

CHAPTER II LITERATURE REVIEW

2.1 Electronic Word-of-Mouth (e-WOM)

Electronic Word-of-Mouth (e-WOM) can be defined as a positive or negative statement in any online platform that is written by both past or now-customers about a certain product or brand. e-WOM is a shared review and information regarding a product or service of a brand. Reviews of the product can be either information or recommendations. These reviews are written by consumers, but some reviews can be written by professionals. Reviews written by consumers can be as convincing as company-written narratives (Dmour *et al.*, 2021).

Word of Mouth (WOM) can be defined as verbal communication between recipients and communicators about a service, product, or brand. WOM has been shown to affect purchase decisions by influencing consumer choices. WOM can be an oral or written review regarding the advantages or experiences of using a product (Handoko & Melinda, 2021). Social media is very popular with shoppers who strongly relate to the use of e-WOM development (Khwaja & Zaman 2020). With the means of communication through e-WOM, sellers can easily attract consumers from social media very simply and customers still feel comfortable (Alghizzawi 2019). e-WOM is a huge market influencer that can affect consumer purchase intentions, consumers can now give testimonials about how they feel after buying a product on social media (Cham et al., 2021)

Nowadays, WOM can be shared through online media, which can be seen by a lot of people. Word of mouth through online can be defined as information from a friend or family who have used a certain product or service. In social media, everyone freely expresses their opinion, either bad or good experiences in using a product. e-WOM is an informal communication about a brand, service, or product that has been used. e-WOM can be an easier option to seek information regarding a certain brand because it contains comments from people who have used the product. With online based media, customers are allowed to share their opinion and experiences about products or services to other customers. These reviews will engage electronically by word of mouth (Yanti & Suryani, 2020).

2.2 Purchase Intention

Purchase intention is considered a key point on how one intends to buy a certain product at a certain time. It is also known as a behaviour that a customer has their own opinion and the feeling of wanting or needing to purchase a product or service. Purchase intention itself can be used to measure customers' percentage probability to purchase one product and their willingness to buy it eventually. According to past research, purchase intention is believed as a process which involves two or more parties. Where these parties can be also grouped as initiator, influencers, decision makers, buyer, and user.

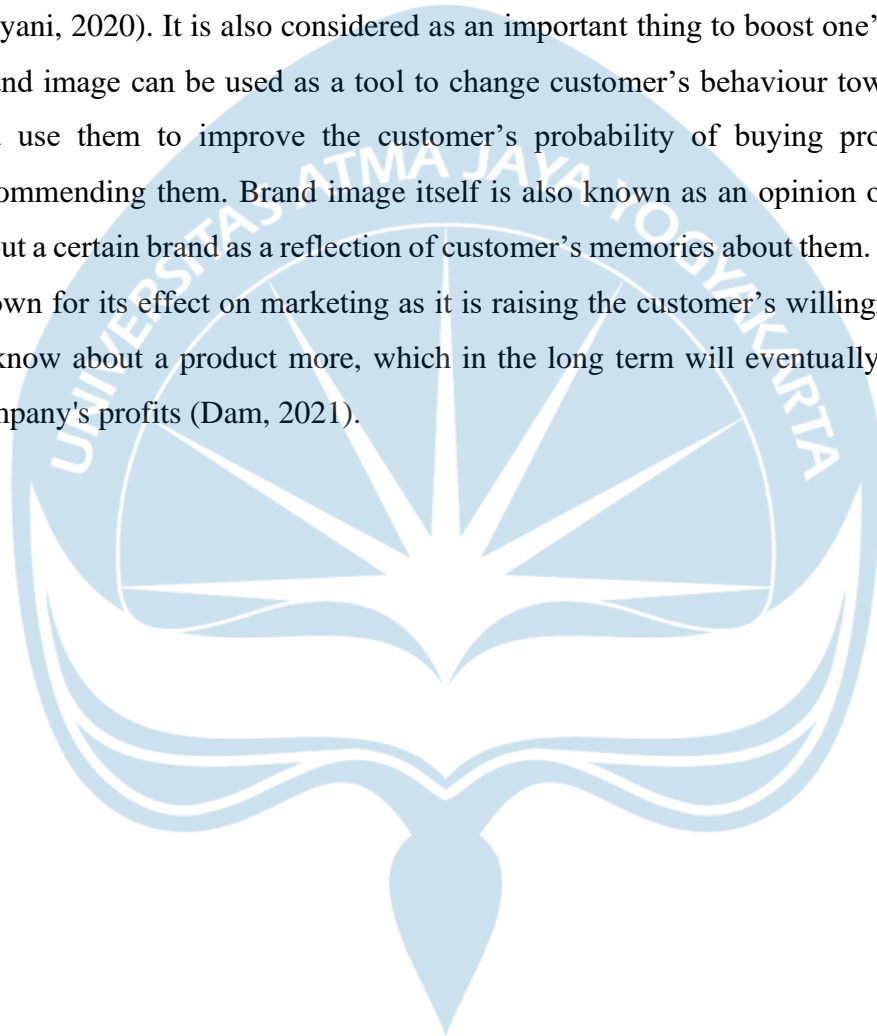
Consumer purchasing decisions that have a real impact on e-WOM show that buyers state that e-WOM has a real effect on purchasing decisions (Bronner De Hoog, 2011). Purchase intention started as a need, or a feeling of wanting a certain product based on one's preferences then goes the searching period of information and more. Then the process of buying or assessing the information and deciding to buy the product (Dmour et al., 2021). Purchase intention can be influenced by brand image and how people review the product (Saraswati & Giantari, 2022). Purchase intention's process if influenced by a whole lot of factors, may it be the marketer's factors or external factors. Company's marketing, especially in this digital era where there are a lot of influencers, articles, ads, or other efforts for product presenting to the public might affect one's opinion (Yanti & Suryani, 2020).

