THE ROLE OF TRUST MEDIATES EFFECT OF E-WOM ON CONSUMER PURCHASE DECISIONS

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ABSTRACT: This study aims to determine the role of trust in mediating the effect of e-WOM on purchasing decisions at Bali Becik Wedding and Florist Denpasar. This research was conducted at the Bali Becik Wedding and Florist Denpasar which is located at Jalan Bypass Ngurah Rai No. 462, Sanur, Bali. The sample used in this study amounted to 110 respondents using purposive sampling method. The data analysis technique used is path analysis. Data collection was done by distributing questionnaires through the goofole form. The results of this study indicate that the e-WOM variable has a positive and significant effect on purchasing decisions at Bali Becik Wedding and Florist Denpasar, e-WOM has a positive and significant effect on trust in Bali Becik Wedding and Florist Denpasar, trust has a positive and significant effect on purchasing decisions at Bali Becik Wedding and Florist Denpasar, trust is a mediating variable for the influence of e-WOM on purchasing decisions at Bali Becik Wedding and Florist Denpasar.

Keywords: e-WOM, trust, purchase decision

I. INTRODUCTION

This research will be conducted in Denpasar City in the wedding organizer business, namely Bali Becik Wedding and Florist Denpasar. Denpasar City was chosen because Denpasar City is the most populous district of the eight other districts in Bali. Apart from that, Denpasar was chosen because it is a location where a lot of businesses are engaged in the design sector, especially in wedding planning. Bali Becik Wedding and Florist Denpasar is a business that is engaged in design, especially in the decoration of weddings and providing florists for all needs. This business has been established since 2017. In the beginning, this business was only engaged in florist, then until now it has been able to serve wedding decorations and events. According to the results of interviews conducted with these business owners, many clients order services through the Bali Becik Wedding and Florist Denpasar website. The use of the website provided by Bali Becik Wedding and Florist Denpasar is to make it easier for potential customers to make purchases and to browse the products and services offered. Apart from the Bali Becik Wedding and Florist Denpasar website, it also uses other marketing methods using digital media and internet media such as Instagram, Facebook and others.

Suprapti (2010: 264) states that a decision is a result of the process of choosing from several available options or alternatives. In the decision making process, consumers need information and will make certain efforts to obtain that information. Each decision requires a continuum from highest to lowest.

Suprapti (2010: 265) states that decision making can be divided into three levels based on a continuum of information seeking, namely as follows: 1) Extensive Problem Solving. At this decision level, consumers do not have certain criteria or specifications to evaluate product categories or brands that are in a product category. In this condition, consumers need a lot of information, both about product categories and about available brands. 2) Limited Problem Solving. At this decision level, consumers already have basic criteria that will be used to evaluate a product category and a number of brands in that product category. However, they don't have a good preference about the brands they choose. Therefore, additional information is needed which will be used to differentiate the existing brands. 3) Routine Response Behavior. At this decision level, consumers have experience with the product category and have good criteria for evaluating the brands that are considered.

In some situations, they may need a little additional information but often rely more on the information they already have. According to Kotler and Armstrong (2016: 185) a purchase decision is a stage of the decision process where consumers actually make a product purchase.

Along with the development of technology at this time is able to change the style of society or potential consumers in social interaction. Currently, interactions between consumers have undergone changes as a result of increasingly rapid technological developments. This also makes business owners or entrepreneurs take advantage of these developments to market their services. Promotional activities that have been carried out by
Bali Becik Wedding and Florist Denpasar by utilizing social media such as Instagram, websites and word of mouth communication, at this time Bali Becik Wedding and Organizer Denpasar has implemented word of mouth communication by combining it on the internet media or can be referred to as electronic word of mouth. Xia and Bechwati, (2008) stated that e-WOM is different from traditional WOM because information sources have little or no previous relationship with information seekers. Meanwhile, according to Syafaruddin et al. (2016) the difference between WOM and e-WOM can be distinguished based on the media used, the use of traditional WOM is more face-to-face, whereas e-WOM communication is online through cyberspace. Arwiedya and Sugianto (2011) suggest that e-WOM is a WOM process using internet or web media, where in promotional media that affects purchasing decisions, one of which is e-WOM. This is in line with the results of research conducted by Kunja (2018), which states that this study can also be useful for building positive perceptions about products and services because positive e-wom will consequently affect purchasing decisions. Therefore, it is necessary for companies to focus on activating consumer engagement.

