

# THE ROLE OF E-WOM AND PRICING IN PURCHASING DECISIONS

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## Abstract

This research aims to delve into the phenomenon of Electronic Word of Mouth (eWOM) in two regions with the highest digital platform users, namely Bojonegoro Regency and Lumajang Regency. The digital era is increasingly shaping a group consistently exposed to online information and interactions, while internet infrastructure in both regions is developing. The impact of eWOM on students' perceptions, preferences, and behaviors, especially in terms of selecting educational institutions, and social interactions within the campus environment. The findings of this study provide insights for educational institutions and students to optimize the benefits and manage risks related to the eWOM phenomenon in specific local contexts. A sample of 284 individuals was selected using probability sampling techniques, and data collection was done using validated and reliable questionnaires. Data analysis techniques employed include partial analysis and multiple regressions. From the analysis results, it is concluded that Electronic Word of Mouth significantly influences purchasing decisions, with pricing also playing a crucial role in product purchasing decisions. Competitive pricing indicators emerge as the most influential in purchasing decisions. The higher the level of eWOM, the higher the decision to visit consumers, and vice versa. This conclusion implies that creating positive eWOM can increase the number of purchases for companies, and price management influences purchasing decisions, especially in the context of online shopping platforms such as Shopee.

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## 1. Introduction

Marketing management has undergone significant transformation alongside the advancements in technology, shifts in consumer behavior, and dynamics of the global market. A key characteristic of present-day marketing management is the adoption of data-driven and digital approaches, along with controlled programs designed to achieve desired exchanges with target consumers for personal or mutual gain (Lupiyoadi, 2006). Research on Electronic Word of Mouth (eWOM) among students in Private Higher Education Institutions (PTS) in Bojonegoro Regency and Lumajang Regency is pertinent given the increasingly dominant role of the internet and social media in various aspects of life, including opinion formation and decision-making processes. In this digital era, students constitute a demographic highly exposed to online information and interactions. Bojonegoro and Lumajang Regencies are areas experiencing continuous development in internet infrastructure and social media. Within the context of higher education, this research is crucial in understanding how eWOM influences students' perceptions, preferences, and behaviors, particularly concerning the selection of educational institutions, academic decision-making, and social interactions within campus environments. Therefore, this study is expected to provide valuable insights for educational institutions, educational

stakeholders, and students themselves in optimizing benefits and managing risks associated with the eWOM phenomenon in specific local contexts.

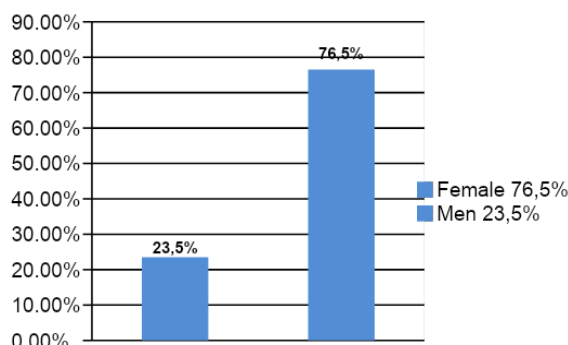
e-WOM comprises three dimensions: intensity, valence of opinion, and content. Intensity encompasses how frequently information is accessed, the extent of user interactions, and the number of reviews generated by users on social networking sites. Valence of opinion encompasses comments that are either positive or negative, as well as recommendations provided by users on social networking platforms. Content includes the availability of information on social networking sites, including the quality and pricing offered. (Solihah, 2024)

The research findings of Albari & Safitri (2018) reveal that purchasing decisions are closely related to the price of the products offered by manufacturers. The higher the price, the higher the demand, indicating an increase in purchasing decisions, as this study demonstrates that price has a positive and significant influence on purchasing decisions. The current trend among Indonesian society shows an increasing inclination towards consuming both goods and services, in line with changes in lifestyle patterns (Pitaloka, E., & Avianti, W. 2023). Shopee is an online shopping platform application that operates on a consumer-to-consumer system. e-WOM represents a metamorphosis of Word of Mouth, which is interpersonal communication that traditionally occurs through face-to-face encounters but has now transitioned to communication via the internet (Amin et al., 2022:3). Price represents the value of how information about something is perceived by consumers overall, thereby imbuing it with significant meaning (Ummat & Hayuningstias, 2022). Purchasing decisions in the consumer evaluation stage involve brand preferences to gather and determine choices based on preferred brands (Kotler & Keller, 2020:5).

