



ABSTRACT

The success of Shopee is influenced, among other factors, by disseminating public information through social media. Related to this success, the authors are interested in examining the effect of Shoppe's social media promotion on purchasing decisions through mediation by word of mouth. Three variables were studied: social media, word of mouth, and purchasing decisions. 100 Shope shoppers, selected by judgment, were used as respondents. Analysis with structural equation modeling reveals that social media positively affects word of mouth and purchase decisions. Word of mouth also has a positive effect on purchasing decisions. Mediation analysis shows that word of mouth mediates social media relationships and purchase decisions.

Keywords:

Social Media, Purchase decision, Electronic Word Of Mouth

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Research Article

The mediating role of E-WOM on the relationship of social media and online purchase decisions: A lesson from Shopee

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The development of information technology in modern times shows extraordinary progress. The development of information technology affects human life in various aspects and dimensions. Advances in technology and the internet make information easier to obtain. Currently, information from all parts of the world can be obtained easily through online media without watching television or listening to the news via radio. Information can be easily accessed via a computer or smartphone.

The internet has changed the way of doing business, especially in selling goods and services from offline to online. This phenomenon is shown by the emergence of many e-commerce and online stores in Indonesia. With many internet users, Indonesia is a potential market share for online shop business people. Every year there is a growth of online shops in Indonesia.

One online shop that is widely used in Indonesia is Shopee. Shopee is a popular online marketplace platform. This marketplace offers a massive range of product

assortment, ranging from fashion products to daily necessities. According to Jayani (2020, July 6), Shopee is currently the largest online store in Indonesia. Shopee plays an active role in utilizing social media in its promotions. In the last few months, Shopee has launched a massive promotion using well-known celebrities and artists as advertising stars.

It is undeniable that social networks currently used to market products include Instagram, Youtube, and Facebook. With these social media networks, effective marketing communication will be formed, namely word of mouth (WOM) or commonly referred to as word of mouth promotion. Word of mouth is considered more objective because the information that reaches potential consumers does not come from the company. It sometimes includes the product's weaknesses that consumers can anticipate.

Word of mouth often has a competitive advantage in conveying information about a business. Word of mouth appears naturally from the opinion of a more natural social environment, and there are no certain motives in conveying information to other consumers (Kotler & Keller, 2016). The emergence of increasingly sophisticated technology no longer limits word of mouth to face-to-face conversations but can be via telephone or social networks. In addition, the lifestyle of today's society is more likely to use their smart devices, which are already known as smartphones, to access the internet.

The success of Shopee online marketing using social media cannot be separated from the behavior of consumers. Ronomenggolo (2013) shows the magnitude of service marketing mix factors (i.e., personal relevance, interactivity, message, and brand familiarity) on consumer purchasing decisions. Promotion based on social media has a positive and significant effect on consumer purchasing decisions for ROVCA products. The question is, does media-based word-of-mouth affect consumers' choice of places to shop online? This question is the background of this research.

Word Of Mouth

According to Priansa (2017: 339), word of mouth is a marketing activity that provides information on a product or service from one consumer to discuss, promote and sell a brand to others. Keller and Swaminathan (2020:206) state that word of mouth is essential in a brand building because consumers share their likes, dislikes, and experiences with brands and each other. Thus, word of mouth is a message about a company's products or services, or about the company itself, in the form of comments about product performance, friendliness, honesty, speed of service, and other things that are felt and experienced by someone who is conveyed to others.

Word Of Mouth Measurement

Based on Goyette et al. (2012), the dimensions of word of mouth are as follows:

1. WOM intensity. The intensity or volume of conversation about a product occurs in everyday conversation.

2. Positive valence WOM. A positive assessment is the effect of satisfaction obtained by consumers as outlined in daily conversations, such as giving recommendations or invitations to buy a product.
3. Negative valence WOM. The submission of negative things to others about a product is triggered by the product's inability to meet consumer expectations.
4. WOM Content, such as type, quality, price, and others.

Purchase decision

Swastha and Irawan (2000) explain that purchase decisions start from consumer understanding of the wants and needs for a product, then assessing existing sources, setting purchase goals, identifying alternatives, choosing the best alternative, and developing behavior after making a purchase. Kotler and Amstrong (2018) argue that decision-making is a process of assessing and selecting from various alternatives under specific interests by determining an option that is considered the most profitable. From the two definitions above, it can be concluded that the purchase decision is a consumer's decision to choose a product or service from the many existing alternatives, and consumers have previously evaluated the product or service purchased.