The results of research by Adeliasari et al. (2014) and Akram and Wibowo (2016) state that e-WOM has a significant and positive effect on purchasing decisions. In line with this explanation, Novita Sari et al. (2017) in their research also states that electronic word of mouth has a significant and positive effect on purchasing decisions. Similar to Fitria's (2016) previous research regarding the analysis of the effect of electronic word of mouth on purchasing decisions, the results of this study indicate that electronic word of mouth has a significant influence on purchasing decisions.

In promoting or marketing products, companies or businesses generally use promotions that can attract the trust of consumers, both through traditional marketing and marketing through digital media. e-WOM can not only influence the buyer's decision but also influence trust. This is supported by research by Septiari (2018) which states that electronic word of mouth has a positive effect on trust, because electronic word of mouth will increase consumer confidence in online trust. In line with this, Al-Debei (2015) states that one of the main factors affecting trust is electronic word of mouth, as a benchmark and reference for potential consumers and will stimulate consumer confidence in making online transactions. Similar research was also presented by Matute et al. (2016) in their research found that e-WOM has a positive and significant effect on trust. In this study, it emphasizes that e-WOM is not a measuring tool but the content of e-WOM which will be measured as an indicator in e-WOM.

Wulandari and Nurcahya (2015) state that brand trust will determine consumer purchases of brands and trust has the potential to create high-value relationships. The same thing was also expressed by (Mamahit et al, 2015 and Adiwidjaja and Taringan, 2017). Brand trust has a positive and significant effect on purchasing decisions. This research is interesting to study because it was found that a research gap from Wijaya and Paramita's research (2014) states different things where e-WOM has no significant effect on purchasing decisions and Nofiani's research, (2014) which states that trust has no effect on purchasing decisions and Kumaralalita et al (2017) stated that e-WOM has no significant effect on trust.

II. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Handi et al. (2018) stated that there is a positive and significant relationship between e-WOM and purchasing decisions. Matute et al. (2016) in their research also found that e-WOM has a positive and significant effect on purchasing decisions. Likewise, the results of research from Fhonna and Utami (2018), namely that e-WOM has a positive and significant effect on purchasing decision involvement. Novita et al. (2017) stated that e-WOM has a positive and significant effect on purchasing decisions.

H1: e-WOM has a positive and significant effect on purchasing decisions

Matute et al. (2016) in their research found that e-WOM has a positive and significant effect on trust. Sari and Wijaya's (2016) research results state that e-WOM has a positive and significant effect on trust. The same thing was also expressed in Zahni and Arbror's (2019) research that e-WOM has a positive and significant effect on trust.

H2: e-WOM has a positive and significant effect on trust

Anggraeni and Madiawati (2016) stated that trust has a positive and significant effect on purchasing decisions. Research conducted by Fhonna and Utami (2018) found that trust has a positive and significant effect on purchasing decisions. Wibowo et al. (2017) in their research also indirectly revealed that trust had a positive and significant effect on purchasing decisions.

H3: Trust has a positive and significant effect on purchasing decisions

Prasad et al. (2017) stated that trust has an important role as a mediator between e-WOM and purchasing decisions. The same thing was also expressed in Dewi and Sudiksa (2019) research that trust was significantly able to mediate the relationship between e-WOM and purchasing decisions. Research conducted by Syafaruddin et al. (2016) stated that trust significantly mediates the effect of e-WOM on purchasing decisions. Vongurai et al. (2018) in their research found that trust has a positive and significant effect on mediating the effect of e-WOM on purchasing decisions.
H4: Trust has a positive and significant effect in mediating the effect of e-WOM on purchasing decisions

III. METHODS

This research was conducted in the city of Denpasar, namely Jalan Bypass Ngurah Rai No. 462, Sanur, Bali. Which is the place of Bali Becik Wedding and Florist. The object of this research is the role of trust to mediate the influence of e-WOM on consumer purchasing decisions of Bali Becik Wedding and Florist Denpasar. The subjects in this study were consumers who had already purchased services at Bali Becik Wedding and Florist Denpasar.

The population used in this study are consumers who have already purchased services at Bali Becik Wedding and Florist. The sampling technique in this study is to use a non-probability sampling technique with a purposive sampling method.

