The Effect of Electronic Word of Mouth (E-WOM) and Price Perception on Purchase Decisions of MIXUE Products in the City of Surabaya

Luthfi Ali Akbar[1] Ugy Soebiantoro[2] Egan Evanzha Yudha Amriel[3]
[1,2,3] Management Study Program, Faculty of Economics and Business, East Java "Veteran" National Development University, Indonesia
Author Correspondent: luthfialiakbar512@gmail.com

Abstract

This study aims to determine the effect of E-WOM on Mixue Products in Surabaya and the influence of Price perceptions on Purchase Decisions of Mixue Products in Surabaya. The population in this study are consumers of Mixue products in Surabaya. The sample in this study used the slovin formula and found the results of 100 respondents. The method used in this study uses the GForm form. The analysis technique in this study uses PLS (Partial Least Square). The results of this study indicate that the E-WOM indicator variable that has the highest percentage is I often collect review information from consumers online before I buy Mixue products (X1). From the results of the study, it can be concluded that E-WOM contributes to Mixue Purchase Decisions in the City of Surabaya. The more intensity and reviews that mention Mixue products can encourage purchasing decisions about what Mixue Surabaya has provided.

Keywords: E-WOM, Perceived Price, Purchase Decision

INTRODUCTION

The development of technology, information systems and social media is currently very influential in people's lives because it makes it easy to access information more easily. Likewise in a business, especially the F&B (Food and Beverage) business because doing marketing using the internet is more promising because consumers find it easier to find information about these products. In the F&B business, using the internet is one of the ways in the marketing process via Instagram or with a media platform that makes it easy for consumers to see the desired product, recommended product or the most preferred by consumers. Currently, many consumers are interested in F&B products and many business people are opening new outlets with F&B products.
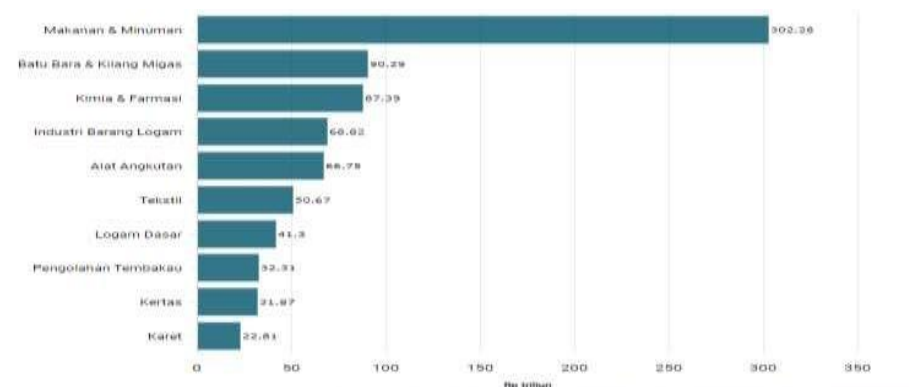
Source: Databoks – Katadata, 2022

From the picture above it can be seen that the public has a high interest in F&B products, one of the currently hype F&B products, namely Mixue. Mixue is an ice cream and tea shop company from China which was founded in 1997 and currently the ice cream business already has more than 10,000 outlets that are widely spread inside and outside China such as Vietnam, Singapore, Malaysia, and even Indonesia with the largest market share. For boba drinks in Southeast Asia, in 2021 it is estimated that annual turnover will exceed US$1.6 billion, equivalent to Rp.23.74 trillion. Likewise, the boba drink market value in Indonesia has now reached 43.7 percent of the total boba drink market in 2 Southeast Asia (Angelia, 2022). Mixue now has the largest number of beverage outlets in Southeast Asia. Momentum Works data records that there are more than 1,000 outlets from Mixue spread across Vietnam, Singapore, Malaysia, Thailand, the Philippines and Indonesia (Pahlevi, 2022). Mixue in Indonesia itself has entered since 2020.

Mixue can expand marketing and add outlets by way of franchising. According to the Minister of Trade No. 71 of 2019, franchise or franchising is a special right owned by an individual or business entity for a business system with business characteristics in order to market goods and/or services that have been proven successful and can be utilized and/or used by other parties based on a Franchise Agreement

In general and in detail, a franchise business is a form of business cooperation between owners of trademarks, products or operational systems. This collaboration is delegated to a second party who is entitled to obtain permission to use the brand, product and operational system in running a business.

