

The Moderating Role of Electronic Word of Mouth in the Relationship Between User-Generated Content and Purchase Decisions

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ABSTRACT

This research is a quantitative study with an explanatory approach, namely an approach that relies on previous research for three purposes, namely: creating hypotheses, creating new variations on hypotheses that are different from previous research, and proving hypotheses. The data used in this study are primary data that researchers obtained from sources that are definitely credible in the form of Three Second customers, with a total of two hundred customers spread throughout Indonesia. The data that researchers obtained were analyzed using the innovative PLS 4.0 analysis tool. The conclusion is explained comprehensively in this section. In the first hypothesis in this article, it can be concluded that it is accepted and proven. This is because the P-values in this article are positive and below the 0.05 significance level, namely 0.007. The results mentioned by the researcher above are in line with a number of previous studies, namely. This means that better user-generated content on a product can make a larger market share, increase product recognition in the eyes of the public, and so on, which can increase Purchasing Decisions. In the following hypothesis, the Electronic-Word of Mouth variable can strengthen or moderate the influence of the User Generated Content variable on Purchasing Decisions because the same thing, namely the P-Value value, is positive and below the 0.05 significance level, namely 0.000. more significant than direct testing of 0.007. Thus, it can be concluded that the first and second hypotheses in this article can be accepted.

Keywords: *Advertisement, Speech Acts, Instagram, Shopee.*

INTRDOUCTION

Word of Mouth (WOM) is a strategy known to be quite effective in reducing promotional costs in a company's distribution channel. WOM can influence public thinking that impacts their decisions. Basically, Andreas stated that WOM is a product or service that carries a message from a company itself in the form of comments, honesty, speed of service, friendliness experienced by someone and then conveyed to others. [1]. The Word of Mouth Marketing Association (WOMMA) also stated that WOM is an activity in which consumers provide information about a brand to other consumers. [2]. WOM is also known as "viral marketing", where its spread can create extreme growth like a virus. As a marketing strategy, WOM can provide the best benefits because it has reasons that make WOM a source of information in influencing purchasing decisions, according to [3]1. WOM is an independent and honest source of information. 2. Provides benefits to people who ask about direct experiences regarding the products they use. 3. Tailored to the people in it, where someone will join based on their interest in the topic of discussion. 4. WOM produces informal advertising media. 5. WOM can start from a source that relies on influencers and social networks that spread quickly and widely. 6. There are no spatial limitations or other constraints, such as social ties, family, time, or physical barriers.

Electronic word of mouth (e-WOM) is a new way of communication in the world of marketing communications. Where every day people can exchange information and positive or negative experiences about something they have experienced before and spread it through online media. WOM and e-WOM have quite significant differences between one another. WOM carries out the communication process directly or face-to-face and does not require any means. In contrast, e-WOM carries out the communication process through cyberspace and requires the help of supporting facilities such as the internet [4]. WOM has limitations in specific spaces or places in the information dissemination process, while e-WOM can be reached and accessed widely in the information dissemination process. Gruen stated that e-WOM is a communication medium that functions to share information about a product or service that has been consumed between consumers who do not know

each other and have not met before. This is quite relevant to information conveyed by several parties to the point that it sometimes becomes biased, and the credibility of the message sender is sometimes questioned [5].

According to [6] A defines e-WOM as the evolution of traditional interpersonal communication towards the cyberspace era where current e-WOM activities enable consumers to gain a high level of market transparency and have an active role in the value chain cycle so that the results that can be seen now state that e-WOM is able to influence products and prices based on the preferences of each individual. Based on the above understanding, it can be concluded that e-WOM is an evolution of communication that can send and receive information related to products online without the need to know each other and meet beforehand. According to [7] The main characteristic of e-WOM is that it is an independent source of information, or e-WOM information sources are not tied to a particular company and do not benefit any company.

