

The Impact Of Word Of Mouth And Brand Image On Purchase Decision: Study In Wall Street English Bandung

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Abstract

The large number of companies trying to expand their market has led to the importance of improving the quality of human resources in each region, one of which is communication. Therefore, English language skills are needed in the world of work because it is felt that it can improve one's communication skills. This research was conducted to determine the effect of word of mouth and brand image on purchasing decisions at one of the English language institutions in Bandung "Wall Street English". This research is quantitative in nature where the population used in this study is all members of Wall Street English Bandung. The variables in this study are word of mouth and brand image as the independent variables and purchasing decisions as the dependent variable. The regression results obtained show that there is a significant influence between word of mouth on purchasing decisions, and the results of subsequent regressions show that there is a significant influence between brand image and purchasing decisions. Based on the research that has been done, the two independent variables used have a significant impact on the dependent variable. The author suggests institutions to improve their quality which aims to increase the independent variables which will have an impact on the dependent variable.

Keywords-word of mouth, brand image, purchase decision, english institute.

I. INTRODUCTION

The number of companies trying to open new branches outside their home areas is increasing every year. Multinational companies also do the same thing, they try to open business branches as well, especially in Indonesia, this also happens due to the large number of collaborations carried out by Indonesian companies to outside parties and vice versa. This market it very important to improve the quality of Human Resources with the aim of surviving in adapting a facing any new changes and problems that occur in this era of changing global and technological developments, especially in terms of communication.

According to Ethnology in 2021, English is the most widely spoken language in the world. In the last 5 years, Asia itself has had a stable average score on English Proficiency. Although English has now become one of the most important languages and one of the global languages, the level of English Proficiency in Indonesia is still quite low. This data was shown in the English Proficiency Index (EPI) research report released by Education First (EF) in the year of 2020.

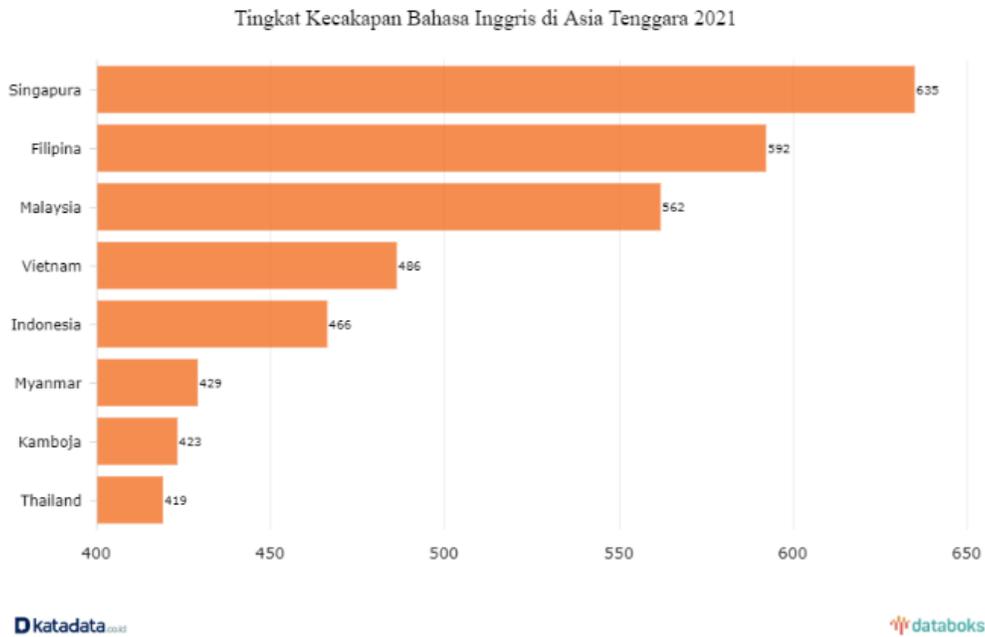


Figure 1 English Proficiency Level in Southeast Asia 2021 Source: <https://databoks.katadata.co.id>

The data in figure 1 shows Indonesia is ranked 5th, and Singapore has been chosen as the country with the highest qualification in Southeast Asia. The index score achieved by Singapore was 635, followed by Philippines with 592, and Malaysia with 562, while Indonesian English proficiency was only 466. This proves that the level of fluency in English in Indonesia is still relatively low.