The E-WOM (Electronic Word of Mouth) variable plays a pivotal role in influencing consumer purchasing decisions in the current digital era. Within the extensively interconnected online environment, reviews and recommendations from fellow consumers or influencers can rapidly disseminate through social media platforms and review sites. The level of trust in E-WOM can significantly impact consumer perceptions of specific brands or products. When consumers receive positive feedback about a product or brand through E-WOM, it can enhance their inclination to purchase the product, as they feel assured by the positive experiences shared by others.

According to Prasetyo & Purwantini (2017), purchasing decisions are also significantly influenced by brand image. Additionally, price serves as a key variable affecting consumer purchasing decisions. The price offered for a product or service can play a crucial role in determining whether consumers will make a purchase or not. In making purchasing decisions, consumers tend to seek value corresponding to the price they pay. If the price is perceived as too high compared to the benefits or quality provided, consumers may seek more affordable alternatives. However, if the price feels reasonable or even advantageous, it can enhance consumers' tendency to purchase the product, especially if they perceive the value to be commensurate with the price paid. Therefore, appropriate pricing strategies are crucial for companies in influencing consumer purchasing decisions. There are several factors to consider before making a purchasing decision, including consumer buying behavior that cannot be discerned from reviews and opinions of previous users. Additionally, comparing the same product from sellers with different prices. It is known that 70.6% of students use the Shopee website, 17.6% use Lazada, and 11.8% use Tokopedia. Consequently, Shopee, the e-commerce platform with the highest number of users, will be chosen as the research object.

Figure 1. Highest Users in Private Higher Education Institutions (PTS) in Bojonegoro Regency and Lumajang Regency.



The survey results indicate a significant difference between the number of female and male buyers who have made purchases on the Shopee e-commerce platform. With a percentage of 76.5%, the majority of online buyers, who are women, have made purchases on Shopee, while only 23.5% of male online buyers stated that they have made purchases on the platform. These data highlight the dominance of female consumers in online shopping, demonstrating their greater inclination to use e-commerce services such as Shopee to fulfill their shopping needs compared to male consumers.

The fact that the majority of online buyers on e-commerce platforms like Shopee are women highlights an intriguing phenomenon in consumer dynamics in the digital era. It indicates that women are more inclined to conduct transactions through online platforms compared to men. In this context, several factors may influence this trend, including women's natural preference for the convenience and comfort of online shopping. Additionally, marketing strategies specifically targeting female markets can also play a role in shaping this purchasing pattern. E-commerce companies, faced with this reality, can take strategic steps by adjusting their marketing strategies. By better understanding shopping preferences between women and men, they can optimize the online shopping experience for both genders. This will not only enhance customer satisfaction but also open up opportunities to expand market share and increase competitiveness in an increasingly competitive digital world. Thus, research and implementation of appropriate strategies can bring significant benefits to the overall development of the e-commerce ecosystem.

## 2. Methods

This study is a quantitative research aiming to analyze the influence of Electronic Word of Mouth (E-WOM) and price on purchasing decisions on the Shopee e-commerce platform. Utilizing SPSS 25 statistical analysis method, the collected data will be numerical and subsequently analyzed to understand the relationships between these variables. Involving 284 respondents who have made online purchases in the areas of Private Higher Education Institutions (PTS) in Bojonegoro Regency and Lumajang Regency, data collection was conducted through closed-ended questionnaires using a Likert scale of 1-5. The independent variables in this study are E-WOM and price, while the dependent variable is purchasing decision. Each questionnaire designed regarding the variables under study typically consists of an average of 3 question items.

By employing SPSS 25 analysis method, this research aims to gain a deeper understanding of how E-WOM and price influence consumer purchasing behavior on the Shopee platform. Data collected from respondents in these two regencies will be analyzed to identify patterns and

relationships among the studied variables. The results of this analysis are expected to provide valuable insights for stakeholders, especially e-commerce companies like Shopee, in developing more effective and consumer-oriented marketing strategies. Thus, this research is expected to make a significant contribution to understanding the dynamics of the online market and the factors influencing consumer purchasing decisions.

### 3. Results and Discussion

#### Overall Statistical Description of Respondents' Answers

Based on the table below, it is explained that in the e-WOM variable the respondents' answers were a minimum of 30 and a maximum of 43 with an average total answer of 39.69 and a standard distribution of 1.999.