Consumer Purchase Decision Category

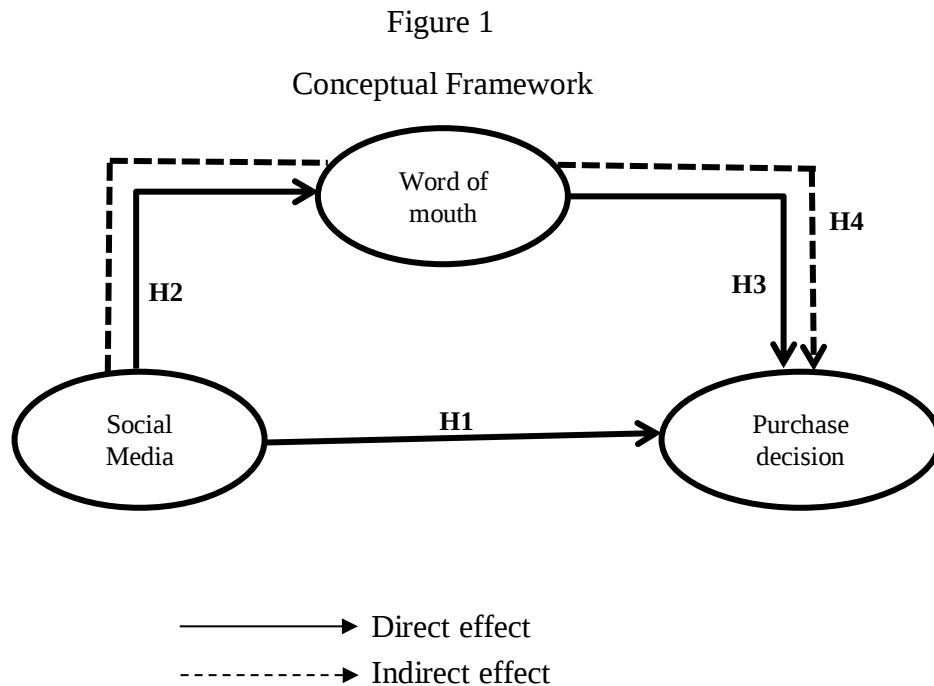
In consumer purchasing decisions, according to Kotler and Keller (2016), there are six sub-decisions made by buyers which are indicators of measurement of decisions, including:

1. Product choice, namely product selection decisions), Consumers can decide to buy a product or use their money for other purposes. In this case, the company must focus on people interested in buying a product with alternatives they are considering.
2. Brand choice is a decision to select a brand. Consumers have to make decisions about which brand to buy. Each brand has its differences. In this case, the company must know how consumers choose a trusted brand.
3. Dealer choice, namely the decision of the store to be selected), Consumers must decide which distribution to visit. Each consumer is different in choosing a dealer, which can be due to factors such as close location, low prices, complete inventory, shopping convenience, and the spaciousness of the place.
4. Purchase amount, which is a decision regarding the amount purchased. Consumers can decide how much of a product to buy at a time. Buyers made may be more than one type of product. In this case, the company must prepare.

Conceptual Framework

The structural relationship between social media, word of mouth, and purchasing decisions is shown in Figure 1. Briefly explained that social media influence purchase

decisions directly and through word of mouth. The next session describes these relationships in detail.



The use of appropriate and effective social media can improve the image of a company in the eyes of consumers. The power of a company's social media is built on the pleasure, hobbies, lifestyle, loyalty, and curiosity of the consumers themselves. These aspects affect consumer purchasing decisions. If the product is interesting, the customer will tell it to friends or people around him. This information has an effect on purchasing decisions. Mileva and Fauzi (2018) and Nuraini (2019) found that there was a significant influence of social media on purchasing decisions.

According to Kotler and Keller (2016), social media is a medium used by consumers to share text, images, sound, and video information both with other people and companies. Active and up to date social media produces effective word of mouth. Information through social media is widely spread from one person to another. Prakoso (2016), and Nurrokhmana (2018) found that social media marketing has a positive and significant effect on word of mouth.

