

The Influence of Electronic Word of Mouth Toward Brand Image and Purchase Intention of 13th Shoes

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Abstract—Shifting marketing era from Legacy Marketing to New Wave Marketing affects in the emergence of virtual entrepreneurs. 13th Shoes - new local online based shoes brand - utilizes three well-known social media as promotion media. In early 2012, when 13th Shoes started to use Instagram as its promotion media, there're an increase in sales with higher margin than the previous years. Research objective is examining the influence of Electronic Word of Mouth (EWOM) among 13th Shoes Instagram toward Brand Image and Purchase Intention. This research is using Purposive Sampling with 200 samples and Structural Equation Modeling with SmartPLS. All variables obtained an almost good responds from respondents. The direct effect of EWOM towards Purchase Intention is 15.9% and indirect effect towards Brand Image is 36.1%. The effects of EWOM towards brand image and purchase intention are equally by 60%. 13th Shoes is suggested to keep increased its brand image.

Keywords—Electronic Word of Mouth, Brand Image, Purchase Intention.

I. INTRODUCTION

“THE world is still round, the market is already flat”, that’s a quote that explained by Kartajaya [1]. Legacy marketing would be replaced by new wave marketing, where marketing activity is done with low-budget high-impact actions. In time with digital marketing era’s movement, a lot of virtual entrepreneurs emerged, either as the owners or product’s resellers. This is triggered by the high increase of internet users in the world. One of the biggest research institutes in Southeast Asia, MarkPlus Insight, describe the number of internet users in Indonesia in 2013. Based on their data, the number of internet user in Indonesia in late 2013 is 74,57 million users, where netizen reach the amount of 31,7 millions as described in Fig. 1.

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Fig. 1 Internet User Growth in Indonesia 2010 – 2013 [2]

The result from MasterCard Worldwide Online Shopping Survey show that 57% Indonesian (samples) utilize internet to shop online. One of the most used online market place by the internet users to run buying and selling process is Social Media. A research showed that 95.7% of internet user in Indonesia are active in social media [3]. A research by UprightDecision in Fig. 2 showed products with highest rating, which 48%, that is bought by the customer through social media are fashion’s products.

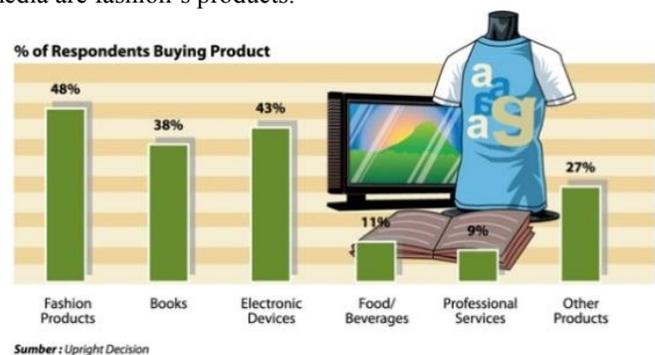


Fig. 2 Buying Product Respondent [4]

Social media usage as one of online market place has pushed the emerge of word-of-mouth which currently known as electronic word-of-mouth (eWOM). Lee stated “internet users growth and important role in e-commerce, eWOM phenomena has changed society’s behavior and decision” [5]. Markets would trust more on WOM credibility than commercial advertisement [6]. Katz, Lazarfeld, and Engel stated that “Past

research has also illustrated that WOM is more effective than traditional marketing tools of personal selling and conventional advertising media” [7].

13th Shoes, which active in fashion industry, utilize social media as one of its promotion media for its products. Started with facebook, then twitter, and in early 2012, 13th Shoes had instagram account based on virtual message. From these three 13th Shoes’s social medias, up until 2014, its instagram account has the most followers, which of 33.000 followers. The following is a 13th Shoes sales chart from 2011 to 2013:

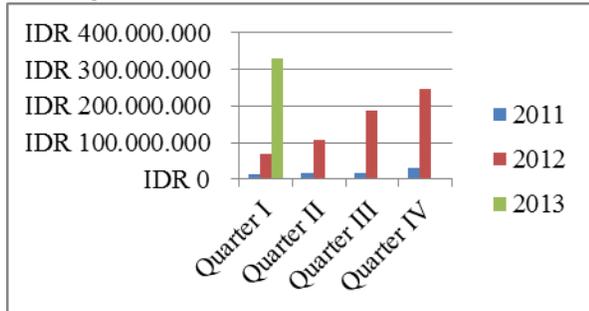


Fig. 3 13th Shoes Sales 2011-2013
Source: 13th Shoes

Based on Fig. 3, we could see that 13th Shoes sales rising continuously in each quarter. In early 2012, 13th Shoes faced sales escalation, shown by its bigger margin than the year before and its escalation was continuing in 2013.

Based on the background above, authors define research objective, which:

- 1) How is respondent’s responds towards electronic word-of-mouth variable in 13th Shoes’s instagram?
- 2) How is respondent’s responds towards brand image variable in 13th Shoes?
- 3) How is respondent’s responds towards purchase intention variable in 13th Shoes?
- 4) How significant the influences of electronic word-of-mouth in 13th Shoes instagram towards 13th Shoes purchase intention?
- 5) How significant the influences of electronic word-of-mouth in 13th Shoes instagram towards 13th Shoes brand image?
- 6) How significant the influences of brand image towards 13th Shoes purchase intention?

II. LITERATURE STUDY

A. Electronic Word of Mouth (EWOM)

Word-of-mouth which take places online is called eWOM [8]. Word-of-mouth is also taking a lot of forms, either online or offline. Three important characteristics of word-of-mouth are [9]:

- 1) Influential: since people believed in people who are familiar and respected, word of mouth could be very influencing.
- 2) Personal: word of mouth could be an intimate dialog that reflect facts, opinions, and experiences.

- 3) Timely: word of mouth happened when someone wants something and very interested, also frequently join important events and increasing experiences.

B. Brand Image

Online branding effect showed that current purchases are caused by eWOM’s role in building brand’s image [10]. Brand image is consumer’s perceptions about a brand, as reflected by the brand associations held in consumer memory [11]. Followings are three dimensions from brand association:

- 1) Strength, the strength of brand association is a function from early information process quantity received and process behavior or quality.
- 2) Favorability, association that benefits trademarks (brand).
- 3) Uniqueness, associate unique different points which is why customers have to buy it.

C. Purchase Intention

Mouth to mouth communication have strong effect on customers behavior [12]. Purchase intention reflects behavior before customers buy a product [13]. According to tricomponent attitude model, behavior is consist of 3 main components: cognitive, affective, and conative.

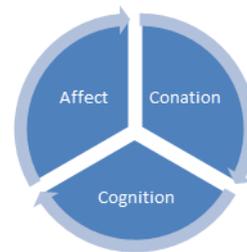


Fig. 4 Tricomponent Attitude Model [8]

- 1) Cognition Component: knowledge and perceptions received, caused by combinations of direct experiences with objects, attitudes, and information from different sources.
- 2) Affect Component: customer’s emotion or feeling about certain product or trademark is affection component from behavior.
- 3) Conation Component: will expression to purchase.

Based on the theory and previous researches, researchers established following framework as shown in Fig. 5:

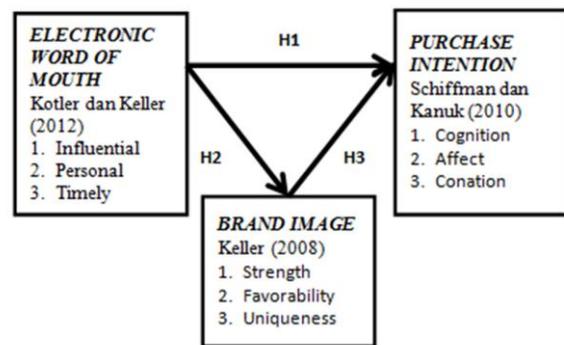


Fig. 5 Research Framework
Source: writer

Based on the background and framework above, there are three hypothesis formulation, which:

- H1: Electronic word-of-mouth affect positively and significantly towards purchase intention on 13th shoes instagram
- H2: Electronic word-of-mouth affect positively and significantly towards brand images on 13th Shoes instagram
- H3: Brand image affect positively and significantly towards purchase intention on 13th Shoes instagram.