Currently, there are quite a several English courses spread across Indonesia offering various program with varying price ranges and target markets, especially in big cities which are the centre of economy and government. At this time, English language courses only focuses on learning that is theoretical and based on writing, while Wall Street English has a different target market from competitors in the same field, this aims to crate a significant difference when compared to competitors, and there is an interest in buying among adults against the offer provided by Wall Street English.

Currently, there are several competitors for Wall Street English, especially in Bandung area, one of which is English First (EF), this are the comparison of classes and the prices Wall Street English and English First offer to costumer.

Table 1 EF and WSE Price and class offered

| | Class type | Price Range |
|---------------------------|-----------------------|---------------------|
| English First (EF) | General English Class | 6 mill / 6 months |
| | TOEFL | 6,5 mill / 4 months |
| Wall Street English (WSE) | 15 months membership | 28,8 million |
| | IELTS | 12 mill / 6 months |

From the table above shows the differences in the offers given by English First (EF) and Wall Street English (WSE), English First offers intensive classes 2 times a week, classes given are determined at the start of registration according to their respective abilities, and free classes are given once a week on weekends, English First also offers

special TOEFL classes that last for 4 months. While Wall Street offers classes every day and held big events 4 times a month to their members with free of charge, and they also offer IELTS classes that last for 6 months, and from the table above it can also be seen that the prices range are given.

II. LITERATURE REVIEW

A. Word of Mouth

Word of mouth is one type of promotion mix (Lupiyadi, 2013). Marketing through word of mouth is one of the effective promotional strategies because the information provided a consumer who unwittingly and voluntarily disseminates information because of satisfaction with the service or product that has been purchased.

Meanwhile, the Word-of-Mouth Marketing Association (WOMMA) states that word of mouth is an activity carried out by consumers in providing information about a product to other costumers, it can also have an influence that can encourage customers to make decisions in making purchases.

B. Brand Image

Brand image is a representation of how customers view a company generally and how distinctive it is from competing companies. Brand image is also a perception that arises in the minds of consumers when remembering certain brand. Brand image is a consumer's belief about a particular brand (Kotler, 2012).

C. Purchase Decision

Making a purchase is problem-solving process that entails analysing or establishing wants and desires, seeking information, evaluating sources of selection for purchasing alternatives, and acting in a certain way (Kotler, 2012).

Purchase decision is an integration process that is used to mix integration processes that are used to combine knowledge for evaluating two or more alternative behaviours and choosing one of them (Peter & Olson, 2010).

D. Theoretical Framework

In the world of marketing, brand image plays an important role for the company. The company aims to create consumers purchasing decisions for the products or services they offer, providing a positive brand image can provide opportunities for companies to develop good relationship with consumers. Communication owned by a company also plays an important role, communication help consumers in making purchase decisions, because without getting adequate information consumers will be difficult to make decisions in a purchase in the products or services offered.

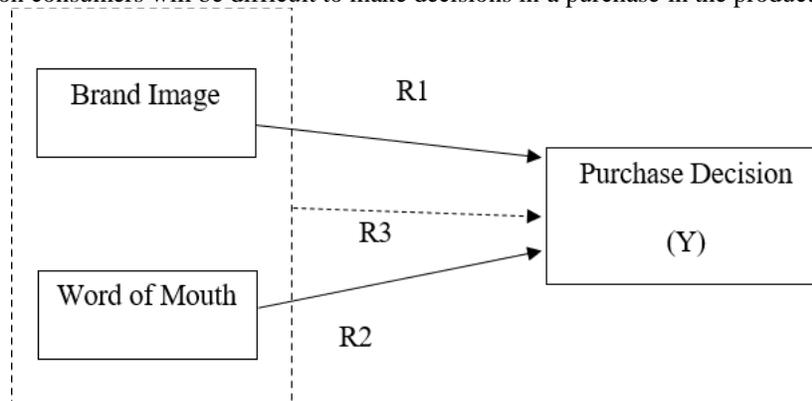


Figure 2 Theoretical Framework

III. RESEARCH METHODOLOGY

A. Research Characteristic and Sampling Technique

This research is using quantitative method used is an approach that uses sequential statistical calculation methods that aim to make it easier to calculate data, this research belongs to the type of causal research where this research is carried out if the researcher wants to describe the causal relationship that occurs between independent variables and dependent variable. This research has a type of survey, which collect data and information with the

aim to obtaining information regarding the respondent's purchasing decisions by using questionnaire.

