



THE INFLUENCE OF ELECTRONIC WORD OF MOUTH ON BRAND IMAGE AND
BRAND TRUST AND ITS IMPACT ON PURCHASE INTENTION
(EMPIRICAL STUDY ON MI FANS YOGYAKARTA COMMUNITY)

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Abstract

This study discusses electronic word of mouth on purchase intention directly and indirectly with brand image and brand trust as a mediating variable on Mi Fans Community in Yogyakarta. The population in this study are all member of Mi Fans Community in Yogyakarta on social media application Telegram with the total amount of 1.300 members. Sampling technique used in this research is purposive sampling that amount of 180 samples. The data were collected using a questionnaire and then analyzed using a statistical test by SEM (Structural Equation Modelling) using AMOS 21. The result shows that the electronic word of mouth had significant effect directly toward purchase intention, but electronic word of mouth indirectly through brand image and brand trust shows no influence toward purchase intention. It indicates that electronic word of mouth on purchase intention is direct influence without the role of the mediation variable.

Keywords: Elcetronic word of mouth, brand image, brand trust, and purchase intention.

I. INTRODUCTION

Internet is growing rapidly and is increasingly reaching almost all regions in Indonesia at present time. Internet has now become one of the things that is needed in obtaining certain information. Initially internet could only be used by using a computer or laptop but now internet can be accessed using a smartphone device. This makes famous brands enliven the phenomenon of internet technology development in this era so smartphone competition is very competitive. This started when Apple created the IOS device with the iPhone as its flagship product and then Google created Android devices so that many vendors saw this opportunity



and made new innovations in their products to smartphones. Not only smartphones, tablet devices are also created as a complement and are a sign of technology in this era has become increasingly sophisticated.

Based on eMarketer survey data throughout 2016 found that smartphone users in Indonesia, which currently has a population of 250 million people, has reached 65.2 million people. This figure is expected to increase to 92 million by 2019. This is due to the development of infrastructure and the ease of getting smartphone devices. Especially now that many smartphone vendors have sprung up and the prices are affordable. Some of the most popular brands of smartphones are emerging markets including Iphone, Samsung, Sony, Asus, Xiaomi, Oppo, and others.

Internet is now a medium of information that is often used because it is increasingly accessible.. Besides that, information that has sprung up on the internet is very diverse. Not only information about a product that is on internet, information on various product reviews also be seen on the internet. In addition to internet, social media is also widely used by the public as a medium of information. Similarly, social media internet also displays a variety of diverse information. Based on the eMarketer market research institute, internet users in Indonesia reached 83.7 million people in 2014. It occupies Indonesia as the 6th largest in the world in terms of the number of internet users. In 2017, eMarketer estimates that internet users in Indonesia have reached 112 million people, beating Japan ranked 5th with slower growth in the number of internet users.

According to Thurau et al. (2004) Electronic word of mouth is a positive statement made by potential consumers or consumers who have previously used a product that can be accessed by many people or institutions through the internet. Important sources of information such as forums, sharing sites, blogs and customer reviews raise the importance of word of mouth electronic word. However, eWOM is one of the most favorite sources of information for consumers (Adjie et al., 2009; Zhu & Zhang, 2010). The better the community review on the web and social media, the higher buying interest will be. For example, on Xiaomi smartphone products, there are so many information and product reviews spread on the internet. Information about Xiaomi smartphones is widely circulated through web, blogs, social media such as Youtube, Facebook, etc. This information from various internet media is what makes many consumers buy and use Xiaomi smartphones even though Xiaomi rarely advertises its products through Television media. Even now Xiaomi has its own community as a place to communicate with eWOM Xiaomi smartphone users, namely the MI Fans community in various provinces in Indonesia. This of course is very helpful and influences consumers in determining attitudes in information search and in deciding the purchase of Xiaomi smartphone products.