According to Tjiptono and Chandra (2016: 29), word of mouth (WOM) is a statement (personally or non-personally) submitted by someone other than the organization (service provider) to consumers. Customer satisfaction is an important concept that must be considered by the company. Satisfied and dissatisfied consumers will convey their feelings to other consumers. Thus, consumer perceptions are not only influenced by marketing communications, but also by evidence of product use by other consumers or word of mouth.

Although effective, WOM is like a double-edged sword. If the WOM is positive, the consumer's purchase decision is more likely to meet the company's expectations. However, negative WOM will hinder consumer purchasing decisions. Prasetyo (2016), Sinaga (2017), and Nadya Cecilia (2019) found that word of mouth has a positive effect and has a strong influence on purchasing decisions.

Swastha and Irawan (2000) outline that in making purchasing decisions, consumers identify and evaluate available alternatives. Alternatives that match the purpose of purchase enter as the brand of choice. The identification and evaluation is influenced by word-of-mouth information from social media.

The above arguments enable the authors to propose the following hypothesis:

H1: Social media directly has a positive effect on purchasing decisions.

H2: Social Media has a positive effect on word of mouth.

H3: Word of mouth has a positive effect on purchasing decisions.

H4: Social media affects purchasing decisions through word of mouth.

METHODS

Respondents were 100 people in the Kelapa Gading area of North Jakarta. The authors chose them by judgment with consideration that they have shopped through Shopee not too long ago. Data was collected by Google forms questionnaire and analyzed by multiple linear regression using SPSS 20 and WARPPPLS 6.0. The research is about shopping behavior at Shopee, the second largest marketplace in Indonesia.

RESULT AND DISCUSSION

Descriptive Analysis

The responses to question items of the three dimensions, stated in a five-level Likert scale, are displayed in Table 1. We can see that, with the mean of 4.15, the respondent's consent to the statement "I feel that the delivery of Shopee messages/information is easy to understand" is the highest for social dimensions." The lowest one, with a confidence interval of 95%, lies in the interval of 3.67 - 4.07. It means that, in general, the respondents generally responded the social media on a high scale.

Shopee tends to have a low density of negative WOM, as indicated by the response toward the statement "I have expressed disappointment/negative things about the Shopee online shop to other people," with a mean of 2.86. Another fact, Shopee is discussed frequently by the respondents, as reflected in the statement, "I talk about Shopee online shop much more often than other online shops (mean=4.18).

Table 1
Descriptive Analysis Results

Items	Mean	95% Confidence Interval	
		Bottom Limit	Upper Limit
Social Media			
1. I find the delivery of Shopee messages/information through product pictures/photos very interesting	4.14	3.97	4.31
2. I feel that the delivery of Shopee messages/information is easy to understand	4.15	3.99	4.31
3. I feel that the message/information provided by the Shopee online shop is more effective	3.87	3.67	4.07
4. I feel Shopee always provides me with new product information	3.94	3.76	4.12
Word-of-Mouth			
1. I talk about Shopee online shop much more often than other online shops	4.18	3.97	4.39
2. I recommend shopping online at Shopee to others	4.01	3.82	4.20
3. I talk about the convenience of shopping online at Shopee to other people	3.92	3.70	4.14
4. I feel proud to tell others that I am a Shopee online shop customer	3.57	3.35	3.79
5. I recommend others to buy products at Shopee	3.90	3.70	4.10
6. I've heard negative things about Shopee	3.18	2.92	3.44
7. I have expressed disappointment/negative things about the Shopee online shop to other people	2.86	2.59	3.13
8. I know the various products that Shopee offers	3.76	3.55	3.97
9. I know the quality of the products offered by Shopee	3.81	3.61	4.01

Table 1
(Continued)

Items	Mean	95% Confidence Interval	
		Bottom Limit	Upper Limit
Purchase Decision			
1. I prefer items in the Shopee online shop compared to other online shops	3.79	3.57	4.01
2. When I want to shop online, I will shop at Shopee	3.91	3.68	4.14
3. I prefer to shop online at Shopee because the supplies needed are complete	3.81	3.57	4.05
4. The price of goods provided by Shopee is cheaper than other online shops	3.84	3.62	4.06
5. I often buy items at Shopee for more than one type of product	4.14	3.94	4.34
6. I often visit Shopee when I want to buy a product	4.17	3.97	4.37
7. I find it easy to make payments at Shopee	4.33	4.14	4.52

The ease of transactions stands out from the purchase decision dimension, which is indicated by the high agreement to question item, "I find it easy to make payments at Shopee." Respondents often shop at Shopee, as stated in responses to questions "I often visit Shopee when I want to buy a product" (mean=4.17) and "I often buy items at Shopee for more than one type of product" (mean=4.14).