B. Data Collection Process

The information was acquired through an online survey that involved 100 respondents who are Wall Street English members in Bandung area.

IV. RESULTS AND DISCUSSION

A. Descriptive Analysis

Table 2 Descriptive Analysis Result

| Variable | Total Score | Maximum | Percentage | Category |
|-----------------------|-------------|---------|------------|----------|
| Word of Mouth (X1) | 2151 | 3000 | 71,7% | High |
| Brand Image (X2) | 1563 | 2000 | 78,2% | High |
| Purchase Decision (Y) | 1504 | 2000 | 75,2% | High |

Based on the table 2 above, it can be concluded the score of Word-of-Mouth (X1) is categorized as High, the score of Brand Image (X2) is categorized as High, and the score of Purchase Decision (Y) is categorized as High.

B. Multicollinearity Test

Table 3 Multicollinearity Test Result

| | | Coefficients ^a | | | | | Collinearity Statistics | |
|-------|---------------|-----------------------------|------------|---------------------------|-------|------|-------------------------|-------|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Tolerance | VIF |
| | | B | Std. Error | Beta | | | | |
| 1 | (Constant) | 3.326 | 1.426 | | 2.332 | .022 | | |
| | Word of Mouth | .251 | .055 | .386 | 4.545 | .000 | .831 | 1.203 |
| | Brand Image | .416 | .092 | .386 | 4.543 | .000 | .831 | 1.203 |

a. Dependent Variable: Purchase Decision

Source: Processed Data Results, 2022

Based on the multicollinearity test using SPSS 25, the VIF result of 1,203 was obtained, where the VIF was 10 and the tolerance result was 0.831, meaning a tolerance of 0.1. this states that the research conducted by regression is free from multicollinearity.

C. Multiple Regression Analysis

Table 4 Multiple Regression Analysis

Coefficients^a

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Collinearity Statistics | |
|-------|---------------|-----------------------------|------------|---------------------------|-------|------|-------------------------|-------|
| | | B | Std. Error | Beta | | | Tolerance | VIF |
| 1 | (Constant) | 3.326 | 1.426 | | 2.332 | .022 | | |
| | Word of Mouth | .251 | .055 | .386 | 4.545 | .000 | .831 | 1.203 |
| | Brand Image | .416 | .092 | .386 | 4.543 | .000 | .831 | 1.203 |

a. Dependent Variable: Purchase Decision

Based on the table 4 above, it is known that the value of a (constant) = 3.326, Word of Mouth (X1) = 0.251 and Brand Image (X2) = 0.416. So, from the results obtained the multiple linear regression formula is used as follows:

$$Y^* = 3.326 + 0,251X1 + 0,416X2$$

From the multiple linear regression equation obtained above, it can be seen that the constants value obtained is 3.326 which means there is no word of mouth (X1) and brand image (X2), so the purchase decision value obtained is 3.326.

While the value of the regression coefficient on variable X1 is 0.251 which indicates that if there is an increase in word of mouth that occurs on Wall Street English Bandung, purchasing decisions will also increase.

In addition, the value of the regression coefficient on variable X2 is 0.461 which indicates that if there is an increase in the brand image on Wall Street English Bandung, the purchase decision will also increase. So it can be concluded that when there is an increase in word of mouth and brand image on Wall Street English Bandung, it will affect the increase in the purchase decision of Wall Street English Bandung consumers.

With significance value of 0.0, which means <0.5, the word of mouth and brand images variables have a positive effect on the purchase decision on variable y.

D. T Test

Table 5 T Test Result

Coefficients^a

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|-------|---------------|-----------------------------|------------|---------------------------|-------|------|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 3.326 | 1.426 | | 2.332 | .022 |
| | Word of Mouth | .251 | .055 | .386 | 4.545 | .000 |
| | Brand Image | .416 | .092 | .386 | 4.543 | .000 |

a. Dependent Variable: Purchase Decision

Based on the table 4 above, it can be seen that:

1. The word-of-mouth variable (X1) has a value of t_{count} (4.545) > t_{table} (1.96) and a significant value at 0.000 < 0.05. then H_o is rejected. This it can be concluded that partially there is a considerable influence from the word-of- mouth variable (X1) on purchase decisions (Y) with a beta value of 0.251 or a sizeable influence of 25.1%.
2. The brand image variable (X2) has a value of t_{count} (4.543) > t_{table} (1.96) and a significant value at 0.00 < 0.05. Then H_o is rejected, thus it can be concluded that partially there is a fairly large influence from the brand image variable (X2) on purchase decisions (Y) with a beta value of 0.416 or a large influence of 41.6%.

