

THE INFLUENCE OF ELECTRONIC WORD OF MOUTH (E-WOM) AND PERCEIVED QUALITY ON THE PURCHASING DECISIONS OF XIAOMI SMARTPHONES AMONG STUDENTS AT UPN "VETERAN" JAWA TIMUR



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Abstract

Due to the advent of the contemporary period and the effects of globalization, smartphones are now an essential tool for people in every walk of life. Effective marketing techniques like E-Wom and Perceived quality are required to improve purchasing decisions. This study uses the Xiaomi smartphone as the research object among UPN Veteran Jawa Timur students to ascertain the impact of E-Wom and Perceived Quality on purchasing decisions. This study uses a quantitative methodology. Students at UPN Veteran Jawa Timur who own Xiaomi cellphones make up the study's population. One hundred respondents, Xiaomi smartphone users, and UPN Veteran Jawa Timur students make up the sample. Every test carried out with the SmartPLS program shows that every test satisfies the necessary threshold values, guaranteeing dependability.

Keywords: Word of Mouth (E-Wom), Purchasing Decisions, Perceived Quality

INTRODUCTION

The evolution of the modern era and the influence of globalization have made communication a crucial aspect of society, increasing the demand for various communication devices and sparking intense competition in the telecommunications industry. Globalization alters consumer demands for communication devices through changes in income levels, lifestyles, and the role of mobile phones. Each year, the demand for smartphones increases, particularly for certain types produced by companies, as consumers need convenient communication tools to support their daily activities, both at work and in other aspects. Smartphones, as the latest development in telecommunications, offer advanced performance and functionality similar to computers.

Based on data from Statista (2024), smartphone users in Indonesia are projected to increase by approximately 12 percent each year. In 2020, the number of smartphone users reached 183.68 million, rising to 199.18 million in 2021, 210.45 million in 2022, and 218.73 million in 2023. By 2024, the number of users is expected to reach 226.14 million, and 232.79 million in 2025, and 238.79 million in 2026. This increase drives smartphone companies to continually innovate and compete. Companies must understand and meet the ever-changing market demands to remain competitive. With consumption patterns seeking fast and easy communication, consumers now have many smartphone choices. Companies like Samsung, Xiaomi, Advan, Sony, Apple, and Oppo dominate the smartphone market in Indonesia, striving to attract buyers and capture the growing market share.

Consumer doubts about Xiaomi smartphones often arise from concerns about quality, after-sales service, and device durability. Although Xiaomi is known for its innovation and competitive pricing, some consumers hesitate to adopt its products due to worries about credibility and long-term reliability. In business, marketing management is crucial for a company's growth and success. Without effective marketing strategies, products or services may not be known or desired by the market. Abdullah and Tantri (2019) declare that the operational system of marketing management is focused on organizing, promoting, pricing, and distributing products and services that meet the needs of consumers.

In the digital era, marketing has transcended traditional boundaries into the electronic realm, giving rise to E-WOM. E-WOM greatly influences consumer purchasing decisions, as reviews and recommendations from other users can quickly spread through online platforms (Dwi Tantya & Rosyadi, 2024). Additionally, Perceived Quality is also important in the purchasing decision process. Customers are more inclined to buy a good or service if they think it is of excellent quality. Therefore, effective marketing strategies must combine E-WOM and perceived quality, managing and enhancing brand image through positive testimonials and quality customer experiences.

Word of Mouth (WOM) now plays a vital role in marketing strategies, especially with the advent of the digital era that allows WOM to occur electronically. Such interactions significantly impact purchasing decisions, as reviews and recommendations can quickly spread through electronic communication channels like phones and social media. When customers express disappointment or appreciation for a product or service, it reflects innovation in verbal communication presently referred to as Electronic Word of Mouth (E-WOM). Compared to traditional advertisements, consumers trust E-WOM more when evaluating and deciding on purchases. The increased volume of information from E-WOM between businesses and customers has heightened consumer interest in purchasing. E-WOM plays a dominant role in shaping consumer behavior, as noted by Bona Aripin Sinaga (2020). Additionally, Perceived Quality, which is consumers' perception of the quality of a product or service meeting their expectations, is also a major consideration in decision-making.

