

CHAPTER I

INTRODUCTION

1.1 Background

In this modern era, the development of science and technology is increasingly advanced. This brings changes in the lifestyle of modern society to become more practical and encourages the development of the business world which is increasingly rapid and business competition is getting tougher, thus demanding a business person to meet consumer needs and work hard in facing intense business competition, one of which is the online shop business that offers products online. A businessman is required to be more creative in marketing his products and develop appropriate marketing strategies to be more creative in marketing his products and develop appropriate marketing strategies to win the hearts of consumers and maintain the continuity of his business activities. Various kinds of business variants can be the choice of business people today. To survive the intense competition for products in a business environment, a business actor must be able to show the superiority of his product, one of which is using promotion (Andreani in Gusniputra, 2017). The concept of the marketing mix in it is known as the 4P (Product, Price, Place, Promotion) which must be carried out by a marketer so that the products made can be brought into the right hands of consumers and achieve customer satisfaction and company goals, so it requires effective and efficient communication tools used by consumers to communicate with each other.

With the development of increasingly sophisticated technology, the means of communication and means used in marketing are also increasingly varied and developing. One of the most effective and efficient ways to market a product or service is through the Word Of Mouth communication process using the internet media. This Word Of Mouth (WOM) has a very influential or effective role in the survival of a company. Because this WOM communication can be widely spread quickly and is trusted by potential consumers who will

influence them in making purchasing decisions (Sernovitz in Gusniputra. 2017). Usually, someone tends to ask others about the quality of a product and service before deciding to buy a product because information obtained from family, close friends will be considered more trustworthy in the minds of consumers than information obtained from various media presented by business people (Wulandari in Gusniputra. 2017).

According to Sernovitz in Gusniputra (2017) “It doesn’t matter whether you’re selling real estate, jelly or jet engine. People will ask other people about you before they decide to buy from you. We turn to people we trust first, friends, family, coworkers, and other people like us-when starting to look for something to buy. No ads, not brochure, not phone books”. When a consumer feels that their satisfaction is fulfilled by a product or service they have tried or when consumers feel the opposite, namely they are dissatisfied with the product they have tried, that's when WOM occurs. Word Of Mouth communication by these consumers can have a positive or negative impact on business people. Word Of Mouth (WOM) comes from the reference Group, namely suggestions from family, friends, partners, and opinion leaders. A consumer before deciding to buy a product will often seek information about the product by asking close relatives or people they believe already know the product.

According to Hasan in Yusup (2020) defines that Word Of Mouth (WOM) is a compliment, recommendation, and customer comments about their experience of service from products that influence customer decisions or their buying behavior. So consumers who receive recommendations through WOM are more likely to believe that the informer is because they have used the product before and consumers have known the information provider. Business people are also competing so that their products can be discussed among their consumers with the marketing method through the WOM. The Word Of Mouth concept is one of the ancient marketing tools, but in modern times it can be an effective marketing strategy. Where many business people believe that consumers who are targeted to promote a product can also function as a medium to market a product. Not all products can support the marketing concept through this WOM because

Word Of Mouth (WOM) can be created when the product can create customer satisfaction so that the image created by a consumer can be spread without the need for a business person to do it promotions on the products they make.

If the information from the Word Of Mouth (WOM) communication has influenced potential consumers, the prospective customer will consider buying a product. This is the initial stage of a consumer in generating buying behavior by wanting to own and buy a product. This is in line with the opinion of Morwitz (2014) which states that buying behavior begins with a purchase intention or purchase intention. The intention has a positive relationship and influence on online shopping behavior. According to Sudarsono in Firmansyah (2019), the intention is the desire to do something and have a goal. The intention or desire to do something is what makes someone want to do online shopping.

Several factors influence the level of purchase intention. According to Kotler in Sukarnaya (2019), the factors that influence purchase intention are external and internal. External factors are aspects that are around the consumer's environment including cultural and social factors. Meanwhile, internal factors are aspects that arise from within the individual, namely psychology and personal factors. Psychology aspects consist of motivation, learning, attitudes, and perceptions. Meanwhile, the personal aspect consists of age, profession, economic situation, lifestyle, and personality.

A business actor needs to study consumer behavior, to find out what factors influence a consumer to be able to buy a product they want. One way to study consumer behavior is to study these psychological and personal factors because psychology and personal aspects are part of the internal factors in consumers who have an attachment to purchasing decisions. Learning about psychology and personal factors is very important in carrying out the marketing concept because, without an understanding of consumer variants, a business actor will not be able to market his products appropriately to consumers.