Currently the franchise business in Indonesia is quite promising for a business, because business owners don't spend too much capital to open new outlets because they have

has a franchisee (business buyer) who will pay for the business and run it according to the business rules owned by the franchisor. The following is a map of the distribution of mixue products on the island of Java

Data to Visual

Peta Persebaran MIXUE di Pulau Jawa

Kota	Jumlah Gerai MIXUE
Kota Bandung	77
Jakarta Barat	48
Surabaya	45
Kabupaten Tangerang	43
Kabupaten Bandung	38
Semarang	38
Bekasi	35
Jakarta Selatan	31
Jakarta Timur	30
Kabupaten Bekasi	30
Depok	30
Kota Tangerang Selatan	26
Kota Tangerang	25
Jakarta Utara	25
Karawang	24
Kabupaten Bogor	22
Kota Malang	19
Kabupaten Bandung Barat	17
Kota Bogor	16
Kabupaten Tasikmalaya	15
Jakarta Pusat	15
Kabupaten Sleman	14
Cimahi	11
Kabupaten Cirebon	11
Yogyakarta	11
Kabupaten Cianjur	11
Kabupaten Banyumas	11
Kabupaten Sidoarjo	10
Kota Cirebon	10
Surakarta	10

Sumber data: Google Maps Jan 2023 - Kolaborasi bareng mas bro @anggahafdz
Total Gerai di **30 Kota** yg Minimal ada 2 **Reviews** di Google.

Source: bandunginsider.com

The increasing and expanding distribution of outlets for Mixue has also made Mixue's sales increase, especially for ice cream products. It can Several factors consumers prefer Mixue products compared to other brands, namely because attractive packaging, softer textures, various flavors, and varied prices can increase consumers' purchasing decisions (Saleh, 2022) Even though when COVID-19 hit Indonesia , but the public can still accept Mixue's presence so that with the positive response from consumers, Mixue can still develop and open other branches in Indonesia.

Literature Review
Electric Word of Mouth (E-WOM)

According to Hennig Thurau 2004 in (Sari Olivia Sinay, 2016: 3) suggests that Electronic Word of Mouth (E-WOM) is a positive or negative statement made by a potential customer or former customer about

a product or company, which is intended for many people or institutions. via the internet. Meanwhile, according to Kotler 2007 in (Luthfiyatillah, Afifah Nur Millatina, Sitti Hamidah Mujahidah & Sri Herianingrum, 2020: 4) states that WOM (Word of Mouth) is a communication process in the form of providing recommendations both individually and in groups for a product or service that is The purpose is to provide personal information.

H1: E-WOM Influences the Decision to Purchase Mixue Products in the City of Surabaya.

Price Perception

According to Lee and Lawson-Body (2011: 532) suggest that price perception is a consumer's judgment and the associated emotional form of whether the price offered by the seller and the price compared to other parties is reasonable, acceptable or justifiable. According to Schiffman and Kanuk (2011: 137) perception is a process of an individual in selecting, organizing, and translating incoming information stimuli into an overall picture, price perception is how consumers see prices as high, low and fair prices.

H2: Perceived Price Influences the Purchase Decision of Mixue Products in the City of Surabaya.

Buying decision

According to Kotler, 2007 in (Reiga Ritomiea Ariescy, Egan Evanzha Yudha Amriel, et al, 2019: 4) Purchasing decisions are the stages in the decision-making process where consumers actually make purchases. According to Kotler (in Rissa Mustika Sari & Prihartono, 2021 : 5) purchasing decisions are situations where consumers buy a product of interest, but in this case there are two components that occur, namely the purpose of purchasing and purchasing choices. Meanwhile, according to Arianty, 2016 (in Nel Arianty & Ari Andhira, 2021: 3) purchasing decisions are actions taken by consumers to fulfill or resolve problems that occur by taking steps that are fast and cost efficient.

METHOD

The measurement model in this study involves exogenous variables with reflective indicators, including electric word of mouth (E-WOM) (X1) and price perception (X2), as well as endogenous variables, namely purchasing decisions (Y).

