

The Impact of Electronic Word of Mouth and Digital Payment on Electronic Business Applications

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Abstract

With the advancement of technology and information, many company sectors now use technology and media as a tool in marketing. Advertising development has become a contemporary trend for achieving long-term corporate performance. However, issues develop when the firm chooses the improper social networking platforms, resulting in a detrimental influence on the company itself. The purpose of this research is to look into the impact of electronic word of mouth and digital payment convenience on purchasing decisions made on the OLX application in Pangandaran Regency. In this study, 111 people were chosen at random to use an online shopping application on their smartphone. In this study, a multiple linear regression analysis strategy utilizing SPSS software version 26 is applied. The findings indicate that electronic word of mouth and digital payment variables have an impact on purchase intent and can be classified as positive.

Keywords: Electronic word of mouth, Digital payment, Purchase Intention

Introduction

When mobile has shifted from what was previously used only as a communication tool, it has now evolved into a versatile tool and become a necessity for everyone. (Kao, 2017). Digital payments in conducting marketing and promotion activities are a phenomenon that is currently widely used by companies to promote products, services and ideas. (Ahmad, 2019; Osei-Frimpong et al., 2019). Recently, many companies have entered and used digital payments to make it easier to make transactions. According to Peterson, (2018) celebrity endorsers can play an important role in the promotion process. This trend is visible in developing countries along with technological and information advancements. (Wang, 2017). Celebrity endorsement is felt to have benefited many companies financially. The unprecedented development of social media in everyday life has provided plenty of opportunities to connect with customers through the platform. (Kamel, 2020). But with its development, social media advertising

gradually leads to increased user fatigue, it seems that many people ignore the ads that pop up from the platform.

Among the many innovative approaches that companies have tried today is influencer marketing that emerges as a successful approach to connecting with potential customers on social media. (Roy, 2021). Influencers used on social media are users who collect followers by creating online content. E-Wom is a deeper psychological bond with their followers by sharing content that revolves around their lifestyle and interests. Followers' positive perception of these influencers makes their message extremely effective in terms of creating the desired brand impact. Previous research conducted by Arora, (2020) suggested that the role of e-Wom does not influence consumer purchasing decisions. Prentice, (2017) stated that users of digital payment and e-Wom can provide influence that can arouse the intention of motivation to make a purchase. Consequently, the researchers found that there was a visible inconsistency in the results so that researchers questioned the role of electronic word of mouth and digital payment in purchasing decisions. The aim of this study is to re-develop a model or concept in explaining the purchase decision process in the context of e-commerce business. As for the formulation in this study is, (1) how much influence electronic word of mouth on purchase decisions on e-commerce applications, (2) how much impact the use of digital payment on purchasing decisions on the ecommerce application, (3) how great influence the e-word of mouse and use of electronic payment on the purchase decision on ecommerce applications.

Method

In this study, researchers intend to investigate the effect of electronic word of mouth and digital payments on consumer purchase intentions in e-commerce applications in Pangandaran Regency. This type of research is descriptive verification to test hypotheses using statistical calculations. The research method used is the explanatory method. According to Sugiyono (2012) Explanatory research is a research method that intends to explain the position of the variables studied and have a causal relationship between one variable and another. In this study, researchers distributed questionnaires online which would direct the object to several questionnaire questions.

Furthermore, researchers select respondents who use e-commerce applications. The population was selected as many as 111 people and selected incidentally who met the criteria. The sample in this study is the population itself. The data collection methods used in this study were observation, interviews and questionnaires using a Likert scale of 1 to 5. A questionnaire is said to be valid if the questions on the questionnaire are able to reveal something to be measured. Data analysis was performed using multiple linear regression with the equation $Y = a + b_1X_1 + b_2X_2 + e$ using SPSS 23 software.

Result and Discussion

Respondent profile

The results of the distribution of 111 respondents showed that the results were obtained as follows:

Table 1.1 Profile of respondents

Respondent Profile		Percentage
Gender	Man	68%
	Woman	32%
Age	20- 30 yrs	72%
	31 - 40 yrs	28%

Source: Data processed 2020

In the table above, the results show that 68% of respondents and 32% are women. Respondents in this study were on average > 20 years old. The results of the descriptive analysis test can be seen in the table below:

Table 1.2. Descriptive Analysis Results

No	Variable	Percentage of Average Score	Interpretation
1	Electronic Word of Mouth (X1)	85.47%	Very good
2	Digital payments (X2)	75.17%	Good
3	Purchase intention (Y)	76.81%	Good

Source: Data processed 2020

Table 2 shows that electronic word of mouth (Ewom) is in the very good category, digital payment (DP) and purchase intention (PI) are in the good interpretation category. The classic assumption test is as follows:

Table 1.3. Normality test		
One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residuals
N		111
Normal Parameters, b	Means	.0000000
	std. Deviation	1.06319280
Most Extreme Differences	absolute	.044
	Positive	.033
	Negative	-.044
Test Statistics		.044
asympt. Sig. (2-tailed)		.058c
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		

In table 1.3 it can be seen that the significance value is $0.0058 > 0.05$. So it can be concluded that the data used is normally distributed. The multicollinearity test is as follows:

Table 1.4 Multicollinearity Test			
Coefficients^a			
Model		Collinearity Statistics	
		tolerance	VIF
1	Electronic word of mouth	.550	1,818
	Digital Payments	.738	1,354
a. Dependent Variable: Purchase Intention			

Source: Data processed 2022

In table 1.4 it can be seen that the independent variable has a tolerance value of not less than 0.10. The Variance Inflation Factor (VIF) value also shows that the independent variable has a VIF value of no more than 10. So it can be concluded that multicollinearity does not occur in the independent variables.