Other factors such as cultural, social class, family or everyday environment will also affect how someone views a product. Other factors are also at play for one's intention to purchase something, such as social demographics. Most importantly, the product itself is the main attraction, especially when it is packed with special attributes that a lot of people need or want (Wijekoon *et al.*, 2021). Information is still very difficult to access regarding the relationship on social media between e-WOM and consumers (Tien et al. 2019)

2.3 Brand Image

Brand image is the overall perception of customers on a brand based entirely from their own perspective and understanding of the brand itself. It is also considered as how a certain branding is affecting one's mind. Since brand image is seen from the customers point of view, it is commonly created when a customer has

their own opinion and expectations towards the brand (Dmour *et al.*, 2021). Sometimes how the brand is making customers feel is also one of the many things that are involved in brand imaging that maybe will help the customers to make up their mind about purchasing from that certain brand. Brand image not only has a role in the customer's buying decision, but also has a role in distinguishing their own brand from another brand that may work in the same industry (Yanti & Suryani, 2020). It is also considered as an important thing to boost one's industry. Brand image can be used as a tool to change customer's behaviour towards them and use them to improve the customer's probability of buying products and recommending them. Brand image itself is also known as an opinion or 'picture' about a certain brand as a reflection of customer's memories about them. It has been known for its effect on marketing as it is raising the customer's willingness to get to know about a product more, which in the long term will eventually affect the company's profits (Dam, 2021).



2.4 Previous Journal

Table 2.1 Previous Journal

No	Title&Author	Variables	Research Methods	Research Result
1	<p>The effect of the electronic word of mouth on purchase intention via the brand image as a mediating factor: an empirical study</p> <p>Hani Al-Dmour, Ahmad Aloqaily, Rawan Al-Qaimari, Malak Al-Hassan (2021)</p>	<p>e-WOW, purchase intention, brand image</p>	<p>Sampling Methods: questionnaire</p> <p>Respondents: people who had experiences with the internet and social media.</p> <p>Number of respondents: 354</p> <p>Analytical tools: SPSS</p>	<p>the findings show that e-WOM has a positive significant effect on both purchase intention and brand image; the brand image has a significant impact on purchase intention, and e-WOM has a fully indirect impact on purchase intention through the brand image as a mediating factor.</p>