	Original Sample (O)	Sample Means (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)
X1.1 <- Electronic Word of Mouth (E-WOM)	0.750	0.745	0.069	10.800
X1.2 <- Electronic Word of Mouth (E-WOM)	0.753	0.746	0.065	11.516
X1.3 <- Electronic Word of Mouth (E-WOM)	0.798	0.791	0.052	19.223
X1.4 <- Electronic Word of Mouth (E-WOM)	0.836	0.826	0.056	32.233
X2.1 <- Perceived Price	0.709	0.769	0.066	11.874
X2.2 <- Perceived Price	0.738	0.732	0.059	13.436
X2.3 <- Perceived Price	0.788	0.776	0.053	14.697
X2.4 <- Perceived Price	0.780	0.775	0.057	14.049
Y.1 <- Purchase Decision	0.832	0.827	0.053	24.873
Y.2 <- Purchase Decision	0.797	0.794	0.049	16.313
Y.3 <- Purchase Decision	0.704	0.698	0.076	9.274
Y.4 <- Purchase Decision	0.725	0.716	0.96	9.576

Based on the table above, it can be concluded that the validity of the measurement is assessed using factor loadings, starting from one variable to another. Validity is considered sufficient if the factor loadings are greater than 0.5 and/or the T-Statistic value is greater than 1.96. The estimation results of all indicators show convergent validity, indicating good validity. Cross Loading The validity of indicator measurements can also be assessed from the Cross Loading table, if the factor loading value of each indicator on each variable is higher than the factor loading value of the same indicator on other variables, then the factor loading is considered valid. However, if the factor loading value is lower than the factor loading value of the same

indicator in other variables, then it is considered invalid.

	Electronic Word of Mouth (E-WOM)	Buying decision	Price Perception
X1.1	0.750		
X1.2	0.753		
X1.3	0.798		
X1.4	0.836		
X2.1			0.709
X2.2			0.738
X2.3			0.788
X2.4			0.780
Y. 1		0.832	
Y.2		0.797	
Y.3		0.704	
Y.4		0.725	

From the results of cross loading data processing, all loading factor values for each indicator (shaded) both for E-WOM (X1), Price Perception (X2), and Purchase Decision (Y) variables show a greater loading factor value than with indicator factors from other variables, so that it can be said that all indicators in this study have fulfilled their validity or have good validity.

The next measurement model is the Average Variance Extracted (AVE) value, which is the value indicating the magnitude of the indicator variance contained by the latent variable. Convergent AVE values greater than 0.5 indicate good adequacy of validity for latent variables. Reflective indicator variables can be seen from the Average Variance Extracted (AVE) values for each variable construct. A good model is required if the AVE value of each construct is greater than 0.5.

Average Variance Extracted (AVE)

	Composite Reliability	Average Variance Extracted (AVE)
Electronic Word of Mouth (E-WOM)	0.865	0.616
Buying decision	0.773	0.582
Price Perception	0.845	0.579

AVE test results for the E-WOM variable (X1) of 0.616, the variable Price Perception of 0.582, and Purchase Decision (Y) of 0.579, these three variables show a value of more than 0.5, so overall the variables in this study can be said to have validity Good.

Composite Reliability

Construct reliability is measured by the composite reliability value. The construct is reliable if the composite reliability value is above 0.70, then the indicator is called consistent in measuring its latent variables. The results of the composite reliability test show that the E-WOM(X1) variable is 0.865, the price perception variable is 0.845, and the Purchase Decision (Y) is 0.773. The three variables show a composite reliability value above 0.70 so that it can be said that all variables in this study are reliable.

Relationship Between Latent Variables

	Electronic Word of Mouth (E-WOM)	Buying decision	Price Perception
Electronic Word of Mouth (E-WOM)	1.000	0.724	0.787
Buying decision	0.724	1.000	0.773
Price Perception	0.787	0.773	1.000

The latent variable correlations above obtained an average correlation value between one variable and another, indicating a moderate average correlation value. The highest correlation value is found between the variables, E-WOM (X1) and Purchase Decision (Y) of 0.724, it can also be stated that among the variables in the research model, the relationship between the Price Perception variable (X2) and the purchase decision (Y) of 0.773. It can be stated that among the variables in the research model, the relationship between the variable Price Perception (X2) and Purchase Decision (Y) shows a stronger relationship than the relationship between other variables.

