The Influence of Social Media Marketing on Purchasing Decisions Through Word of Mouth in the Dunkin Donut Company

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ABSTRACT

The purpose of this research is to determine the influence of social media marketing on purchasing decisions, to determine the influence of social media marketing on word of mouth, to determine the influence of word of mouth on purchasing decisions, to determine the influence of social media marketing on purchasing decisions through word of mouth on Dunkin Donuts. The population in this research is customers who make purchases at Dunkin Donut, where the sample size is 100 via the GPower application. The data collection technique used in this research is a questionnaire via Google Form. The analysis technique used in this research is the Strucural Equiation Model with a Partial Least Square approach. From the test results Social Media Marketing has a positive and significant effect on Purchasing Decision, Social Media Marketing has a positive and significant effect on Word of Mouth, Word of Mouth has a positive and significant effect on Purchasing Decision, Social Media Marketing has a positive and significant effect on Purchasing Decision mediated by Word of Mouth.

Keywords: *SMM, Purchasing Decision, Word of Mouth*

1. INTRODUCTION

Marketing plays a very important role for the continuity of business ventures. A business venture with ordinary production results can be successful only because the company's marketing strategy is quite reliable, whereas a business venture with quality products will not experience maximum sales if good marketing efforts are not made to consumers. The marketing strategy carried out by the company is expected to be able to generate a sense of trust in consumers by providing innovative products and services that provide taste and value, so that it will create value and trust in customers. The importance of understanding consumers can be found in the definition of marketing itself. In general, marketing is considered as sales and advertising, but the meaning of advertising itself is less understood, even though in marketing, not only that, the most important thing is to understand customer needs well and be able to satisfy consumer needs so that Customers can make purchasing decisions about the desired product.

A purchasing decision is a process where consumers recognize the problem, look for information about a particular product or brand and evaluate how well each alternative can solve the problem, which then leads to a purchasing decision (Tjiptono & Chandra, 2019). Consumers' efforts to fulfill their needs and desires are by making purchases. Consumer characteristics will influence consumer behavior in making purchases, thus also influencing what products or services will be purchased. Before making a purchase, consumers will decide on a purchase. A purchasing decision is a stage where consumers consider several

factors and reasons that strengthen consumers to decide to buy a particular product or service (Schiffman, 2019).

Social Media Marketing has a direct impact on consumer purchasing decisions. According to (Swastha & Handoko, 2020) in the consumer purchasing process there is a consumer information search phase. This information can be provided by marketers or sought by consumers via social media. Many companies have used social media in business activities, with the aim of marketing products and establishing relationships with customers. Now more and more consumers are connected to social media. So, companies must be connected every second with consumers and potential consumers via social media, and if not, every second the company will waste. So, companies must try to always be connected to social media. By using social media, companies can spread advertisements in the form of photos to other Instagram users. This will be very important because photos can depict many things, are real-time, and with social media, entrepreneurs can have two-way communication with consumers. Social media can effectively influence people to make purchases if the images displayed are attractive, the captions or writings submitted contain an invitation to buy the product and maintain its existence.

Apart from social media marketing, word of mouth can also influence purchasing decisions. According to Zamil (2018) the results of the analysis carried out show that there is a positive, strong and significant relationship between Word of Mouth in the marketing of a product and purchasing decisions. Where the word of mouth that is carried out is a promotional activity for a company, this becomes part of consumers' considerations in their efforts to choose a product. According to Kartajaya, (2012) said word of mouth is the most effective communication medium. With the right word of mouth, it is hoped that unfavorable brand perceptions will begin to shift. Consumers see word of mouth as part of communication and promotional tools that reflect the communication process between producers and consumers. Word of mouth is the main consideration for consumers in making purchasing decisions.