The data analysis technique in this study using path analysis is an extension of multiple linear regression analysis with the following equation:

Sub-structural Equations 1

\[ M = \beta_1 X + \epsilon \]

Sub-structural Equation 2

\[ Y = \beta_2 X + \beta_2 M + \epsilon \beta \]

Information:

Y = purchase decision
X = e-WOM
M = trust
\( \beta \) = variable regression coefficient
\( \epsilon \) = error

IV. RESULTS AND DISCUSSION

Path analysis results

The Effect of e-WOM on Trust

In this study, the effect of e-WOM on trust is calculated through the SPSS 21.0 for windows program. The following shows the results of the path analysis in Table 1.

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>3.002</td>
<td>0.387</td>
<td>7.749</td>
<td>0.000</td>
</tr>
<tr>
<td>e-WOM</td>
<td>0.377</td>
<td>0.092</td>
<td>4.092</td>
<td>0.000</td>
</tr>
<tr>
<td>( R^2 )</td>
<td>0.134</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Based on the results of the path analysis in Table 1, the structural equation that is formed can be formulated as follows.

\[ M = \beta_1 X + \epsilon_1 \]

\[ M = 0.366X \]

The structural equation can be interpreted as:

The e-WOM variable has a coefficient of 0.366, which means that e-WOM has a positive effect on trust, this means that if e-WOM increases, confidence will increase by 0.366.

The Role of Trust in Mediating the Effect of e-WOM on Purchasing Decisions

In this study, the influence of the role of trust in mediating the effect of e-WOM on purchasing decisions through SPSS 21.0 for windows is calculated. The following shows the results of the calculation of the first structure in Table 2.

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>0.797</td>
<td>0.366</td>
<td>2.177</td>
<td>0.032</td>
</tr>
<tr>
<td>e-WOM</td>
<td>0.260</td>
<td>0.075</td>
<td>3.467</td>
<td>0.001</td>
</tr>
<tr>
<td>Trust</td>
<td>0.562</td>
<td>0.073</td>
<td>7.707</td>
<td>0.000</td>
</tr>
</tbody>
</table>
Based on the results of the path analysis in Table 2, the structural equation that is formed can be formulated as follows.

\[
Y = \beta_2 X + \beta_3 M + e_2
\]

\[
Y = 0.256X + 0.569M
\]

The structural equation can be interpreted as:

a) The e-WOM variable has a coefficient of 0.256, which means that e-WOM has a positive effect on purchasing decisions, this means that if e-WOM increases, purchasing decisions will increase by 0.256.

b) The trust variable has a coefficient of 0.569, which means that trust has a positive effect on purchasing decisions, this means that if trust increases, the purchase decision will increase by 0.569.

**Standard Error Value**

In this test, each error variable in each structure will be seen with the aim of compiling the final path diagram model. The following are the results of the calculation of the error variable values in each structure in Tables 3 and 4.

### Table 3. Standard Error Value of the Effect of e-WOM on Trust

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.366</td>
<td>0.134</td>
<td>0.126</td>
<td>0.37722</td>
</tr>
</tbody>
</table>

In calculating the effect of error I, the results for the effect of structural error 1 (e1) are 0.991 and the effect of structural error 2 (e2) is 0.710. The following are the results of testing the standard error values in Tables 5 and 6.

### Table 4. Standard Error Value of the Effect of e-WOM on Purchasing Decisions with Trust as an Intermediary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.704</td>
<td>0.496</td>
<td>0.486</td>
<td>0.28572</td>
</tr>
</tbody>
</table>

In calculating the effect of error I, the results for the effect of structural error 1 (e1) are 0.991 and the effect of structural error 2 (e2) is 0.710. The following are the results of testing the standard error values in Tables 5 and 6.

### Table 5. Test Results of Standard Error Values

<table>
<thead>
<tr>
<th>Test result</th>
<th>Standard Error Value</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>e1</td>
<td>0.991</td>
<td>Standard Error for Trust variable</td>
</tr>
<tr>
<td>e2</td>
<td>0.710</td>
<td>Standard Error of Purchasing Decision variable</td>
</tr>
</tbody>
</table>
Figure 1. Structure of a Causal Relationship

Figure 1 shows the magnitude of the value of the effect of e-WOM on the variable of trust and purchasing decisions, as well as the magnitude of the value of the influence of the variable of trust on purchasing decisions. Based on the path diagram in Figure 1, it can be summarized the calculation of the direct effect, indirect effect and the total effect of each structural equation which will be presented in Table 6 below.