Regression Test Results

From the output above it is known that the intercept value and the regression coefficient so that the multiple linear regression equation can be formed as follows:

$$Y = 6.013 + 0.271 X_1 + 0.216 X_2 + e$$

Table 3. Regression Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	sig.
		B	std. Error	Betas		
1	(Constant)	6,013	1,497		4,038	0.000
	e-Wom	0.271	0.064	0.250	3,334	0.001
	Digital Payments	0.216	0.073	0.179	2,708	0.014

a. Dependent: Purchase Intention
Source: Data processed, 2022

The above equation can be interpreted as follows:

$a = 6.013$ It means if the electronic word of mouth (e-Wom) and digital payment variables are zero then the purchase intention variable will be worth 6.013 units, thus it can be seen that the regression lines intersect the Y axis at point 6.013.

$b_1 = 0.271$ meaning if e-Wom increases by one unit while the other variables are constant, then the e-Wom variable will increase by 0.241 units.

$b_2 = 0.216$ means that if the digital payment digital payment increases by one unit while the other variables are constant, then the digital payment variable will increase by 0.286 unit.

Partial and simultaneous hypothesis testing

From the results of the acquisition of the above values it is apparent that the t-calculated value of the obtained variable Ewom $3,334 > t$ table (1,97214), in accordance with the test criteria of the hypothesis that H_0 was rejected and H_a received. That is, in part, the e-Wom variable has a significant influence on consumer purchase intentions on e-commerce applications. The digital

payment variable was obtained as $2,708 > t$ tables (1,97214), according to the test criteria of the hypothesis that H_0 was rejected and H_a received. In part, digital payment variables have a significant impact on purchase intention on e-commerce applications. Simultaneous testing is as follows:

Table of 4. Simultaneous test results						
Model		Sum of Squares	df	MeanSquare	F	Sig.
1	Regression	352,657	3	117,552	28,714	0.000b
	residual	804,363	196	4.104		
	Total	1157,020	199			

a. Predictors: (Constant), Digital payments, e-Wom

b. Dependent Variable: Purchase intention

Source: SPSS Output Appendix (2022)

Based on the ANOVA test, the calculated F value is 28.714 with a significant value of 0.000. From the calculation of the F table, namely at the level of $\alpha = 0.05$, $df_1 = k - 1 = 4 - 1 = 3$, and $df_2 = n - k = 200 - 4 = 196$, an F table of 2.65 is obtained. So when compared, $F_{count} > F_{table}$, namely $22.821 > 2.65$ so it is concluded that electronic word of mouth (e-Wom) and digital paymentssimultaneously influencing consumer buying intentions in e-commerce applications in Pangandaran Regency.

Determination Coefficient Test

From the calculation results, the coefficient of determination is 0.726, which means that the effect of the two independent variables on the dependent variable is 72.6%. While 27.4% or the rest is influenced by other variables not examined in this study.

Table 5. Test results for the coefficient of determination

Model	R	R Square
1	.815a	.726

Source: Data processed, 2021

The Effect of Electronic Word of Mouth (e-Wom) Against Purchase Intention on E-Commerce Applications

In this study, the responses on the items of questions about electronic word of mouth (e-Wom) are already in the agreed category, meaning that companies that have a good image can shake a good e-wom so that it can have an impact on the performance of the business itself. It is also apparent from the results of the calculation that the respondents' responses that have been shown previously, from each indicator submitted are included in the agreed category. Based on the test results of the partial hypothesis or the test-t that has been carried out can be concluded that the variable e-wom shows that H0 is rejected and H1 is accepted, meaning it is important for business actors especially in the context of online business to maintain relationships and expand the network to remain competitive in the face of competition. ()

The Effect of Digital Payment on Purchase Intention on E-Commerce Applications

In this study, responses about Digital payments are in a very good category. This shows that the ability to use digital payments has become one of the strategies for online business players, especially in the digital marketplace. Seeing from the results of the calculation of respondent responses that have been shown previously, from each indicator submitted belongs to the category of excellent. Based on the test results of the partial hypothesis or test-t that has been carried out can be concluded that the digital payment variable endorsement indicates that H0 is rejected and H1 is accepted. (Roper & Love, 2018).

The impact of e-Wom and Digital Payment on consumer purchase intent on e-commerce applications.

Based on the test results of the hypothesis simultaneously carried out, it can be concluded that the two free variables, E-wom and Digital payment, influence the Purchase intention in using

e-commerce applications in the Banking District. In the results of ANOVA acquisition the conclusion that can be obtained shows that the e-Wom variable is a variable that has an important influence on the success of online business especially in making promotions to build a competitive advantage. The results also showed consistency with previous research that has been shown in the literature review that e-Wom is one of the factors in building sustainable business performance.

Conclusion

The results of this study reveal that at present the growth of online business in various countries has experienced a considerable increase, especially in Indonesia. The rapid growth of online business, of course, is accompanied by high competition as well. This requires online business actors to review their chosen strategies. In this study, the role of digital payment and electronic word of mouth provides a significant influence in shaping the creation of knowledge for business actors to survive in the face of competition especially in today's all-digital business context. However, it still feels not enough if the organization does not have a good strategy in promoting. The development of consumer behavior models in online business is a challenge for academics that is highly anticipated by online marketers. However, the model tested in this study gives a picture that in the context of online business, the use of digital payment and electronic word of mouth variables are one of the factors in business success. Therefore, it is advisable for companies or organizations to always maintain and develop networks in order to gain knowledge of which it is especially useful for sustainable business strategies. For subsequent researchers, the findings of this study are limited to only two variables, then for future researchers to add another variable either as a free variable or moderation to explain any factor that can affect purchase intention.

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