2	<p>Brand Image Mediation of Product Quality and Electronic Word of Mouth on Purchase Decision</p> <p>Agung Ratih Saraswati & I Gusti Ayu Ketut Giantari (2022)</p>	<p>e-WOM, product quality, brand image, purchase intention</p>	<p>Sampling Methods: questionnaire</p> <p>Respondents: Samsung smartphone consumers in Denpasar</p> <p>Number of respondents: -</p> <p>Analytical tools: PLS</p>	<p>e-WOM either directly or indirectly through the mediating variable brand image becomes the antecedent of purchase decisions on Samsung smartphones.</p>
3	<p>An Empirical Study in India; the Influence of Electronic Word of Mouth of Brand Image on Consumer Purchase Intention</p> <p>Ankit Sharma, Saswat Tripathy, Dhruvinkumar Chauhan (2022)</p>	<p>e-WOM, brand image, perceived value, purchase intention</p>	<p>Sampling Methods: questionnaire</p> <p>Respondents: consumers from smartphone in Vietnam</p> <p>Number of respondents: 200</p> <p>Analytical tools: SPSS & PLS</p>	<p>Research shows that e-WOM has a positive impact on purchase intention, on brand image and on perceived value. In particular, the analysis also indicates that e-WOM has an indirect impact on purchase intention through its impact on brand image and perceived value.</p>

4	<p>The Role of Brand Image Mediates the Effect of e-WOM on Purchase Intention</p> <p>Larasati Malda Putri, Ketut Rahyuda (2021)</p>	e-WOM, brand image, purchase intention	<p>Sampling Methods: questionnaire</p> <p>Respondents: consumers of Kopi Janji Jiwa in Denpasar City</p> <p>Number of respondents: 130</p> <p>Analytical tools: SPSS</p>	<p>The findings reveal that e-WOM has a considerable influence on brand image and that brand image plays a mediating function between e-WOM and purchase intention.</p>
5	<p>Effect of Electronic Word of Mouth on Purchase Intention Through Brand Image as Media in Tokopedia</p> <p>Natasha Theodora Handoko & Tina Melinda (2021)</p>	e-WOM, brand image, purchase intention	<p>Sampling Methods: questionnaire</p> <p>Respondents: people who had used Tokopedia which was divided into 5 cities in Indonesia</p> <p>Number of respondents: 100</p> <p>Analytical tools: PLS</p>	<p>e-WOM has a significant impact to the consumers purchase interest and brand image. Brand image has a significant impact to the purchase interest. This research outcome also depicts that Electric Mouth has a direct impact to the purchase interest which is mediated by the Brand image</p>

6	<p>The Role of Brand Image Mediates the Effect of Electronic Word of Mouth (e-WOM) on Purchase Intention</p> <p>Ni Kadek Yora Yohana, Komang Ayu Puspita Dewi, I Gusti Ayu Ketut Giantari (2020)</p>	e-WOM, brand image, purchase intention	<p>Sampling Methods: questionnaire</p> <p>Respondents: consumers who have never been and intend to buy Xiaomi smartphones</p> <p>Number of respondents: 100</p> <p>Analytical tools: SPSS</p>	<p>There is no significant with positive influence between e-WOM on the purchase intention, meanwhile there is a positive significant influence between e-WOM on the brand image and influence between the brand image and the purchase intention. Brand image is able to significantly mediate the influence of e-WOM on purchase intention,</p>
7	<p>The Role of Brand Image in Mediating the Influence of e-WOM and Celebrity Endorser on Purchase Intention</p> <p>Komang Ayu Puspita Dewi & I Gusti Ayu Ketut Giantari (2020)</p>	e-WOM, celebrity endorser, brand image, purchase intention	<p>Sampling Methods: questionnaire</p> <p>Respondents: high school students or equivalent in Denpasar City who have never bought products in e-marketplace Shopee.</p> <p>Number of respondents: 100</p> <p>Analytical tools: SPSS</p>	<p>The result of the study showed that brand image has a role in mediating the influence of e-WOM and celebrity endorser on purchase intention. e-WOM, celebrity endorser and brand image have positive and significant effect on purchase intention.</p>