III. RESEARCH METHODOLOGY

Research method that used in this research is descriptive and causal. Through descriptive method, we could get description about word-of-mouth, brand image, and purchase intention variables for 13th Shoes instagram. Causal method intends to define impacts from electronic word-of-mouth towards brand image and purchase intention, and also to see the impact from brand image towards purchase intention. Analysis technique used in this research is SEM (Structural Equation Modeling) technique. In this research, electronic word-of-mouth (X1) is an exogenous latent variable and the endogenous latent variables are brand image (Y1) and purchase intention (Y2). Latent impacts from exogenous (X) in this research are influential, personal, and timely. Whereas the observed as the first endogenous latent impacts (Y1) are strength, favorability, and uniqueness. The second observed as endogenous latent impacts are cognition, affect, and conation.

Research scale that is used in this research is interval scale. Measurement scale used in this research is seven point likert scale, (1) for strongly agree to (7) for strongly disagree. Population in this research is 13th Shoes instagram followers, which now 33.000 in numbers, with 200 respondents as samples. Since the population numbers is dynamic, sampling technique used in this research is non probability sampling with purposive sampling method.

This research use Structural Equating Modeling (SEM) with Partial Least Square (PLS) software SMARTPLS 2.0 approach. According to Wold, PLS is a powerful analysis method because it's not based on many assumptions, data is not necessarily to be multivariate normally distributed, which mean could be applied on every data scale, and sample's size is not necessarily large [14]. Hypothesis test is done in SEM analysis process by using probability (P), where:

- H0 accepted if P significance ≥ 0.05 (H0: $p \geq 0.05$)
- H1 accepted if P significance < 0.05 (H1: $p < 0.05$)

IV. RESULT AND DISCUSSION

A. Respondent Characteristic

The respondents are 13th Shoes intagram followers who haven't bought any 13th Shoes products. Respondent's Characteristics or profiles which observed in this research are age, profession, income or allowance, and time for being 13th Shoes instagram followers. Majority of respondents are 18 –

21 years old (64%) and 69% of respondents are university student with allowance range from less than Rp. 1.000.000 (42%) until Rp. 1.000.000 – Rp. 2.000.000 (41%). And based on time for being 13th Shoes instagra followers, majority respondents has become followers for one to six months (47%).

B. Descriptive Analysis

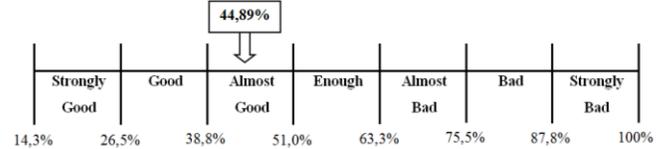


Fig. 6 Continuum Line of Electronic Word of Mouth

Based on the calculation, Electronic Word of Mouth variables get 44,89% respondent's respond. This number could be implied that respondent's respond towards electronic word of mouth which happened in 13th shoes instagram is nearly good. Electronic word of mouth variable in this research consist of three sub variables, which influential, personal, and timely. Overall, only personal sub variables that has adequate score, for influential and timely sub variables, both of it has nearly good score.

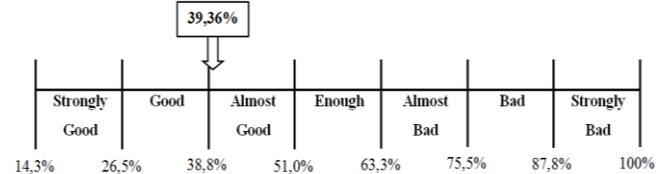


Fig. 7 Continuum Line of Brand Image

Based on the calculation, Brand Image variables get 39,36% respondent's respond. This number could be implied that respondent's respond towards brand image which happened in 13th shoes instagram is nearly good. Brand Image variable in this research consist of three sub variables, which Strength, favorability, and uniqueness. Overall, only favorability sub variables that has adequate score, for strength and uniqueness sub variables, both of it has good score.

