. CHAPTER IV STDUY RESULTS AND DISCUSSION

This chapter mainly examines findings and discusses the main problem that is encountered by Wall Street English Bandung.

e. CHAPTER V CONCLUSIONS AND SUGGESTIONS

The last chapter is the conclusion of the research. This chapter primary explains the problem solving that has to be taken p in the problems on Wall Street English Bandung.