Psychology factors consist of motivation, learning, attitudes, and perceptions. Starting with a consumer's motivation requires a motive for why he should choose or buy the products offered by the company. Then with the learning

process in which consumers seek information about the product or service regarding the quality, quality, and good or not of the product being offered, so that confidence in consumers' self regarding the product can emerge in an attitude or action to buy or not buy the product. After that, presenting and identifying the post product using the product. Meanwhile, personal factors exist in each individual that can affect their different needs. Aspects of age, profession, economic situation, lifestyle, and personality. These are four important factors for marketers to know consumer behavior. If the personal factor is increased, the intention towards buying behavior will increase.

By understanding all psychology and personal aspects of a consumer, business people can find out the factors that make consumers decide a purchase. This situation requires a business actor to respond to conditions that are always changing in the consumer environment. So that business people can make the right decisions and actions to formulate a proper strategy. Studying consumer behavior that is not static but continues to change, business people must observe the dynamics of these changes.

Seeing the aim of the Word Of Mouth (WOM) is influencing psychology and personal intention to buy factors, the main objective of psychological factors and personal intention to buy is to make consumers make a purchasing decision. According to Amirullah in Gusniputra (2017), decision-making is a process of assessment and selection of various alternatives by certain interests by setting a choice that is considered profitable. Consumers will purchase or use after determining the perception of a product. The positive perception of a product will bring consumers to buy or use the product.

In current technological developments, the presence of the internet provides many facilities and changes in the lifestyle of the community to become more practical. It is used by business people to market their products through internet media (online shopping). Of the total internet users, there are various forms of the behavior of internet utilization in the economic field. Based on the data presented by APJI (Association of Internet Services) in 2017, shows that as much as 45.14% do a price search; 41.04% help work; 37.82% looking for buying

information; 32.19% make online purchases; 26.19% looking for work; 17.04% of banking transactions; and 16.83% make online sales. Based on data deposited by the APJI, one of the internet utilization behavior in the economy is sales and online purchases.

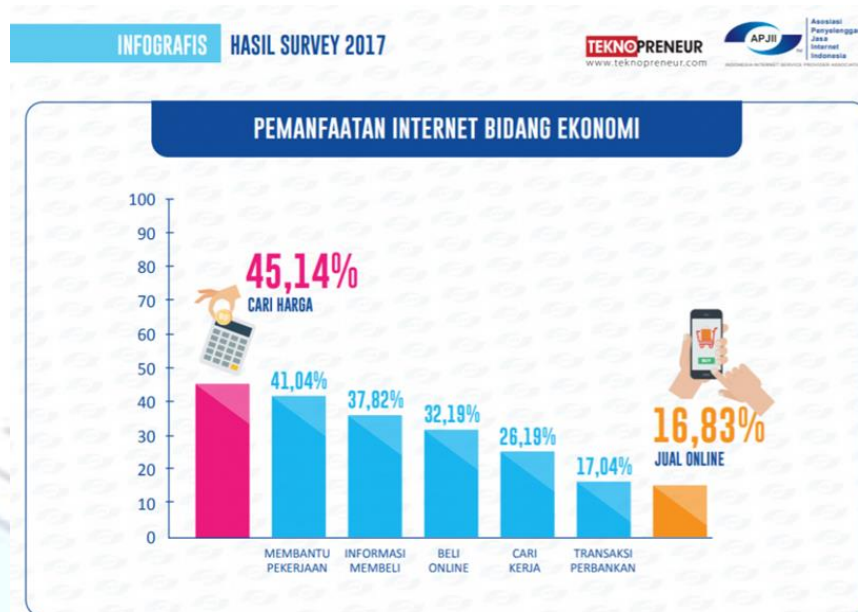


Figure 1.1 Internet Utilization in Economics in 2017
 Source : Internet Service Providers Association (2017)

One source of information that is a consumer consideration in making a product of purchasing a product is Word Of Mouth communication using WOM as a form of communication to improve the image of the brand of it is products and know the character of psychology and personal factors from buying intention. Word Of Mouth (WOM) can affect psychology and personal factors of intention to buy a person to make a purchasing decision through the internet media (online shopping). Based on the business, the title of this research is: "**The Influence of Word Of Mouth (WOM) on Psychology Factors through Personal Factor as Intervening Factor of Intention to Buy through Internet Media (Online Shopping) on College Student Consumers in Bengkalis**". The reason for choosing a student consumer in Bengkalis as a respondent because college students are an open-minded community of all information and technological developments, one of which is on purchases through internet media (online shopping).