Xiaomi smartphone user reviews on the internet are not always positive, as in 2016 when Xiaomi launched its 4G smartphone when it entered Indonesia, many Xiaomi consumers complained about the product because the 4G smartphone feature could not be used or locked from the factory. This happened because at that time Xiaomi 4G smartphone did not pass the Domestic Content Level (TKDN) rule in Indonesia. But soon the problem can be overcome. Because of the large number of consumers interacting on the internet and social media, they are looking for information and solutions on Xiaomi smartphones and disseminating this



information so that ultimately Xiaomi's 4G features can be activated and used. This certainly makes reviews of many Xiaomi users giving positive testimonials again.

According to Kotler and Keller (2012) "Brand image is the perceptions and beliefs held by consumers, as reflected in the associations held in consumer memory." The point is the perceptions and beliefs held by consumers that are reflected in the mind and memory of a consumer itself. Every customer has a certain impression on a brand that can arise after seeing, hearing, reading, or experiencing the product brand themselves, like through radio TV, or print media. Before seeing a smartphone brand, consumers have certain expectations of the services they will receive. When the service meets expectations it will build trust in the brand. Therefore, the brand image perceived by consumers has an impact on trust because when the brand is able to create a sense of trust in the services expected by consumers (Semuel and Lianto, 2014). Xiaomi's good brand image will bring consumer confidence to the Xiaomi brand. According to Lau & Lee (1999) brand trust is the willingness of consumers to believe in a brand even though it is risky because there is an expectation that the brand will give positive results. Xiaomi smartphone consumers have the hope of obtaining satisfaction guarantees when using the product, even though there are possible risks they receive. With a good brand trust in a product, it will increase consumer buying interest.

The number of smartphone brands that have sprung up makes consumers have many choices and consumers' buying interest is higher to buy a product. According to Schiffman & Kanuk (2010), buying interest is a psychic activity that arises because of feelings and thoughts about a desired item or service. The presence of a new smartphone vendor that is present, such as Xiaomi, which creates smartphone products with excess compared to other brands, will make consumers recognize the product according to their needs. Business competition is currently prioritizing electronic word of mouth variables, brand image and brand trust. Smartphone marketers need to know the impact of brand image, brand trust, electronic word of mouth and consumers' good buying interest (Semuel and Lianto, 2014).

II. THEORETICAL FRAMEWORK

A. Electronic Word of Mouth Concept

1. Electronic Word of Mouth

According to Thureau et al. (2004) Electronic Word of Mouth is a positive statement made by consumers about a product or company that can be accessed by many people or institutions through the internet. Cheung and Lee (2008) state that eWOM is an online consumer review consisting of analysis and comments generated and posted by end-user products who have spent their money on the product and used it.

2. Electronic Word of Mouth dimensions

The eWOM dimension that can affect consumers according to Thureau et al. (2004) namely a) Platform Assistance, b) Venting Negative Feelings, c) Concern for The Others, d) Extraversion / Positive Self-Enhancement, e) Social Benefits, f) Economic Incentives, g) Helping The Company, h) Advice Seeking



B. Brand Image

According to Kotler and Keller (2012) brand image is the perception and trust held by consumers that is reflected in the mind and memory of a consumer itself. According to Setiadi (2003) brand image is a representation of the overall perception of the brand and is formed from past information and experience of the brand. The image of the brand is related to the attitude in the form of beliefs and preferences for a brand. Consumers who have a positive image to one brand, will be more likely to make a purchase. Some of the Brand Image indicators presented (Biel in Sulistyari, 2012) are, 1) Corporate Image. 2) Product Images. 3) User Image.

C. Brand Trust

Brand Trust according to Lau & Lee (1999) is the willingness of consumers to believe in a brand even though it is risky because there is an expectation that the brand will give positive results. Brand trust is also defined by Chaudhuri & Holbrook (2001) which is a willingness of consumers in general to be willing to depend on the ability of the brand that describes the function of the product. Meanwhile, according to Morgan & Hunt (1994) willingness is not too influential because of the argument that believes if a consumer wants to depend on the brand. According to Kustini (2011) Brand trust can be measured through the dimension of viability and dimension of intentionality.