**Table 1.**  
**Statistical Description of Respondents' Answers Overall**

Variabel	N	Minimum	Maximum	Mean	Std. Deviation
<i>e-WOM</i>	284	30	43	39,69	1,999
Price	284	35	90	45,27	3,835
Purchase decision	284	36,00	57,00	49,7430	2,94726
Valid N (listwise)	284				

Source : processed by the author (2023)

From the data analysis results, the price variable in the survey exhibits a fairly significant variation among respondents, with response ranges between 35 and 90. The average number of responses given is 45.27, with a standard deviation of 3.835. This indicates the presence of variation in price perceptions among respondents, which may be attributed to factors such as personal preferences, income, or previous shopping experiences. This data provides a strong indication of the complexity in price perceptions among consumers, which is crucial to understand in the development of effective pricing strategies in marketing.

The analyzed results regarding the purchasing decision variable have shown that the range of responses provided by respondents ranges from 36.00 to 57.00. The average of the total responses is 49.7430 with a standard deviation of 2.94726. This data indicates that respondents tend to exhibit consistency in their purchasing decision-making. Despite variations in response ranges, the close-to-mid-range average suggests a relatively high level of agreement among respondents. A more in-depth analysis of this variable can provide a more comprehensive understanding of the factors influencing consumer purchasing decisions and serve as a foundation for the development of more effective marketing strategies.

#### Reliability Test

**Table 2. Reliability Test Results**

No.	Variable	Alpha Cronbach	Information
1.	<i>e-WOM</i>	0,695	Reliabel
2.	Price	0,732	Reliabel
3.	Purchase decision	0,750	Reliabel

Source : processed by the author (2023)

From Table 2, it is evident that the analysis using Cronbach's Alpha indicates that each indicator of the e-WOM, price, and purchasing decision variables obtained values higher than 0.60. This signifies a satisfactory level of consistency and reliability for each variable in this study. Thus, the variables used in this research can be considered reliable, or trustworthy, for measuring the intended constructs with high consistency.

The reliability of variables is crucial in research as it indicates the extent to which the measurement instrument can be relied upon to measure the intended constructs. With Cronbach's Alpha values exceeding the threshold of 0.60, these results provide confidence to the researcher that the measurement of the e-WOM, price, and purchasing decision variables is reliable in analyzing the relationships between these variables. This lays a solid foundation for this study to proceed with further analysis in understanding the influence of these variables on consumer purchasing behavior.

## Normality test

Table 3. Normality Test Results

		Unstandardized Residual	
N		284	
Normal Parameters <sup>a,b</sup>	Mean	,0000000	
	Std. Deviation	2,83142607	
Most Extreme Differences	Absolute	,059	
	Positive	,041	
	Negative	-,059	
Test Statistic		,059	
Asymp. Sig. (2-tailed)		,019 <sup>c</sup>	
Monte Carlo Sig. (2-tailed)	Sig.	,272 <sup>d</sup>	
	99% Confidence Interval	Lower Bound	,261
		Upper Bound	,284

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. Based on 10000 sampled tables with starting seed 2000000.

Source : processed by the author (2023)

From Table 3, the results of the Kolmogorov-Smirnov normality test indicate a test statistic value of 0.59 with a significance value of 0.19. A significance value greater than the threshold value of 0.05 suggests that the distribution of the regression model in this study can be considered normal. This result provides important insights to the researcher, confirming that the fundamental assumption of regression analysis has been met, thus allowing for further analysis.

The normality of data is a crucial aspect in statistical analysis, particularly in the context of regression, as it relates to the validity of analysis results. Therefore, the Kolmogorov-Smirnov normality test result indicating a normal distribution in the regression model provides additional confidence to the researcher regarding the validity of the analysis conducted. This indicates that the data used in this study can be relied upon to produce accurate results and can be interpreted appropriately.

## Heteroscedasticity Test

Table 4. Heteroscedasticity Test Results

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2,945	2,384		1,235	,218

Coefficients <sup>a</sup>						
		Unstandardized Coefficients		Standardized Coefficients		
Model	e-WOM	-,003	,057	,003	T,049	Sig,961
	Price	-,016	,030	,032	,529	,597

a. Dependent Variable: RES2

Source : processed by the author (2023)

The significance values in the Breusch-Pagan test for each independent variable are greater than 0.05. Thus, it can be concluded that in this study, there is no heteroskedasticity detected through the Breusch-Pagan test.