8	<p>Factors affecting the intention to purchase halal cosmetics on Instagram: e-WOM and brand image</p> <p>Muhammad Farid Wajdi, Hendy Mustiko Aji, Suwarsono (2020)</p>	e-WOM, brand image, purchase intention	<p>Sampling Methods: questionnaire</p> <p>Respondents: college student domiciled in Yogyakarta and an active Instagram user</p> <p>Number of respondents: 93</p> <p>Analytical tools: SPSS</p>	<p>This research shows that the purchase intention of halal cosmetics through Instagram is simultaneously influenced by e-WOM and brand image.</p>
9	<p>The Contribution of Social Media, e-WOM On Brand Images and Purchase Intention</p> <p>Arliyarini Erlikamila Yanti and Tatik Suryani (2020)</p>	Social media, e-WOM, brand image, purchase intention	<p>Sampling Methods: questionnaire</p> <p>Respondents: people who residing in East Java, have an Instagram or Facebook account, and buy UKM fashion products through social media</p> <p>Number of respondents: 100</p> <p>Analytical tools: PLS-SEM</p>	<p>The study shows social media and e-WOM have a contribution on brand images, brand images and e-WOM also contributing to purchase intention.</p>

10	<p>How Electronic Word Of Mount (e-WOM) Affects Purchase Intention With Brand Image As A Mediation Variable : Case Of Xiaomi Smartphone In Student</p> <p>Teuku Roli Ilhamsyah Putra, Ridwan, Muhammad Calvin (2019)</p>	e-WOM, brand image, purchase intention	<p>Sampling Methods: questionnaire</p> <p>Respondents: active students of the Faculty of Economics and Business, Universitas Syiah Kuala</p> <p>Number of respondents: 100</p> <p>Analytical tools: -</p>	<p>The result shows that e-WOM has a positive effect on purchase intention of Xioami Smartphone by students, e-WOM has a positive effect on brand image, and brand image has positive effect on purchase intention, and also the brand image partially mediates e-WOM to purchase intention.</p>
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2.5 Hypothesis Development

The relationship between e-WOM and purchase intention became one of the main focuses of this study. Dmour *et al.* (2021) examined the impact of e-WOM on purchase intention. The result shows that e-WOM has a positive and significant impact on purchase intention. Research conducted by Pham & Ngo (2017) also supports this hypothesis. Online reviews and comments from past customers can increase the purchase intention of a product. Similar results obtained by Leong *et al.* (2022) who stated that e-WOM are likely to promote purchase intention. Customers will achieve information via e-WOM and will find the information useful. Therefore e-WOM can affect purchase intention through persuasion process from each individual.

H1: There is a positive and significant effect of e-WOM on the purchase intention of Ourdaylee.

Electronic word-of-mouth also found to have an impact on brand image. Siddiqui *et al.* (2021) stated that e-WOM has a strong and significant impact on brand image. e-WOM became one of the most important roles in brand image development of a brand. Research done by Handoko & Melinda (2021) also supported the hypothesis. The results of the study show a significant effect of e-WOM on brand image. e-WOM has become an important factor that influences potential customers. With positive experience, the brand image of a brand will be boosted. Another research also shows the same result. Pham and Ngo (2017) stated e-WOM has an impactful influence on brand image and will be the basis for business brands for marketing their products with higher efficiency and lower cost.

H2: There is a positive and significant effect of e-WOM on the brand image of Ourdaylee.

Based on Handoko & Melinda (2021), brand image has a positive and significant effect on purchase intention. Brand image will form and attach on customers' minds and leave an impression. Positive experiences will promote customers' confidence to purchase a product from a brand. Siddiqui *et al.* (2021) also stated that brand image has a strong relationship with purchase intention. Brands' credibility boosts its image and has a contribution in purchase intention. Another statement by Wang *et al.* (2021) strengthens the hypothesis. Brand image is an important factor of purchase intention because it can persuade potential customers to buy the products.