Table 6. Direct Effect, Indirect Effect of e-WOM (X), On Trust (M) and Purchase Decisions (Y)

<table>
<thead>
<tr>
<th>Variables</th>
<th>Direct</th>
<th>Indirect</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>X → Y</td>
<td>0.256</td>
<td>0.208</td>
<td>0.464</td>
</tr>
<tr>
<td>X → M</td>
<td>0.366</td>
<td>-</td>
<td>0.366</td>
</tr>
<tr>
<td>M → Y</td>
<td>0.569</td>
<td>-</td>
<td>0.569</td>
</tr>
</tbody>
</table>

Primary Data, 2020

In Table 6, the summary results of the value of each path of direct and indirect influence between variables and the error value in each structural equation are generated through path analysis techniques.

**The effect of e-WOM on purchasing decisions**

The results of the path analysis of the influence of e-WOM on purchasing decisions have a sig t value. $0.001 \leq 0.05$ indicates that $H_0$ is rejected and $H_1$ is accepted, which means that there is a significant effect between e-WOM on Purchasing Decisions. The beta coefficient value of 0.256 indicates a positive direction. The conclusion is that e-WOM has a positive and significant effect on purchasing decisions, in other words, the better the e-WOM at Bali BecikWedding and Florist Denpasar, the more positive the purchasing decision at Bali Becik Wedding and Florist Denpasar. So that the first hypothesis is accepted.

The results of the hypotheses in this study indicate that e-WOM has a positive and significant effect on purchasing decisions, in other words, the better e-WOM at Bali Becik Wedding and Florist Denpasar, the more the decision to purchase services at Bali Becik Wedding and Florist Denpasar. The results of the second hypothesis analysis are accepted. In research conducted by Arwiedya and Sugianto (2011), it is suggested that e-WOM is a WOM process using internet or web media, where in promotional media that affects purchasing decisions, one of which is e-WOM. This is in line with the results of research conducted by Kunja (2018), which states that this study can also be useful for building positive perceptions about products and services because positive e-wom will consequently affect purchasing decisions. Therefore, it is necessary for companies to engage in consumer engagement activation. Research by Fitria (2016) regarding the analysis of the effect of electronic word of mouth on purchasing decisions, the results of this study indicate that electronic word of mouth has a significant effect on purchasing decisions.

**The effect of e-WOM on trust**

In the results of the path analysis of the effect of e-WOM on trust, the sig t value. $0.000 \leq 0.05$ indicates that $H_0$ is rejected and $H_1$ is accepted, which means that there is a significant effect between e-WOM on trust. With a beta coefficient value of 0.366 indicates a positive direction. The conclusion is that e-WOM has a positive and significant effect on trust, in other words, the better e-WOM is for Bali Becik Wedding and Florist Denpasar in carrying out its promotion, the greater the trust in Bali Becik Wedding and Florist Denpasar. So that the first second is accepted.
The results of the hypothesis in this study indicate that e-WOM has a positive and significant effect on trust, in other words, the better e-WOM is for Bali Becik Wedding and Florist Denpasar, the more positive the trust that will arise in Bali Becik Wedding and Florist Denpasar. The results of the second analysis were accepted. This is supported by research by Septiari (2018) which states that electronic word of mouth will increase consumer confidence in online trust. Matute et al. (2016) in their research found that e-WOM has a positive and significant effect on trust. Sari and Wijaya’s (2016) research results state that e-WOM has a positive and significant effect on trust.

The effect of trust on purchasing decisions

On the results of the path analysis the influence of trust in purchasing decisions. Sig value t. 0.000 ≤ 0.05 indicates that H0 is rejected and H1 is accepted, which means that there is a significant influence between trust in purchasing decisions. The beta coefficient value of 0.569 indicates a positive direction. The conclusion is that trust has a positive and significant effect on purchasing decisions, in other words, the more positive trust in Bali Becik Wedding and Florist Denpasar, it will be able to encourage purchasing decisions at Bali Becik Wedding and Florist Denpasar. So that the third hypothesis is accepted.