Xiaomi's achievement in providing quality products at low costs has attracted consumers from various backgrounds. The brand's success is greatly influenced by consumers' purchasing decisions (Purchase Decision) regarding Xiaomi products. One element that influences this decision is Perceived Quality, which is consumers' perception of quality standards influenced by factors such as design, brand, company image, and distinctive characteristics. Perceived Quality reflects consumers' opinions about the quality of a product or service based on provided information and its relation to the product. This Perceived Quality is crucial because it affects consumers' purchasing decisions (Febri Adi Purba, 2022). On the other hand, quality assessment is more related to abstract evaluations than the tangible attributes of the product or service (Maarit Aakko, 2021). According to Alexandra Fenetta

(2019), evaluating service quality is a key aspect for organizations to achieve sustainable profitability.

In light of the aforementioned, the following are the research's goals: 1) To ascertain how much electronic word-of-mouth influences UPN Veteran Jawa Timur students' decisions to buy Xiaomi cellphones. 2) To ascertain how Perceived Quality affects UPN Veteran Jawa Timur students' decisions to buy Xiaomi cellphones.

REVIEW OF LITERATURE

Purchase Decision

When someone makes a purchase, various factors need to be considered given the numerous choices in the market. However, if only one option is available, then brand or product selection becomes irrelevant, and the decision to be made is singular: whether to buy the product or not. Tjiptono (2020) describes purchase decisions as a decision-making process before and after the purchasing action, involving efforts to acquire and determine goods and services. According to Darmansah and Yosepha (2020), purchase decisions involve combining the knowledge consumers have to choose among various options, with the goal of selecting a specific product. Consumer purchase decisions refer to a series of considerations made during the product purchasing process. According to Kotler and Keller (2016), as explained by Dian Mardiana (2022), four indicators describe consumer behavior toward a product:

1. Interest in using the product: Consumers seek information about the product to be purchased to understand its advantages.
2. Intention to buy the product: After knowing the product's advantages, consumers have the desire to make a purchase.
3. Recommending the product to others: Satisfied consumers tend to recommend the product to others based on their needs.
4. Repeat purchasing: Consumers who are satisfied with the product are likely to repurchase it.

Electronic Word of Mouth (E-WOM)

Electronic Word of Mouth (E-WOM) is an extension of the traditional Word of Mouth, according to Goyette et al. (cited by Yurdha Devara, 2022). In traditional Word of Mouth, information about consumer opinions and experiences is shared during the purchase or use of goods or services, and then customers disseminate this information through product reviews on digital media (Yulianto, 2019). The following are V. Rosita (2021)'s indicators of E-WOM:

1. Intensity: The number of comments or opinions written on a website by consumers, including the number of reviews written by users and how frequently they access information from the website related to the product or service.
2. Positive Opinions: Opinions written by users about a product, service, or brand that are positive. Indicators of positive opinions include positive comments and recommendations given by website users.
3. Negative Opinions: Opinions from users about a product, service, or brand that are negative. Negative opinions can be harmful to the company. Indicators of negative opinions include negative comments given by website users.
4. Content: The content of information available through online media related to the product, service, or brand. Information regarding the range and calibre of the good or service may be included.

Perceived Quality

Tuan and Premkumar (as cited by Alexandra Fenetta, 2020) Perceived quality can be defined as the customer's evaluation of a product or service's overall quality or excellence within the context of its intended use. This also plays a role in building strong brand loyalty and influencing purchase decisions because consumers tend to prioritize quality when choosing. According to Halim et al. (2020), Perceived quality refers to how a customer feels about a product or service overall, including its superiority, which develops as the product improves over time according to their expectations.

According to Konuk (2018), as cited by Dayinta Tiara Kusuma (2021), the indicators of perceived quality include the following factors:

1. High-quality product: A product with excellent quality that is very worthy of being sold.
2. Superior product: A product that is considered better than other products released by the same company.
3. Excellent product: A product with outstanding quality.

RESEARCH METHOD

This study's quantitative character uses both primary and secondary data. With a sample size of 100 people, the primary data for this study were collected directly from respondents by distributing questionnaires to Xiaomi smartphone owners and students at UPN Veteran Jawa Timur. A literature review, a method of data collecting that entails obtaining information and data from documents, literature, journals, scientific papers, or other reliable sources pertinent to the research issue, is how the secondary data for this study were gathered in the interim. Data analysis is done to meet the research objectives using the Partial Least Square (PLS) approach and the SmartPLS software.