H3: There is a positive and significant effect of brand image on the purchase intention of Ourdaylee.

Stating from research conducted by Kala & Chaubey (2018), brand image can be a mediating variable between e-WOM and purchase intention. Customers will seek for online reviews of a certain product they wanted and will consider the brand image before purchasing a product. Another similar result found in Dmour *et al.* (2021) states that e-WOM has an indirect impact on purchase intention through brand image because brand image is related with e-WOM, either its positive or negative reviews. Handoko & Melinda (2021) also stated that brand image has a

positive and significant impact on mediating e-WOM and purchase intention. Brands with a good image are affected by e-WOM and will influence the purchase intention of potential customers.

H4: There is a positive and significant effect of e-WOM on the purchase intention of Ourdaylee mediated by brand image.

2.6 Research Framework

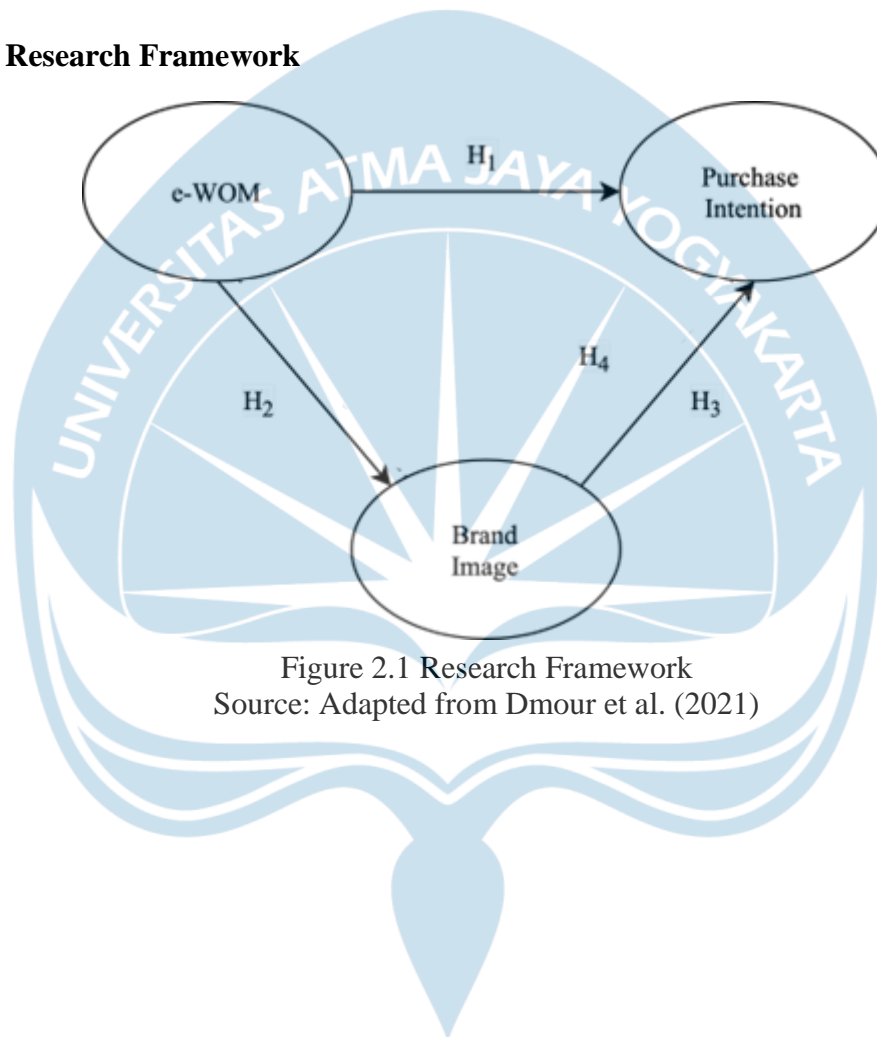


Figure 2.1 Research Framework
Source: Adapted from Dmour et al. (2021)