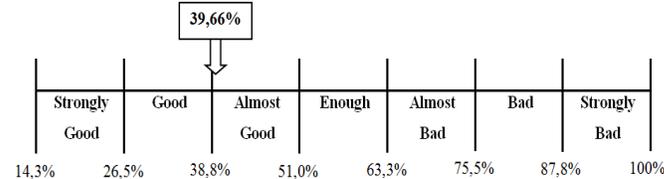


Fig. 8 Continuum Line of Purchase Intention

Based on the calculation, purchase intention variables get 39,66% respondent's respond. This number could be implied that respondent's respond towards purchase intention which happened in 13th shoes instagram is good. Purchase intention variable in this research consist of three sub variables, which cognition, affect, and conation. Overall, only conation sub variables that has good score, for cognition and affect sub variables, both of it has nearly good score.

C. Structural Equation Modeling (SEM) Analysis

1) Measurement Model Analysis (Outer Model)

Following is running result from PLS algorithm that could explain overall measurement analysis model(outer model) and some of structural analysis mode (inner model) specifically towards R-square (R^2) test indicator:

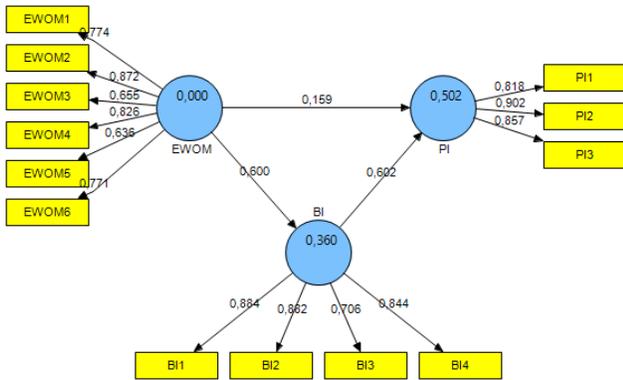


Fig. 9 Algorithm PLS Result

According to outer model calculation, convergent validity obtained valid result with 0.50 point of loading factor. Discriminant validity obtained valid result with good cross loading point because correlation indication point towards construct is higher than correlation indicator point towards another constructs. Average Variance Extracted (AVE) obtained valid result with AVE points above 0.50. composite reliability obtained reliable results with composite reliability point above 0,70.

2) Structural Model Analysis (Inner Model)

In structural model analysis (inner model) phase, there are 2 points which become indicator, there are R-square (R^2) and T-statistics. Following is R-square test result for every endogenous latent variable of this research:

Latent Variables	Test results	Standard	Conclusion
BI	0,3601	0,67 “Good”; “Moderate”; dan 0,19	Moderate
PI	0,5024	“Weak”	Moderate

Examination towards structural model is done by using R-square (R^2) which is goodness of fit test [14]. According to Table I which showed us R-square test result, both variables obtained “moderate” results, which means that model is not really good and not really weak. Besides that, we can conclude that Brand Image variable could be explained by EWOM variables by 36% and the rest are explained by another variables which are not observed in this research. While Purchase Intention could be explained by EWOM variable and Brand Image by 50% and the rest are explained by another variables.

For T-statistic and coefficient parameter would be explained in Table II:

Impact		EWOM → PI	EWOM → BI	BI → PI
Total Effect	Coefficient Parameter	0,5203	0,6001	0,6017
	T Statistics ((O/STERR))	9,3891	12,9752	9,9127
Direct Effect	Coefficient Parameter	0,1593	0,6001	0,6017
	T Statistics ((O/STERR))	2,4670	12,9752	9,9127
Indirect Effect		0,3610	0,0000	0,0000
Conclusion		Affect Significantly Positive	Affect Significantly Positive	Affect Significantly Positive

According to Table II, each impacts from exogenous and endogenous variables towards endogenous variables are significant because the T-statistics points above are more than 1.96. based on coefficient parameter, we could conclude three things, which:

First, there is positive effect from EWOM towards Purchase Intention by 0,1593 or 15,9% directly and by 0,3610 or 36,1% indirectly through Brand Image. These results are still smaller compared to earlier research by Jalilvand and Samiei which discovered that there’s indirect effect from EWOM towards purchase intention through brand image by 59,7% [15]. Besides that, Jililvand and Samiei also discovered that EWOM has strong direct effect towards purchase intention by 57% in automotive industry [15]. The results from Fan and Miao’s research, showed that EWOM acceptance has significant effect towards purchase intention for male and female customers [16]. But, EWOM acceptance has less effect towards female customer’s purchase intention than males. This showed us that there’s a justification for the result of effect of electronic word of mouth toward purchase intention of 13th Shoes instagram, which has a small value. As we know, 13th Shoes is a local Indonesia’s brand that based on women’s shoes, and by that all of its customers and respondents in this research are female. Fan and Miao added that female customers might feel more risk when shopping online than males, for that they are intend to reluctant on making decision to buy online than males [16].

Second, there is positive effect from EWOM towards Brand Image by 0.6001 or 60%. According to Shepard, “Pictures are the most well-known predictor of imagery” [17]. This is already applied by 13th Shoes by utilizing social media instagram which have visual message basis so that they can increase the effect from EWOM communication in overall. By utilizing this visual information, 13th Shoes could present its product feature well to increase WOM communication effect, so it could increase overall understanding towards products benefits.

Third, there is positive effect from Brand Image towards Purchase Intention by 0.6017 or 60%. Wilkie explained that customers would evaluate a brand based on prominent benefits or useful image and then would build their overall behavior [6]. In 13th Shoes, image which is build through EWOM,

specifically with virtual basic message, has a relatively high point by 60%. Thus, we could say that 13th Shoes is already built good image in front of its followers. This thing is a basic for the followers to trust for knowing 13th Shoes products knowledge (cognitive component), then started to have certain emotions towards the products (affective components), and finally would have intentions to do purchases (conation component) with relatively high percentage.

V. CONCLUSION

- 1) Overall, electronic word of mouth on 13th Shoes instagram, brand image, and purchase intention has nearly good responses from the 13th Shoes instagram followers. But, the highest point is achieved by brand image by carrying the most sub variables with good predicate. In sub variable level, the highest point is achieved by conation or intention to purchase in purchase intention variables.
- 2) Electronic word of mouth on 13th Shoes instagram has positive and significant effect towards purchase intention to 13th Shoes products by 52%, where affect directly by 15.9% and indirectly through brand image by 36.1%. It means that, for the 13th Shoes instagram followers who haven't bought 13th Shoes products, through this knowledge about 13th shoes good image which they got from electronic word of mouth, it would be easier for them to buy 13th Shoes products in the future.
- 3) Electronic word of mouth on 13th Shoes instagram has positive and significant effect towards 13th Shoes brand image by 60%. It means that, it is very effective that 13th Shoes utilizing electronic word of mouth process in effort to keep increasing products and brand images.
- 4) 13th Shoes brand image has positive and significant effect towards purchase intention on 13th Shoes products by 60%. It means that a good product and brand image for 13th Shoes instagram followers is very important on influencing their availability to create intention to buy 13th Shoes products.

VI. SUGGESTION

- 1) 13th Shoes should maintain its instagram account more and actively reply comments and questions from its followers so that they wouldn't feel reluctant and would actively hold roles in electronic word of mouth.
- 2) Considering that electronic word of mouth variable obtained the lowest score based on the respondent's responds, 13th Shoes should give efforts on giving relevant and complete information to its followers.
- 3) Brand image has an important role in realizing high impact's score between electronic word of mouth and purchase intention. Because of that, 13th Shoes is required to make continuous improvements to strengthen its brand image in front of its customers, where it would directly impact purchase intention for its products.
- 4) For further researches, it is suggested to compared

electronic word of mouth from the three different social medias that used by 13th Shoes so the impacts could be seen clearer.

- 5) For the next researches, it is suggested to use bigger objects such as a big famous company, so that we could see the differences between impacts of electronic word of mouth towards brand image and purchase intention on new entry companies and incumbent companies.

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