RESULTS AND DISCUSSION

Outer Model Analysis

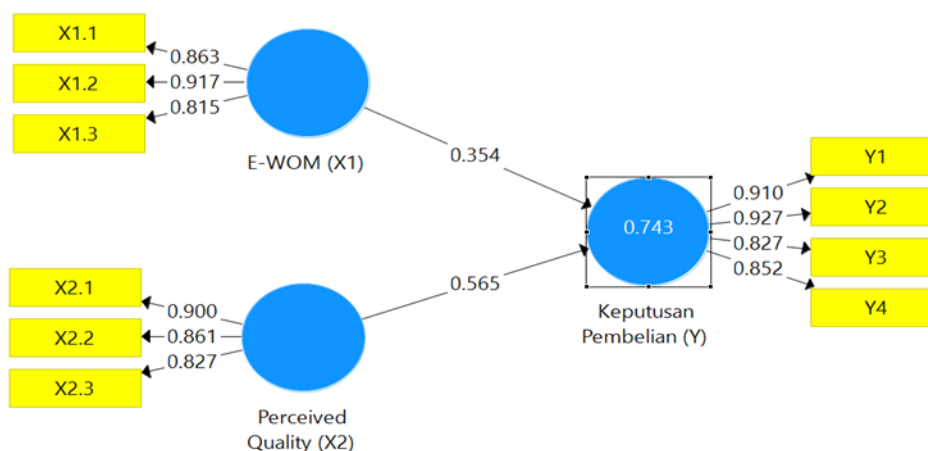


Figure 1.

Outer model with values of Factor Loading, Path Coefficients, and R-Square

Source: Data processing, SmartPLS output (2024)

In conclusion, the outer model reveals factor loading values displayed above the arrows connecting variables and indicators. Additionally, path coefficients are illustrated above the arrows linking exogenous and endogenous variables. Concurrently, R-Square values for the endogenous variable (purchase decision) can be found inside the circles.

Based on the figure above, all reflective indicators for Electronic Word of Mouth (E-WOM) (X1), Perceived Quality (X2), and Purchase Decisions (Y) exhibit factor loadings greater than 0.50, with T-Statistic values exceeding the Z-value at $\alpha = 0.05$ (5%) = 1.66. Thus, it can be said that the indicators' total estimation findings meet convergent validity requirements or exhibit strong validity.

Validity Test

Table 1.
AVE

	Average Variance Extracted (AVE)
E-WOM (X1)	0,750
Keputusan Pembelian (Y)	0,774
Perceived Quality (X2)	0,745

Source: Data processing, SmartPLS output (2024)

The Average Variance Extracted (AVE) value is the next measurement model that shows how much variance is collected by the indicators of a latent variable. For a latent variable, a good convergent validity is indicated by an AVE value larger than 0.5.

The AVE test results for the variables are as follows: E-WOM (X1) is 0.750, Perceived Quality (X2) is 0.745, and Purchase Decision (Y) is 0.774. Since all three variables show values greater than 0.5, the overall variables in this study can be considered to have good validity.

Reliability Test

Table 2.
Composite Reliability

	Composite Reliability
E-WOM (X1)	0,900
Keputusan Pembelian (Y)	0,932
<i>Perceived Quality (X2)</i>	0,897

Source: Data processing, SmartPLS output (2024)

The results of the composite reliability test indicate that the E-WOM variable (X1) is 0.900, Perceived Quality (X2) is 0.897, and Purchase Decision (Y) is 0.932. Since all three variables have composite reliability values above 0.70, it can be said that all variables in this study are reliable.

Inner Model Analysis R Square Analysis

Table 3.
R- Square

	R Square
Keputusan Pembelian (Y)	0,743
<i>Perceived Quality (X2)</i>	
E-WOM (X1)	

Source: Data processing, SmartPLS output (2024)

The E-WOM variable (X1) is 0.900, the perceived quality variable (X2) is 0.897, and the purchase decision (Y) is 0.932, based on the results of the composite reliability test. It is possible to conclude that every variable in this study is reliable because all three of them have composite reliability scores greater than 0.70

Hypothesis Testing

Table 4.
Path Coefficients (Mean, STDEV, T-Values)

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
E-WOM (X1) -> Keputusan Pembelian (Y)	0,354	0,380	0,113	3,130	0,002
Perceived Quality (X2) -> Keputusan Pembelian (Y)	0,565	0,543	0,116	4,879	0,000