1.2 Formulation of The Problem

Based on the above background, this research problem can be formulated as follows :

1. Does the Word Of Mouth (WOM) have a significant effect on psychology factors of intention to buy through internet media (online shopping) on college student consumers in Bengkalis?
2. Does the Word Of Mouth (WOM) have a significant effect on personal factors of intention to buy through internet media (online shopping) on college student consumers in Bengkalis?
3. Do the Word Of Mouth (WOM) have a significant effect on psychology factors through personal factor as an intervening factor of intention to buy through internet media (online shopping) on college student consumers in Bengkalis?

1.3. Purpose of the Study

The purpose of this research is to collect data and information as material to compile an undergraduate thesis, where this undergraduate thesis is one of the requirements that must be met to obtain an applied bachelor's degree at the Bengkalis State Polytechnic. The purpose of the study is as follows :

1. To Find out the influence of Word Of Mouth (WOM) on psychology factors of intention to buy through internet media (online shopping) on college student consumers in Bengkalis.
2. To Find out the influence of Word Of Mouth (WOM) on personal factors of intention to buy through internet media (online shopping) on college student consumers in Bengkalis.
3. To Find out the Influence of Word Of Mouth (WOM) has a significant effect on psychology factors through personal factors as an intervening factor of intention to buy through internet media (online shopping) on college student consumers in Bengkalis.

1.4. Significance of the Study

The benefits to be achieved in the research entitled "The Influence of Word Of Mouth (WOM) on Personal Factors of Intention to Buy through Internet Media (Online Shopping) on College Student Consumers in Bengkalis" are as follows :

1. For writers

This research can provide information to college students about "The Influence of WOM on psychology factors through personal factor as an intervening factor of intention to buy through internet media (online shopping) on college student consumers in Bengkalis", considering students before buying a product through the online shopping, and can be a means evaluation for college students and as a condition for completing the final project of Diploma IV in International Business Administration.

2. For other parties

This research can be used as a reference for further related research, as a source of information to enable further research on related topics, both continuing and complementary.

3. For industry

This research is expected to provide knowledge about the influence of WOM on psychology factors and the intention to buy products through internet media (online shopping) owned by students so that they can help producers use WOM to influence themselves on intention to buy internet media (online shopping) for college students.

1.5. Scope and Limitation of the Problem

Based on the background that had been described earlier, the author made a limit to the problem so that the scope of this research was clearly limited. The limitations of the problem made are :

1. Research focuses on the influence of the WOM on psychology and personal factor of intention to buy through internet media (online shopping) on college student consumers in Bengkalis.

2. Research focuses on the influence of the Word Of Mouth (WOM) (including reference groups and opinion leaders) on psychology factors (including motivation, perceptions, learning, and attitudes) through personal factor (including age, profession, economic situation, lifestyle, and personality) as intervening factor of intention to buy through internet media (online shopping) on college student consumers in Bengkalis.
3. The research was conducted on college student consumers in Bengkalis by taking data using a questionnaire.

1.6. Writing System

To provide a clear picture of the writing of this project, a writing system has been compiled containing information on the material discussed in each chapter. The systematics of this writing is as follows :

CHAPTER I : INTRODUCTION

In this chapter, the authors describe the background, formulation of the problem, the purpose of the study, significance of this study, the scope and limitations of the problem, and the systematics of writing in the final report.

CHAPTER 2 : LITERATURE REVIEW

In this chapter, the authors describe the theoretical basis that will be used in the completion of both general and specific theoretical research which consists of Related Theory, literature review, and framework.

CHAPTER 3 : METHODS AND ACCOMPLISHMENT PROCESS

In this chapter, the authors explain various things, including location and object of the study, types and sources of data, population and sample, sampling techniques, data collection techniques, data processing techniques, measurement scale, test validity and reliability, data analysis methods. data, research hypotheses, research models, types of the study, concept definitions and operational variables.

CHAPTER 4 : RESULT AND DISCUSSION

In this chapter there are result, discussion, and limitation of the study.

CHAPTER 5 : CONCLUSION AND SUGGESTION

In this chapter, there are conclusions and suggestions as a final description of the report.

REFFERENCES

APPENDICES

WRITER BIOGRAPHY

