

Effect of Social Media Promotion and Word of Mouth on Purchasing Decisions Through Purchase Intention as an Intervening Variable at Coffee Shop Minum Kopi Medan

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ABSTRACT

The purpose of this research is to analyze effect of social media promotion and word of mouth on purchasing decisions through purchase intention as an intervening variable at Coffee Shop Minum Kopi Medan. This type of research uses associative research with a quantitative approach. This study selects a population of all consumers. The type of population to be studied is an infinite population, because researchers do not know the exact number of Coffee Shop Minum Kopi Medan visitors drinking coffee every day. Sample in this study are 125 people who are consumers who had visited Coffee Shop Minum Kopi Medan. The data analysis technique used to test the hypothesis uses a structural equation model. The results of the study show that social media promotion has a positive and significant effect on purchase intention. Word of mouth has a positive and significant effect on purchase intention. Promotion of social media has a positive and significant effect on purchasing decisions. Word of mouth has a positive and significant effect on purchasing decisions. Purchase intention has a positive and significant effect on purchasing decisions. Social media promotion has a positive and significant effect on purchasing decisions through purchase intention. Word of mouth has a positive and significant effect on purchasing decisions through purchase intention.

Keywords: Social Media Promotion, Word of Mouth, Purchase Intention, Purchasing Decisions

INTRODUCTION

In today's business world the level of competition between business industries is getting sharper. No exception with companies in Indonesia. With the advancement of technology in this era of globalization, every trading business tries to always improve the quality of its production and marketing management with the aim of maximizing profits according to the targets desired by every company. Increasingly fierce competition in the business world has penetrated all business sectors so that competition is increasingly fierce. There is an increasingly stringent trading business. Along with the progress of civilization, human life and culture as well as the development of globalization has resulted in a shift in cultural values from social society to tend to be more individual.

Busy busyness and high mobility make urban people need a place to relieve fatigue after carrying out their daily routines. Activities undertaken to relieve fatigue are usually by relaxing eating, drinking, listening to music or just gathering and chatting with relatives or friends of the

community. Capturing this opportunity and the shift in people's lifestyles that make these activities a part of life's necessities, has made business people increasingly interested in managing their business.

Coffee in Indonesian is widely known as a stimulant drink made from coffee beans. Currently coffee is one of the most famous drinks in the world. In Indonesia, coffee shops are usually called coffee shops or coffee shops. Coffee shops are starting to appear in our midst, starting in remote villages, to urban centers. Coffee shop can be interpreted as "a small cafe or small restaurant that usually sells coffee and sometimes non-alcoholic drinks, simple food or snacks, with supporting facilities in that place". Coffee connoisseurs can come to a coffee shop easily and enjoy a cup of quality coffee. Enjoying coffee is now commonplace in big cities. Especially enjoying coffee in shops or cafes that are around residential areas or those far from residential areas.

With the increasing consumption of coffee in today's society, it has an impact on competition from shops or cafes that do sell coffee to meet the increasingly diverse needs of coffee consumers. This phenomenon creates a new business opportunity, namely building a coffee shop as a business for various groups. Minum Kopi is a cooperative-based coffee shop managed by young local food lovers whose mission is to prosper coffee farmers and to provide quality local coffee at affordable prices.

Alma (2018) suggests that purchasing decisions can be defined as a process in which consumers evaluate various alternative choices and choose one or more alternatives that are needed based on certain considerations. It can be said that the purchasing decision is the final stage where consumers will buy or not from every available alternative to meet their needs.

Even though it seems simple, Minum Kopi tries to spread a comfortable, clean and beautiful atmosphere with an outdoor and indoor concept that is different from most

coffee shops. The touch of beautiful plants fills the interior of the room, starting from the courtyard or room combined with flowers which give the impression of being cool, beautiful and beautiful. With a planning and business concept that is arranged in such a way, it is a shame that the sales of Minum Kopi are still less than expected.

Aqidah (2022) defines buying interest as something related to consumer plans to buy products or services needed for a certain period. Miraza et al. (2021) stated that buying interest is a consumer's self-instruction to purchase a product, dsaaas plans, takes relevant actions such as proposing, and finally makes a decision to make a purchase. With buying interest, consumers will assess, obtain and use goods through an exchange or purchase process that begins with a decision-making process. For this reason, business owners must find ways to attract consumers to buy with better promotions, such as social media promotions.