Source: Data processing, SmartPLS output (2024)

From the table above, it can be concluded that the hypotheses state:

1. The hypothesis that E-WOM has a positive and significant influence on the Purchase Decision of Xiaomi Smartphones. This is supported by a path coefficient of 0.354 and a T-statistic value of $3.130 > 1.66$ (from the $Z\alpha$ table value of 0.05) or a P-value of 0.002 (less than 0.05), thus it is significant (positive).
2. The hypothesis that Perceived Quality has a positive and significant influence on the Purchase Decision of Xiaomi Smartphones. This is supported by a path coefficient of 0.565 and a T-statistic value of $4.879 > 1.66$ (from the $Z\alpha$ table value of 0.05) or a P-value of 0.000 (less than 0.05), thus it is significant (positive).

The Influence of E-WOM on Purchase Decision

The results of the data analysis show that the variable of Electronic Word of Mouth (E-WOM) significantly influences consumers' decisions to buy Xiaomi products. This suggests that the more positive the E-WOM, the more purchasing decisions will be made. The descriptive analysis shows that the E-WOM variable has the highest percentage when the factor loading value for the indicator "Positive Opinions" is the highest.

Consumers often make purchasing decisions about a product or brand based on positive online opinions, as the information available on social media is easily accessible. Additionally, positive online feedback provides clear and understandable information, further strengthening consumers' desire to make a purchase decision. When consumers see reviews or positive opinions about a product or service on online platforms such as social

media, review sites, or discussion forums, it can enhance their trust in that product. Thus, E-WOM can be an important factor in influencing consumers' purchasing decisions, as they tend to trust the real experiences of other users.

The decisions consumers make about what to buy are greatly influenced by E-WOM. They may build networks to create E-WOM about their product offerings. Moreover, the internet facilitates communication and information exchange between those seeking information about a product and those who have already purchased and used it, without the need for direct interaction. Consumers naturally seek information about the goods or services they intend to buy before making a purchase. Today, E-WOM is the most effective method for influencing purchasing decisions.

The Influence of Perceived Quality on Purchase Decision

The findings of the data analysis show that the variable of perceived quality significantly influences consumers' decisions to buy Xiaomi products. This implies that the purchasing decision will be higher the higher the perceived quality. The indicator "High-Quality Product" has the greatest factor loading value. Customer buying decisions are significantly influenced by perceived quality, as evidenced by the presence of high-quality product indicators. These products can offer better value, reliability, and satisfaction, leading consumers to prefer items perceived as high quality. This supports the notion that purchase decisions are directly influenced by perceptions of product quality.

Evaluating Xiaomi products that fulfill their quality promises and potentially offer benefits is another way consumer perceptions of quality can influence their purchasing decisions. Therefore, Xiaomi enthusiasts are increasingly confident in choosing and deciding to purchase devices from Xiaomi. Many companies are now creating higher-quality products compared to similar offerings to enhance Perceived Quality among customers.

CONCLUSION

Based on the research conducted, the results obtained from testing using PLS to examine the influence of Electronic Word of Mouth (E-WOM) and Perceived Quality on

Purchase Decisions lead to the following conclusions: First, E-WOM contributes to the purchase decisions of Xiaomi products, meaning that the more positive reviews customers share about a product on social media, the more it influences their purchase decisions. When consumers see reviews or positive opinions about a product or service on online platforms such as social media, review sites, or discussion forums, it can enhance their trust in that product. This indicates that E-WOM can be an important factor in influencing consumer purchase decisions, as they tend to trust the real experiences of other users. Second, Perceived Quality also contributes to the purchase decisions of Xiaomi products, meaning that the higher the quality perceived by consumers for a product, the greater the likelihood of them making a purchase decision. Products that offer better value, reliability, and quality are generally preferred by consumers, supporting the idea that purchase decisions are directly influenced by the perception of product quality.

Based on the research findings, several recommendations for decision-making are suggested: First, to enhance the effectiveness of Electronic Word of Mouth (E-WOM), Xiaomi should increase positive reviews by collaborating with influencers and tech communities to showcase their products and reward loyal customers who provide positive feedback. Second, to improve Perceived Quality, Xiaomi should focus on relevant technological innovations, enhance product features, and improve user experience to demonstrate high quality, which will positively influence purchase decisions.

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