Because the communication process through e-WOM is more trusted than information sources originating from companies. This natural communication occurs when strangers share information online, and comments from other users become considerations for someone to choose or purchase a product. [8]. E-WOM communication through electronic media allows consumers to obtain information not only about related products and services from people they know, but also from groups of people in different geographical areas who have experience with the product or service, as Christy (2010) refers to. Currently, many people use e-WOM for marketing processes, because a product is considered quite effective and efficient for companies to gain profits without having to spend a lot of money. [9]. This is because e-WOM is permanent in the form of writing and has an unlimited geographical reach. E-WOM is also a form of communication tool in the form of positive or negative reviews on the internet. Every consumer who has consumed the product will provide an assessment of whether it meets expectations or not, and they will share their respective views with others who have accounts on social media, blogs, or websites. E-WOM marketing communications are formed in online media because they have the characteristics of user-generated content, which gives social media users the freedom to produce and distribute content in online media [10].

The information published by consumers also varies depending on the consumer's experience and knowledge, due to the existence of online review features or reviewing a product to influence the purchasing decisions of potential consumers. [11]. Online reviews also function not only to provide information related to products but also to recommend products online. [12]. In Electronic word of mouth (e-WOM), several things need to be considered to see effective results in [13] View, including: 1. Intensity: The number or amount of opinions written and published by consumers to a social networking site. Intensity has indicators, including a. Frequency of accessing information or messages from social networking sites. b. Frequency of conversations or interactions between users of social networking sites. c. Having a large number of various reviews or comments written by users of social networking sites. 2. Valence of Opinion (consumer opinion), the existence of positive or negative consumer opinions regarding products and services. This dimension has two characteristics, namely, a. There are positive comments from users of social networking sites. b. There are negative comments from users of social networking sites. c. Recommending quality products from social networking site users. 3. Content: the content of messages or information related to products or services. Indicators of content include: a. Information on various types or variations of products or services. b. Information on the quality of the product or service. c. Information on the price of the product or service.

Based on the exposure about Electronic Word of Mouth above, the researcher has complete confidence that Electronic Word of Mouth can moderate the influence of User Generated Content variables on Purchase Decisions. According to [14] A purchasing decision is a decision as a choice of action from two or more choices. Then [15] A decision is a process of problem-solving approach that consists of recognizing the problem, seeking information, having several alternative assessments, making a purchasing decision and finally the behavior after purchasing that consumers go through. In addition, according to [16] A purchasing decision is a decision where the person chooses one of several choices available. Based on the above understanding, it can be concluded that a purchasing decision is an action that consumers must take, where they must make a decision based on the choices that have been provided.

Several previous studies [17], [18], and [19] have been conducted. In this study, it will be determined how much influence the User-Generated Content variable has on Purchasing Decisions directly and how much moderation the Electronic Word of Mouth variable has on the influence of the User-Generated Content variable on Purchasing Decisions.

Research Methods

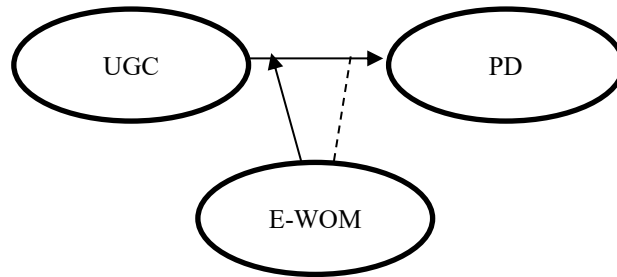


Figure 1. Model

Noted:

UGC: User Generated Content

PD: Purchase Decision

E-WOM: Electronic Word of Mouth

Based on the explanation in the image above, the main objective of this study is to analyze the influence of User-Generated Content variables on Purchasing Decisions. [17]The research objectives mentioned comprehensively above are in line with a number of previous studies, namely [17], [18], and [19]. This research is a quantitative study with an explanatory approach, namely an approach that relies on previous research for three purposes: creating hypotheses, creating new variations on hypotheses that are different from previous research, and proving hypotheses. [18]. The data used in this study are primary data that researchers obtained from sources that are definitely credible in the form of Three Second customers, with a total of two hundred customers spread throughout Indonesia. [19]. The data that researchers obtained were analyzed using the innovative PLS 4.0 analysis tool with the hypothesis below. [20].