SEM Analysis

Table 2 consists of the SEM analysis results. We can see that the direct influence of social media has a path coefficient value of 0.306 with a P-value below 0.005. As a whole social media has a direct positive effect on purchasing decisions with an effect size of 0.261. Therefore, the H1 is confirmed.

Table 2
SEM Analysis Results

	Direct Effect			Indirect Effect			Total Effect			Decision
	β	P-value	Effect Size	β	P-value	Effect Size	β	P-Value	Effect Size	
Sosial Media → shopping decision	0.306	<0.001	0.261	0.538	<0.001	0.459	0.844	<0.001	0.720	H1 is confirmed
Sosial Media → word of mouth	0.732	<0.001	0.536				0.732	<0.001	0.536	H2 is confirmed
word of mouth → shopping decision	0.735	<0.001	0.708				0.735	<0.001	0.708	H3 is confirmed

The direct influence of social media has a path coefficient value of 0.732 with a p-value of 0.005. Enough evidence against H_0 . So, social media has a direct positive effect on word of mouth with an effect size of 0.536. Thus, H_2 is confirmed.

The effect of word of mouth on shopping decisions is indicated by a coefficient of 0.735 (p-value <0.005, effect size=0.708). That is, there is sufficient evidence to accept that word of mouth positively affects purchasing decisions. This result confirms H_3 .

The indirect influence of social media on purchasing decisions through word of mouth is indicated by the path coefficient of 0.538, with a p-value<0.005. It means that social media indirectly influences purchasing decisions through word of mouth, with an effect size of 0.459, as stated in H_4 .

The total influence of social media has a path coefficient value of 0.844 with a p-value below 0.005. That is, social media has a direct positive effect on purchasing decisions. Social media have an indirect influence through word of mouth, with an effect size of 0.720. In other words, word of mouth partially mediates the relationship between social media and shopping decisions.

DISCUSSION

This study shows that social media positively affects purchasing decisions directly and through word-of-mouth mediation. The indirect relationship (total effect size=0.720) is stronger than the direct relationship (total effect size=0.844-0.720=0.124). That is, the influence of social media will be stronger if the information conveyed becomes the subject of discussion between shoppers. This result reinforces previous findings (Munda, 2019; Nurgiyantoro, 2014) that the influence of social media is powerful (Heitmann et al., 2007; Kotler et al., 2017).

Two approaches can explain the strong influence of social media. First, in industry 4.0, social media is most people's primary information source (Kotler et al., 2017). Thus, social media information will influence decisions more than information from other sources. Second, in the internet era, information overload occurs (Heitman et al. 2007; Kotler et al. 2017), a situation where people get too much information, making it difficult to conclude. In such circumstances, people will seek the experience of others as a reference (Heitman et al. 2007). However, it is not clear at present how strong the beliefs formed through WOM, especially if we compare them with the belief formed through personal search. This question needs to be investigated by future researchers.

This study found that word of mouth strongly influences online shopping decisions. However, in this study, the WOM dimension has not been verified based on its valence, namely positive and negative WOM, which affects purchasing decisions (Schiffman & Wisenblit, 2015). Thus, this study has not been able to show the influence of both or one of the sub-dimensions, especially the strongest between the two. Future research needs to examine it.

CONCLUSIONS

This study concludes:

1. Social Media has a direct positive effect on shopping decisions.
2. Social Media has a direct positive effect on word of mouth.
3. Word of mouth has a direct positive effect on shopping decisions.
4. Social Media has a positive indirect effect through word of mouth on shopping decisions.

SUGGESTION

The authors suggest further research to study the strength of belief formed through WOM. In addition, further research can investigate the influence of WOM's positive and negative valence.

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