Kotler and Keller (2018) define social media as a tool or method used by consumers to share information in the form of text, images, audio, and video with other people and companies or vice versa. Currently, the millennial generation likes to visit coffee shops because of the influence of social media. The many posts and stories on social media about coffee and hanging out in cafes have made many millennials as heavyweight social media users interested in following or at least trying this trend.

According to Joesyiana (2018), word of mouth is a promotional strategy that is considered effective in influencing the market, because the dissemination of information itself is consumers who have previously purchased a product voluntarily. Word of mouth is an individual or group that is used as a reference that has a real influence on individuals. Word of mouth involves one or more people who are used as a basis for comparison or a reference point in forming affective and cognitive responses and expressing one's behavior.

The purpose of this research is to analyze effect of social media promotion and word of mouth on purchasing decisions through purchase intention as an intervening variable at Coffee Shop Minum Kopi Medan.

RESEARCH METHODS

This type of research uses associative research with a quantitative approach. Associative research is research that aims to find out the relationship between two or more variables in order to study, describe, and see the influence between the variables formulated in the research hypothesis (Sugiyono, 2019). The method used in this study is to use the survey method, where the authors distribute questionnaires for data collection. The approach used in this research is a quantitative approach. Quantitative research is defined as a research method based on the philosophy of positivism, used to examine certain populations or samples, collecting data using research instruments, data analysis is quantitative or statistical in nature, with the aim of testing established hypotheses (Sugiyono, 2005).

Population is a combination of all elements in the form of events, things or people who have similar characteristics which are the center of attention of a researcher because this is seen as a research universe (Dwi, 2008). This study selects a population of all consumers. The type of population to be studied is an infinite population, because researchers do not know the exact number of Coffee Shop Minum Kopi Medan visitors drinking coffee every day. Sample is part of the population that is taken or determined based on certain characteristics and techniques (Sarwoko, 2005). To draw the characteristics of the population, a sample must truly represent the population. Therefore, it is necessary to use the procedures used in selecting part of the sample so that a representative research sample can be obtained such as the characteristics of the population. Given the large population and limited time and

research costs, the sample needs to be limited in sampling. Sample in this study are 125 people who are consumers who had visited Coffee Shop Minum Kopi Medan.

The data analysis technique used to test the hypothesis uses a structural equation model. Structural equation model explains the relationship between endogenous latent variables and exogenous latent variables (Ghozali, 2018).

RESULT

General Description

Coffee Shop Minum Kopi Medan is a shop that sells various types of good quality coffee that comes directly from coffee farmers. This shop is founded on August 19, 2017 by the Indonesian Farmers Cooperative (KPI) in Medan City. The coffee served by Minum Kopi is only coffee taken from the Farmers' Cooperative to ensure that the distribution flow of coffee commodities does not go through third parties. This is very important considering that the main problem for farmers' welfare is unfair prices due to the long distribution lines. By cutting the flow of distribution of coffee commodities, it will create justice from farmers to consumers.

Minum Kopi business is currently being run by 4 KPI members in Medan City who are elected at a member meeting. The journey of Minum Kopi is not limited to 4 people who are appointed to run the business. All KPI members in Medan City are given the same opportunity to be creative in order to develop their business. Apart from selling coffee that comes directly from farmers, Minum Kopi also continues to educate its consumers to understand coffee commodities from upstream to downstream. Two-way interaction with consumers is not bored with Minum Kopi in order to increase consumer understanding of what they drink. The increase in the current coffee trend is understood by Minum Kopi in two ways. First, ensuring the welfare of coffee farmers as a source of production. Coffee can only be obtained from the farmers who grow it, but the welfare of coffee farmers in

Indonesia in general is still very far from a decent life. Therefore, it is the responsibility of Minum Kopi to improve the welfare of coffee farmers.

Second, fairness in price and quality at the consumer level. The phenomenon of the mushrooming of coffee shops in Indonesia, especially in Medan City, is often based on mere economic fighting efforts. So that consumers as economic objects get injustice both in price and quality of what they buy. Minum Kopi is fully committed to ensuring that consumers drink the best coffee at a good price.