D. Purchase Intention

Buying interest according to Schiffman & Kanuk (2010) is a psychic activity that arises because of feelings and thoughts about a desired item or service. This can mean buying interest as an attitude of pleasure towards an object that makes individuals try to get the object by sacrificing that is paying it with money. Buying interest is the activity of individuals who are directly involved in obtaining and using goods and services including the decision-making process in the preparation and determination of these activities (Swastha & Handoko, 2000 in Semuel & Lianto, 2014). This means that consumer buying interest is an action and social relationship carried out by individual consumers, groups and organizations to assess, obtain and use goods and services through an exchange or buying process that begins with a decision-making process that determines these actions (Semuel & Lianto, 2014).

The components of Purchase Interests consist of:

- 1) Awareness
- 2) Knowledge
- 3) Liking
- 4) Preference
- 5) Conviction
- 6) Purchase

III. RESEARCH METHODS

In this study the object of research is Xiaomi smartphone products. The research subjects in this study were Xiaomi smartphone customers who were members of the Yogyakarta Mi Fans community amounting to 180 respondents. The sampling method used is Purposive Sampling



technique. This type of research is quantitative research by distributing online questionnaires by Google Form to respondents. While the data analysis used is Moderated Structural Equation Model (SEM with moderation relations) with the AMOS program.

IV. RESULTS AND DISCUSSION

1. Full Model SEM Analysis Result

Structural Equation Model (SEM) test results can be described in the following models:

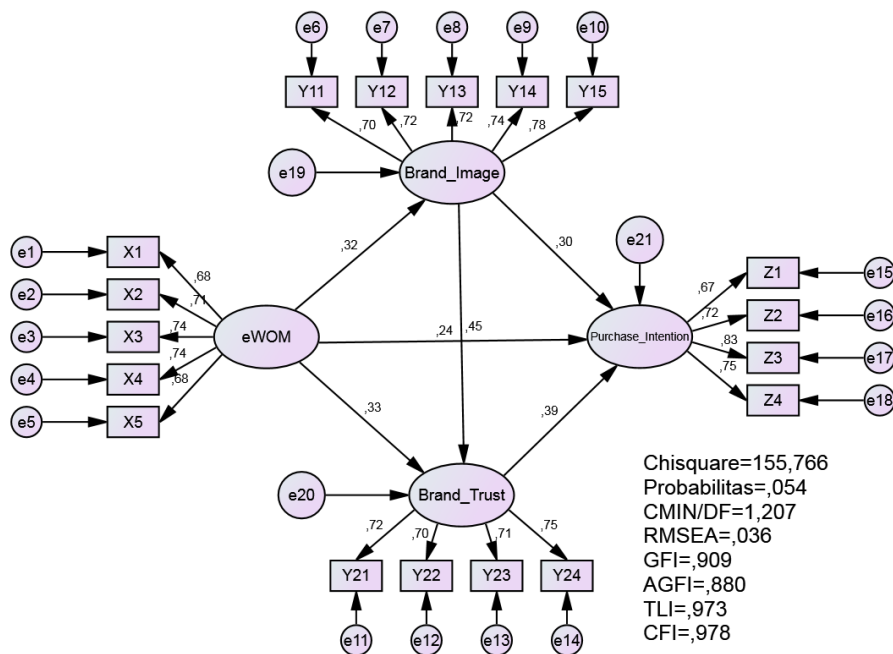


Figure 1
Full Model Structural Equation Modeling (SEM)

2. Hypothesis Test

The results of testing hypotheses using SEM can be summarized in the table as follows:

Table I. Hypothesis Test Result

	Hypothesis	Estimate	S.E.	C.R.	P
H ₁	eWOM → Brand Image	0,362	0,111	3,256	0,001*
H ₂	eWOM → Brand Trust	0,373	0,106	3,499	***
H ₃	Brand Image → Purchase Intention	0,317	0,102	3,100	0,002*
H ₄	Brand Trust → Purchase Intention	0,412	0,118	3,503	***
H ₅	Brand Image → Brand Trust	0,448	0,097	4,615	***
H ₆	eWOM → Purchase Intention	0,286	0,107	2,663	0,008*



Note: *Significant at the $P < 0.05$ level (two tailed)

*** Significant at the $P < 0.001$ level (two tailed)

The statistical result, summarized in Tabel I, generated six major findings:

- (1) eWOM has a positive effect on brand image
- (2) eWOM has a positive effect on brand trust
- (3) Brand image has a positive effect on purchase intention
- (4) Brand trust has a positive effect on purchase intention
- (5) Brand image has a positive effect on brand trust
- (6) eWOM significantly influence purchase intention

V. CONCLUSION

Based on the results of research and discussion, the following conclusions can be drawn. The results showed that eWOM had a significant positive effect on brand image. The results of this study support the results of the research of Semuel & Lianto (2014) and Jalilvand (2012). In the era of rapid development of the internet and social media, everything can be found on the internet, including in this case smartphone products. Brand image will be influenced by eWOM from internet and social media users, regarding these smartphone products, including the Xiaomi brand. The results showed that eWOM had a significant positive effect on brand trust. The results of this study support the results of the research of Semuel & Lianto (2014) and East et al. (2008). eWOM through various reviews and reviews of the Xiaomi brand smartphone will affect consumer confidence in the Xiaomi brand. Reviews from internet users will shape the perception of the Xiaomi brand. This will affect consumer confidence in the Xiaomi brand smartphone. The results of this study support the results of Torlak et al. (2014) and Semuel & Lianto (2014). Consumers when going to buy a smartphone, of course, will evaluate the product based on their knowledge of a smartphone product. Consumers will compare the advantages of various smartphone brand features before deciding to make a purchase. The positive brand image of the smartphone product will influence consumer perception so that the evaluation of the product becomes positive. This will affect consumer interest in purchasing these products. The results showed that brand trust has a significant positive effect on purchase intention. The results of this study support the results of the research by Semuel & Lianto (2014) and Eric et al. (2013). Brand trust is the willingness of consumers to believe in a brand even though it is risky because there is an expectation that the brand will give positive results. The trust that consumers have towards Xiaomi smartphones is an intrinsic driver that influences the evaluation of Xiaomi smartphone products, and compared with other brands. Evaluation of the product became a consideration in deciding to purchase Xiaomi smartphone products. This means that brand trust affects the interest in buying Xiaomi smartphone products. The results showed that brand image had a significant positive effect on brand trust. The results of this study support the results of research by Jalilvand (2012). Brand trust or trust in a smartphone brand is not always formed in the minds of consumers, but through a process. One of the factors that influence consumer confidence in the brand is the brand image or brand image. A good brand image about smartphone products, helping consumers recognize these products,



and evaluating quality compared to similar products with other brands. Evaluation of a good smartphone brand, raises consumer confidence in the smartphone brand. The results showed that eWOM had a significant positive effect on purchase intention. The results of this study support the results of research by Torlak et al. (2014) and Jalilvand (2012). eWOM through various forms, such as product use experience, product review compared to other brands, causing consumers to know the advantages and disadvantages of a product compared to other brands of similar products. This imprints on consumers' minds, so they are encouraged and interested in buying the product.

VI. SUGGESTION

First, Xiaomi management should improve the brand strategy more, through electronic word of mouth, for example by working with bloggers to review Xiaomi products. This is expected to increase brand image, brand trust, and purchase intention of Xiaomi smartphone products. For the consumers should be able to pay attention to electronic word of mouth, to evaluate products, when deciding to buy a certain brand of smartphone. The last, further researcher should be able to do research on purchase intention, by taking other variables besides electronic word of mouth, brand image, and brand trust. This is expected to identify what factors influence purchase intention.

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