E. F Test

Table 6 F Test Result

ANOVA^a

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|------------|----------------|----|-------------|--------|-------------------|
| 1 | Regression | 336.430 | 2 | 168.215 | 35.059 | .000 ^b |
| | Residual | 465.410 | 97 | 4.798 | | |
| | Total | 801.840 | 99 | | | |

a. Dependent Variable: Purchse Decisoin

b. Predictors: (Constant), Brand Image , Word of Mouth

From the table 6 above the result obtained F_{count} is 35.059 with a significant level of 0.000, from the results $F_{count} > F_{table}$ ($35.059 > 3.09$) and a significant value of $0.000 < 0.05$. The data shows that H_0 rejected and H_a accepted, indicating that variable X word of mouth and brand image used have a substantial (considerable) effect on the variable Y purchase decision used.

F. Coefficient of Determination (R^2)

Table 7 R Square Result

Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | .648 ^a | .420 | .408 | 2.190 |

a. Predictors: (Constant), Brand Image , Word of Mouth

Based on the table 7 above it is known that the R square value obtained is 0.420, so the coefficient of determination obtained is $0.420 \times 100\% = 42.0\%$. this shows that by using the regression model, the variable X used is word-of-mouth and brand image with coefficient intervals. While the rest ($100\% - 42\% = 58\%$) is explained by other unknown variable factors and is not included in the regression analysis in the research conducted by the author.

V. CONCLUSION AND SUGGESTION

A. Conclusion

Based on the results of research conducted by the author on Wall Street English Bandung consumers regarding the influence of word of mouth and brand image on purchasing decisions: research on Wall Street English Bandung is represented as follows:

1. Word of mouth on Wall Street English Bandung is in high category it's because the members always recommend institutions to their relatives among other competitors.
2. Brand image on Wall Street English Bandung is in high category it's because the company has an attractive brand image among the other competitors.
3. Purchase decision on Wall Street English Bandung is in high category it's because the company offers various learning programs so the customers make a purchased.
4. Word of mouth on Wall Street English Bandung have a partially significant effect on purchase decisions. It means, if there is an increase in variable word of mouth it will affecting the purchase decision in Wall Street EnglishBandung.
5. Brand image on Wal Street English Bandung has a partially significant effect on purchase decisions. It means, there is an influence given by the brand image variable on purchasing decisions on Wall Street

English Bandung.

6. Word of mouth and brand image give a simultaneous influence of the independent variable on the dependent variable purchase decision on WallStreet English Bandung.

B. Suggestion

Based on the research that has been done, there are several suggestions given by the authors that can be considered for the company and further research to be carried out.

1. Practical Suggestion

The authors make a number of suggestions for Wall Street English Bandung in this practical element, which are anticipated to be taken into account when conducting business. The following are concrete objectives that the author can set for the company.

- a. Wall Street English Bandung needs to improve word of mouth marketing that occurs among potential customers, it can be done by crating campaignsthat can touch the hearts of them so that the brand can be remembered clearly, using influencer services to disseminate information about the company, or working with the community.
- b. Wall Street English Bandung needs to improve the quality they have for now such as updating the topics discussed in each class, events being heldand other things that are deemed necessary to improve, those expected to help company in retaining existing customers. Exist, and attract newcustomers to be able to have an English learning experience at the institutions.

2. Theoretical Suggestions

The author offers suggestions in this theoretical field based on the results of earlier research. It is intended that it would help and benefit the advancement of scientific research, particularly in the field of marketing science. For other research authors hoped that they can develop research by adding other variables and indicators so as to increase knowledge about the factors that are owned by word of mouth and brand image and also factors that can influence purchasing decisions, authors also suggest they can use a different analysis so that it will create research that produces broader information to add research references regarding word of mouth and brand image.

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