Currently coffee shops have mushroomed in Medan City. Starting from those that are located in shopping centers or offices, on the main streets of Medan City, or in densely populated settlements, there must already be a coffee shop in them. Minum Kopi as a cooperative-based coffee shop views this positively because it creates a

more sustainable business climate. Minum Kopi itself quite often visits other coffee shops to stay in touch and learn from each other in developing their respective businesses.

The main strength of Minum Kopi to survive among the many coffee shops lies in its basis as a cooperative based on human accumulation. The next strength is the principle of Minum Kopi which only takes coffee from cooperative farmers. Minum Kopi does not want to be stuck with market channels that force shops to source coffee from third parties.

Hypothesis Test

Hypothesis testing is carried out using the T-statistics test (t-test) with a significance level of 5%. The variables tested consisted of social media promotion (X_1), word of mouth (X_2), purchase intention (Z), and purchasing decisions (Y).

Table 1. Path Coefficients

	Original Sample (O)	Sample Mean (M)	Standard deviation (STDEV)	T Statistics ((O/STDEV))	P values
$X_1 > Y$	0.321	0.325	0.104	3.093	0.002
$X_1 > Z$	0.369	0.367	0.066	5.619	0.000
$X_2 > Y$	0.353	0.351	0.120	2.937	0.003
$X_2 > Z$	0.561	0.563	0.066	8.499	0.000
$Z > Y$	0.264	0.263	0.099	2.657	0.008

Source: PLS Outputs (2023)

Table 2. Specific Indirect Effect

	Original Sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ((O/STDEV))	P values
$X_1 > Z > Y$	0.097	0.095	0.036	2.682	0.007
$X_2 > Z > Y$	0.148	0.150	0.063	2.341	0.019

Source: PLS Outputs (2023)

Table 3. Total Effect

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ((O/STDEV))	P values
$X_1 > Y$	0.419	0.420	0.100	4.181	0.000
$X_1 > Z$	0.369	0.367	0.066	5.619	0.000
$X_2 > Y$	0.501	0.501	0.094	5.335	0.000
$X_2 > Z$	0.561	0.563	0.066	8.499	0.000
$Z > Y$	0.264	0.263	0.099	2.657	0.008

Source: PLS Outputs (2023)

The results of the study show that social media promotion has a positive and significant effect on purchase intention. Word of mouth has a positive and significant effect on purchase intention. Promotion of social media has a positive

and significant effect on purchasing decisions. Word of mouth has a positive and significant effect on purchasing decisions. Purchase intention has a positive and significant effect on purchasing decisions. Social media promotion has a positive and significant effect on purchasing decisions

through purchase intention. Word of mouth has a positive and significant effect on purchasing decisions through purchase intention.

CONCLUSION AND SUGGESTION

The results of the study show that social media promotion has a positive and significant effect on purchase intention. Word of mouth has a positive and significant effect on purchase intention. Promotion of social media has a positive and significant effect on purchasing decisions. Word of mouth has a positive and significant effect on purchasing decisions. Purchase intention has a positive and significant effect on purchasing decisions. Social media promotion has a positive and significant effect on purchasing decisions through purchase intention. Word of mouth has a positive and significant effect on purchasing decisions through purchase intention.

Based on the results of the research, the suggestions for researchers are:

1. Social media promotion has a positive and significant effect on purchasing decisions through purchase intention, this shows that it is expected that Coffee Shop Minum Kopi Medan pays more attention to the concept of social media promotion to be more effective so as to attract interest and decide to buy such as determining the target consumer first first, after that create interesting content, and be consistent in posting to social media regularly.
2. Word of mouth has a positive and significant effect on purchasing decisions through purchase intention, this indicates that stimulation or references from word of mouth will enter the minds of consumers, the characteristics of buyers, and the decision-making process and will ultimately result in consumer purchasing decisions. For this reason, it is hoped that Coffee Shop Minum Kopi Medan will pay more attention to the concept of word of mouth so that consumers will become more trusting so that they can attract interest and decide to buy, such as providing the best service to consumers, asking for customer feedback and testimonials, and holding events that involve the community. Apart from that, Coffee Shop Minum Kopi Medan can also increase word of mouth by using the services of influencers so that the word of mouth program can run effectively.
3. For future researchers, it is advisable to expand research variables such as halal labels, product quality, price, location, consumer behavior, and so on so that more complete information is obtained about the factors that influence purchase intention and purchasing decisions.

Declaration by Authors

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