### Linearity test

It is known that the e-WOM test results are  $0.528 > 0.05$  and Price is  $0.582 > 0.05$ . So it can be concluded that there is a linear relationship between e-WOM prices and purchasing decisions.

### Autocorrelation test

Shows a Durbin-Watson value of 2.091. The value is still between 1.5-2.5, which means the data in this study is not autocorrelated.

### Multiple Linear Regression Analysis

$$Y = 9,534 + 0,363 X_1 + 0,772 X_2$$

The constant value ( $\alpha$ ) is 9.534. Value means if the dependent variable (purchasing decision) is influenced by the two independent variables (e-WOM and price). The regression coefficient value ( $\beta_1$ ) is 0.363 and the regression coefficient value ( $\beta_2$ ) is 0.772. It can be said that every price increase of 1 unit (assuming the variables do not change) will increase purchasing decisions.

### Correlation Coefficient Test

From e-WOM it is 0.274 and the price is 0.106 in the interval 0.80-1.00. So it can be concluded that the level of strength of the relationship between e-WOM and price on purchasing decisions has a very strong relationship.

### T test

Menampilkan e-WOM diketahui thitung (4,298), > ttabel (1,650) dan Sig. (0,016) dan thitung harga (2,277), > ttabel (1,650) dan Sig. (0,024) < 0,05. Jadi e-WOM dan harga berpengaruh positif terhadap keputusan pembelian.

### F test

In this study, the calculated F value was obtained at 11.991 with a significance figure (P value) of 0.000 ( $p < 0.05$ ), so it can be concluded that the regression used in the research is a good model and can be used to determine predictions.

### **Test the coefficient of determination R<sup>2</sup>**

(R<sup>2</sup>) is 0.535. This means that 53.5% of the variation in purchasing decision variables can be explained by the independent variables in the form of e-WOM and price. The remaining 46.5% is explained by other factors not studied or outside the model.

As done by Rossy Indriani and Yusepaldo Pasharibu (2020), price influences purchasing decisions. States that the main reason consumers shop online is to get cheaper prices compared to other online shopping. This means that consumers want to save money when buying the products they want because consumers can freely compare when buying at Shopee online shopping. This can also be proven from the results of respondents' answers, where the majority of respondents consider product prices on Shopee to be cheaper than other online shopping.

### **1. The Influence of e-WOM on Purchasing Decisions**

The findings suggest that electronic word of mouth (e-WOM) significantly impacts purchasing decisions, with a p-value of 0.016, indicating a statistically significant influence. This implies that consumers are influenced by electronic word of mouth when making purchasing decisions. Moreover, the assertion that increasing e-WOM promotion leads to an increase in purchasing decisions aligns with the observed significance.

The specific indicator within the e-WOM variable that appears to have the most significant influence on purchasing decisions is positive reviews from previous consumers. This is evident from the highest average score obtained from respondents' responses, which was 4.47. This suggests that positive reviews play a crucial role in shaping consumers' perceptions and ultimately influencing their purchasing behavior.

The significance of positive reviews underscores the importance of maintaining a positive online reputation and actively encouraging satisfied customers to leave reviews. Businesses should prioritize strategies aimed at generating positive feedback and managing any negative feedback effectively to enhance their e-WOM and, consequently, influence purchasing decisions positively.

Furthermore, it's essential to consider the implications of these findings for marketing strategies. Investment in e-WOM promotion, particularly in soliciting and showcasing positive reviews, can yield tangible benefits in terms of increased purchasing decisions. Businesses should leverage platforms where consumers commonly seek and share product opinions, such as social media, review websites, and forums, to amplify positive e-WOM.

Overall, understanding the significance of e-WOM, particularly the impact of positive reviews, provides valuable insights for businesses aiming to enhance their marketing strategies and ultimately drive sales. By prioritizing efforts to foster positive electronic word of mouth, businesses can effectively influence consumers' purchasing decisions in their favor.

## **2. Effect of Price on Purchasing Decisions**

The results indicate that price significantly influences purchasing decisions, with a p-value of 0.024, which is smaller than the conventional threshold of 0.05, indicating statistical significance. This suggests that consumers, particularly students, are sensitive to pricing when making purchasing decisions. The assertion that a decrease in prices leads to an increase in purchasing decisions aligns with the observed significance, highlighting the importance of pricing strategies in influencing consumer behavior.