Hypothesis:

H1: The Influence of User-Generated Content on Purchase Decision

H2: Electronic Word of Mouth Can Moderate the Influence of User-Generated Content on Purchase Decision

Result And Discussion

Background Analysis

Word of Mouth (WOM) is a strategy known to be quite effective in reducing promotional costs in a company's distribution channel. WOM can influence public thinking that impacts their decisions. Basically, Andreas stated that WOM is a product or service that carries a message from a company itself in the form of comments, honesty, speed of service, friendliness experienced by someone and then conveyed to others. [1]The Word of Mouth Marketing Association (WOMMA) also stated that WOM is an activity in which consumers provide information about a brand to other consumers. [2]. WOM is also known as "viral marketing", where its spread can create extreme growth like a virus. As a marketing strategy, WOM can provide the best benefits because it has reasons that make WOM a source of information in influencing purchasing decisions, according to [3]. WOM is an independent and honest source of information. 2. Provides benefits to people who ask about direct experiences regarding the products they use. 3. Tailored to the people in it, where someone will join based on their interest in the topic of discussion. 4. WOM produces informal advertising media. 5. WOM can start from a source that relies on influencers and social networks that spread quickly and widely. 6. There are no spatial limitations or other constraints, such as social ties, family, time, or physical barriers.

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Several previous studies [17], [18], and [19] have been conducted. In this study, it will be determined how much direct influence the User-Generated Content variable has on Purchasing Decisions and how much moderation the Electronic Word of Mouth variable has on that influence.

Validity Test

If using the Smart PLS 4.0 analysis tool, the first mandatory step in this research is the validity test. This test serves as the opening step for the other stages and is mandatory because if the data used in this research is invalid, it cannot proceed to the next stage. [21] & [22].

Table 1. Validity Test

Variable	Question Item	Loading Factor
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User Generated Content (X)	User-Generated Content Can Influence Purchasing Decisions	0.892
	User-Generated Content Can Increase Market Share	0.882
	User-Generated Content Can Make a Product More Popular	0.915
	User-Generated Content Can Increase Product Sales	0.912
Purchase Decision (Y)	Purchase Decisions Can Be Influenced by Word of Mouth	0.922
	Purchase Decisions Can Be Influenced by Electronic Word of Mouth	0.935
	Purchase Decisions Can Be Influenced by User-Generated Content	0.944
	Purchase Decisions Can Increase as the Product Becomes More Known to the Public	0.952
Electronic Word of Mouth (Z)	Electronic Word of Mouth Can Influence Purchasing Decisions	0.967
	Electronic Word of Mouth Strengthens the Influence of User-Generated Content on Purchasing Decisions	0.972

Valid > 0.70

Reliability Test

The User-Generated Content, Purchase Decision, and Electronic Word of Mouth variables mentioned above are all valid, meaning this research can be continued to the next stage. The next stage is the reliability test. The following are the results of the reliability test in this article. [23] & [24].

Table 2. Reliability Test

Variable	Composite Reliability	Cronbach Alfa	Noted
User Generated Content	0.916	0.865	Reliable
Purchase Decision	0.958	0.916	Reliable
Electronic Word of Mouth	0.979	0.937	Reliable

Reliable > 0.70

Path Coefficient

Based on the presentation in the second table above, the User-Generated Content variable, Purchase Decision variable, and Electronic Word-of-Mouth variable in this study are declared reliable. Entering the final stage, namely the stage of proving whether the hypothesis used in this study has been successfully proven or not, is the Path Coefficient stage. Based on this, the following are the results of the Path Coefficient in this article. [25]:

Table 3. Path Coefficient

	Variable	P-Values	Noted
Direct Influence	UGC->PD	0.007	Accepted
Indirect Influence	E-WOM* UGC->PD	0.000	Accepted

Significant Level < 0.05

The results of the third table above will be explained comprehensively in this section. In the first hypothesis in this article, it can be concluded that it is accepted and proven. This is because the P-values in this article are positive and below the 0.05 significance level, namely 0.007. The results mentioned by the researcher above are in line with a number of previous studies, namely [17], [18] & [19]. This means that better user-generated content on a product can make a larger market share, increase product recognition in the eyes of the public, and so on, which can increase Purchasing Decisions. In the following hypothesis, the Electronic-Word of Mouth variable can strengthen or moderate the influence of the User Generated Content variable on Purchasing Decisions because the same thing, namely the P-

Value value, is positive and below the 0.05 significance level, namely 0.000. more significant than direct testing of 0.007. Thus, it can be concluded that the first and second hypotheses in this article can be accepted.

Conclusion

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