The results of the hypothesis in this study indicate that trust has a positive and significant effect on purchasing decisions, in other words, the more trust arises, it will be able to encourage purchasing decisions at Bali Becik Wedding and Florist Denpasar. The results of the third hypothesis analysis can be accepted. Wulandari and Nurcahya (2015) state that brand trust will determine consumer purchases of brands and trust has the potential to create high-value relationships. Research conducted by Phonna and Utami (2018) found that trust has a positive and significant effect on purchasing decisions. Wirbo et al. (2017) in their research also indirectly revealed that trust had a positive and significant effect on purchasing decisions.

The effect of e-WOM on purchasing decisions with trust as mediation

The sobel test is an analytical tool to test the significance of the indirect relationship between the independent variable and the dependent variable which is mediated by the mediator variable. The sobel test is formulated with the following equation and can be calculated using the Microsoft Excel 2010 application. If the Z calculation value is greater than 1.96 (with a confidence level of 95 percent), then the mediator variable is considered to significantly mediate the relationship between the dependent variable and the independent variable.

\[
Z = \frac{ab}{\sqrt{b^2s^2_a + a^2s^2_b + s^2_s^2}}
\]

\[
Z = \frac{0.569 \times 0.092}{\sqrt{0.366^2 + 0.366^2 + 0.073^2 + 0.092^2 + 0.073^2}}
\]

\[
Z = 3.521
\]

Based on the results of the Sobel test, it shows that the tabulation results are Z = 3.521 > 1.96, which means that the e-WOM variable has a positive and significant effect on purchasing decisions at Bali Becik Wedding and Florist Denpasar with mediation of trust, so that trust is the mediating variable of the influence between e-WOM on the purchase decision at BeliBecik Wedding and Florist Denpasar, so the fourth hypothesis is accepted.

The results of the hypothesis in this study indicate that e-WOM has a positive and significant effect on purchasing decisions at Bali Becik Wedding and Florist Denpasar by mediating trust, so that trust is the mediating variable of the influence of e-WOM on purchasing decisions at Bali Becik Wedding and Florist Denpasar. The results of the fourth hypothesis analysis can be accepted. E-WOM is a promotional tool used by a business using social media or the internet to promote its products or services. Trust is an expectation that a consumer has or a belief that a consumer has for a product or service that will be used or purchased. A purchase decision is an action taken by consumers on the basis of wants or needs. In the decision-making process, consumers need information and will make certain efforts to obtain that information. Each decision requires a continuum from highest to lowest. Prasad et al. (2017) stated that trust has an important role as a mediator between e-WOM and purchasing decisions. The same thing was also expressed in Dewi and Sudiksa (2019) research that trust was significantly able to mediate the relationship between e-WOM and purchasing decisions. Research conducted by Syafaruddin et al. (2016) stated that trust significantly mediates the effect of e-WOM on purchasing decisions.

Research Implications

The theoretical implication of the results of this study is useful for adding insight and knowledge, as well as being able to apply theories and concepts related to marketing strategies obtained from the lecture bench, particularly regarding e-WOM, trust and purchasing decisions. In addition, the practical results of this study are expected to be useful or useful input and consideration for Bali Becik Wedding and Florist Denpasar in implementing good marketing strategies, especially regarding e-WOM, trust and purchasing decisions. Theoretically, this research also provides an understanding that e-WOM and real trust can improve purchasing
decisions, when the e-WOM obtained by consumers increases trust, then the perceived trust becomes stronger so that it has the potential to increase purchasing decisions.

V. CONCLUSION

e-WOM has a positive and significant effect on purchasing decisions at Bali Becik Wedding and Florist Denpasar. This means that the better the e-WOM that Bali Becik Wedding and Florist Denpasar does, the higher the level of consumer purchasing decisions.

e-WOM has a positive and significant effect on trust in Bali Becik Wedding and Florist Denpasar. This means that the better the e-WOM that Bali Becik Wedding and Florist Denpasar does, the higher the level of consumer confidence.

Trust has a positive and significant effect on purchasing decisions at Bali Becik Wedding and Florist Denpasar. This means that the better the trust given, the higher the level of consumer purchasing decisions.

Trust is a mediating variable for the influence of e-WOM on purchasing decisions at Bali Becik Wedding and Florist Denpasar. This means that trust can have a significant impact and can increase the effect of e-WOM on purchasing decisions.

For further research, it is expected to be able to add variables that can influence purchasing decisions, as well as to be able to improve the results of better research in finding samples with a larger number and can also replace research locations that do not only focus on a research location, thus providing a views that are more and can be implemented in general.

VI. REFERENCES


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