Inner Model (Structural Testing)

Testing of the structural model is carried out by looking at the R-Square value which is the Goodness-fit model test. Inner model testing can be seen from the R-Square value in the equations between latent variables. The value explains how much the exogenous (independent/independent) variables in the model are able to explain the endogenous (dependent/bound) variables. R^2

	R Square
Buying decision	0.533

Value = 0.533. It can be interpreted that the model is able to explain the phenomenon of Purchase Decision (X2) which is influenced by independent variables including E-WOM (X1) and Perceived Price (X2) with a variance of 53.3% while the remaining 46.5% is explained by other variables outside of this study (besides E-WOM and Perceived Price). R^2

Hypothesis test

	Original Sample (O)	Sample Means (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Electronic Word of Mouth (E-WOM) -> Purchase Decision	0.349	0.365	0.100	3.481	**0.001**
Price Perception -> Purchase Decision	0.469	0.465	0.099	4.728	**0.000**

1. E-WOM(X1) has a positive effect on Purchase Decision (Y) Mixue products are acceptable, with a path coefficient of 0.349, and a T-Statistic value of 3.481 > 1.96 (from table value Zα = 0.05) or P-Value 0.001 <0.05, then the result is significant (positive).
2. Perceived Price (X2) has a positive effect on Purchase Decision (Y) Mixue products are acceptable, with a path coefficient of 0.469 and a T-Statistic value of 4.728 > 1.96 (from table value Zα = 0.05) or P-Value 0.000 <0.05, the result is significant (positive).

RESEARCH RESULTS AND DISCUSSION
The Influence of E-WOM on Purchasing Decisions

Based on the results of the research that has been done, it can be obtained that the variable E-WOM (X1) influences the Purchase Decision (Y) for Mixue products. with the results of E-WOM (X1) having a positive effect on Purchase Decision (Y) acceptable. This shows that information conveyed through social media regarding Mixue products can increase purchasing decisions for potential consumers who will purchase Mixue products.

The results of the descriptive analysis of the E-WOM indicator variable that has the highest percentage are increased self-confidence after reading online reviews (X1.4), where consumers have higher self-confidence after reading online reviews through social media so that potential consumers believe in the products they sell. will be selected before making a Purchase Decision on Mixue products.

The results of this study are in accordance with research conducted by Luthfiyatillah, Afifah Nur Millatina, Sitti Hamidah Mujahidah and Sri Herianingrum (2020), indicating that the E-WOM variable has a significant direct effect on Purchase Decisions.So, it can be concluded that E-WOM is one of the factors that can influence Purchase Decisions. This shows a positive impression from consumers that E-WOM will influence potential consumers in making purchasing decisions for Mixue products.

The Effect of Perceived Price on Purchasing Decisions

Based on the results of the research that has been done, it is found that the price perception variable (X2) influences the Purchase Decision (Y) for Mixue products. with the results of Price Perception has a positive effect on Purchase Decision Mixue products can be accepted. This shows that price perception is very influential for consumers in making a purchasing decision for Mixue products.

The results of the descriptive analysis of the price perception indicator variable that has the highest percentage is price competitiveness (X2.3), where consumers compare similar products such as ice cream and boba with other product brands whose prices are more expensive than Mixue products but have a different taste. not much different from Mixue products. This shows that price evaluations from the consumer's point of view and emotional forms compared to similar products are acceptable and reasonable for potential consumers to make purchasing decisions.

The results of this study are in accordance with research conducted by Boggy Nugraha Pramana and Ugy Soebiantoro (2023), indicating that the price perception variable has an influence on purchasing decisions. So, it can be concluded that Perceived Price is one of the factors that can influence Purchasing Decisions. This shows that potential consumers and consumers have Price Perceptions which are taken into consideration with other similar products to make a Purchase Decision.

CONCLUSIONS

Based on the test results using PLS to test the Influence of E-WOM and Price Perceptions on Purchase Decisions of Surabaya City Mixue, it can be concluded that: From the results of the study, it can be concluded that E-WOM contributes to Mixue Purchase Decisions in the City of Surabaya. The more intensity and reviews that mention Mixue products can encourage purchasing decisions about what Mixue Surabaya has provided. Based on the results of the study it can be concluded that Perceived Price contributes to Purchasing Decisions. Price comparisons made by consumers encourage consumers to make purchasing decisions at prices set by Mixue Surabaya.

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