Given that students often have limited financial resources and large expenses, they are particularly attentive to the prices of products they intend to purchase. It's common for students to compare prices across different sellers to find the most suitable option that fits within their budget constraints. Therefore, offering competitive prices becomes crucial for businesses targeting student consumers.

The competitive price indicator emerges as the most influential aspect of the price variable in shaping purchasing decisions, as evidenced by the highest average score of 4.23 obtained from respondents' responses. This underscores the significance of pricing strategies that emphasize competitiveness in the market. Businesses that can offer products at prices that are perceived as competitive by consumers are likely to attract more purchases, especially from price-conscious segments like students.

Incorporating competitive pricing strategies can involve various tactics such as price matching, discounts, promotions, and bundling deals. Additionally, businesses can leverage technology to dynamically adjust prices based on market demand and competitor pricing, ensuring competitiveness while maximizing profitability.

Overall, understanding the impact of price on purchasing decisions, particularly among student consumers, underscores the importance of adopting effective pricing strategies. By focusing on offering competitive prices and catering to the budget constraints of students, businesses can enhance their appeal and ultimately drive sales. Additionally, ongoing monitoring and adjustment of pricing strategies in response to market dynamics can further optimize outcomes and maintain a competitive edge.

## **3. The influence of e-WOM and price on purchasing decisions**

The research findings suggest that both electronic word of mouth (e-WOM) and price exert a simultaneous positive and significant influence on purchasing decisions. The combined effect of these two variables accounts for 53.5% of the variance in purchasing decisions on the Shopee site. This implies that over half of the purchasing decisions made by consumers on Shopee can be attributed to the interplay between e-WOM and price.

The conclusion underscores the importance of considering multiple factors, including both electronic word of mouth and pricing strategies, when analyzing and influencing consumer behavior on e-commerce platforms like Shopee. The significant impact of e-WOM highlights the



importance of online reviews and recommendations in shaping consumer perceptions and ultimately influencing their purchasing decisions.

Simultaneously, the influence of price underscores the role of pricing strategies in attracting and retaining customers, particularly in the competitive online marketplace. The ability to offer competitive prices can significantly impact consumer choices and drive sales.

However, it's essential to acknowledge that the remaining 46.5% of the variance in purchasing decisions is determined by other variables not accounted for in this research. This suggests that there may be additional factors influencing consumer behavior on Shopee, such as product quality, brand reputation, customer service, and website usability, among others.

Overall, the findings highlight the importance of a holistic approach to understanding and influencing consumer behavior in online retail environments like Shopee. By considering the combined effects of multiple factors, businesses can develop more comprehensive and effective strategies to attract and retain customers and drive sales.

#### **4. Conclusion**

The results of this research are in line with the results of previous research conducted by Nur Laili Hidayati (2018), which stated that Electronic Word of Mouth (e-WOM) and price are key factors that influence purchasing decisions. According to him, creating positive e-WOM among consumers can potentially increase sales volume for a company. Likewise, product prices greatly influence purchasing decisions on online shopping platforms such as Shopee. Consumers tend to consider affordability when choosing products to purchase. They are more interested in products that suit their financial capabilities. If the product price matches consumer expectations, then they are more likely to make a purchase on Shopee. This factor is reflected in the responses of the majority of respondents who stated that product prices on Shopee were considered affordable.

In the conclusion of this research, it can be concluded that Electronic Word of Mouth (e-WOM) and price play a significant role in influencing students' purchasing decisions on the Shopee e-commerce platform. This finding is in line with Indonesian society's consumption trend which is increasingly shifting towards online shopping, where factors such as positive reviews from fellow consumers (e-WOM) and competitive prices are the main considerations in the decision-making process. This research provides a deeper understanding of college students' purchasing preferences and behavior, especially in the context of the increasingly popular use of e-commerce platforms as a means of shopping.

Apart from that, the analysis results also show that the influence of e-WOM and price on purchasing decisions is not only significant individually, but also simultaneously. This confirms that in optimizing marketing and pricing strategies, e-commerce companies like Shopee need to pay attention to both the quality of reviews from previous consumers and competitive pricing to improve consumer purchasing decisions. Thus, this research provides a valuable contribution in understanding the dynamics of online markets and the factors that influence consumer purchasing decisions in this digital era.

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