This research was conducted at Dunkin' Donuts. Dunkin' Donuts is an international restaurant and food franchise specializing in donuts. The company was founded by William Rosenberg in Quincy, Massachusetts in 1950. Dunkin' Donuts is currently the world's largest donut restaurant, with nearly 7,000 restaurants, delivery and take-out kiosks in more than 35 countries. One of the Multinational Companies operating in the coffee shop or food shop sector is Dunkin Donuts or more familiarly abbreviated as DD. In Indonesia, Dunkin Donuts began to penetrate the market in 1985 by opening its first branch on Jalan Hayam Wuruk, Central Jakarta. Specifically in Indonesia, the Dunkin Donuts master franchise is held by Dunkin Donuts Indonesia. The name Dunkin Donuts is already familiar to the Indonesian people, and the company is a Masket leader in the donut market. Currently, Dunkin Donuts is spread across all major cities in Indonesia, namely Jakarta, Bandung, Medan, Bali, Surabaya, Padang, Yogyakarta and other cities.

As a company operating in the culinary sector that sells drinks and other snacks, therefore the company needs to implement social media marketing and word of mouth to increase purchases made by consumers, because a problem that often occurs at Dunkin' Donuts is that customers are dissatisfied with the products offered by cafes, which are different from the delivery of products displayed through social media, where the food and drinks offered by Dunkin' Donuts are quite expensive, apart from that similar outlets located nearby are competitors who provide cheaper prices for food and drinks, and Dunkin' Donuts also does not always provide discounts on the food and drinks offered by the outlet.

Based on the description above, the author is interested in seeing the correlation between social media marketing and word of mouth on purchasing decisions, therefore, the author is interested in conducting research with the title "*The Influence of Social Media Marketing on Purchasing Decisions Through Word of Mouth*".

2. METHODS

In this study using quantitative research methods conducted with descriptive analysis. According to Sugiyono (2015), states that the type of qualitative research means the process of exploring and understanding the meaning of each individual or group behavior and describing social or humanitarian problems. This study identifies how the Social Media Marketing, Word of Mouth, and Purchasing Decision on Dunkin Donut's consumer.

The population used is all users of the dunkin donuts and the sample used is using non-probability sampling with purposive sampling technique, as many as 100 respondents using GPower application who supported for research sampling. Data analysis in this study used *Structural Equation Model* with *Partial Least Square* approach.

3. RESULTS AND DISCUSSION

Data obtained and processed by PLS-SEM using SmartPLS 3.3.3 software. Analysis of the measurement model (outer model) is how to test the validity and reliability of the model. Following that, inner model analysis is determined with the bootstrapping method on to produce the statistical test used (t test).

Analysis of the measurement model (outer model) is how to test the validity and reliability of dimensions and indicators in measuring research variables that are constructed. This analysis is able to explain the value of loading factor, construct validity, composite reliability and discriminant validity

Table 1. Measurement Model Analysis

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Social Media Marketing	0.914	0.927	0.936	0.746
Word of Mouth	0.955	0.957	0.964	0.817
Purchasing Decision	0.947	0.948	0.958	0.792

Source: Data Proceed, 2024

The outer model is assessed by looking at the convergent validity (the magnitude of the loading factor for each construct). A loading factor above 0.70 is highly recommended, however, a loading factor of 0.50 – 0.60 can still be tolerated as long as the model is still in the development stage. Table 1 shows that all indicators have a loading factor value above 0.50. This means that it can be concluded that all indicator variables are valid. The composite reliability value of each construct has met the requirements above 0.70, as well as the Cronbach's alpha value of all constructs has met the requirements because it has a value above 0.70.

To test the validity of the variable construct, it can be seen from the average variance extracted (AVE) value which has a minimum criterion of 0.50 for each construct. Table 4.18 shows that all variables have an AVE value greater than 0.50. It also shows that all constructs in the model designed in this study meet the criteria of discriminant validity.

Tabel 2. R Squared

	Cronbach's Alpha	rho_A
Purchasing Decision	0.887	0.884
Word of Mouth	0.857	0.855

Sources: Data Proceed, 2024

The structural model test on the inner model aims to investigate whether or not there is an influence between the variables studied using the t test from PLS. The R-square value can

state whether the variable construct is significant or not, that is, if the value on the R-square must be greater than 50%. Table 2 shows that the R-square value of the Purchasing Decision construct is 0.887, which means that the construct of the Purchasing Decision variable can be explained by the Social Media Marketing construct of 88.7%, so that the variable is significant. The R-square value in the Word of Mouth construct is 0.857, which means that the Word of Mouth variable construct can be explained by the Social Media Marketing and Word of Mouth constructs of 85.6%, so that the variable is also significant.
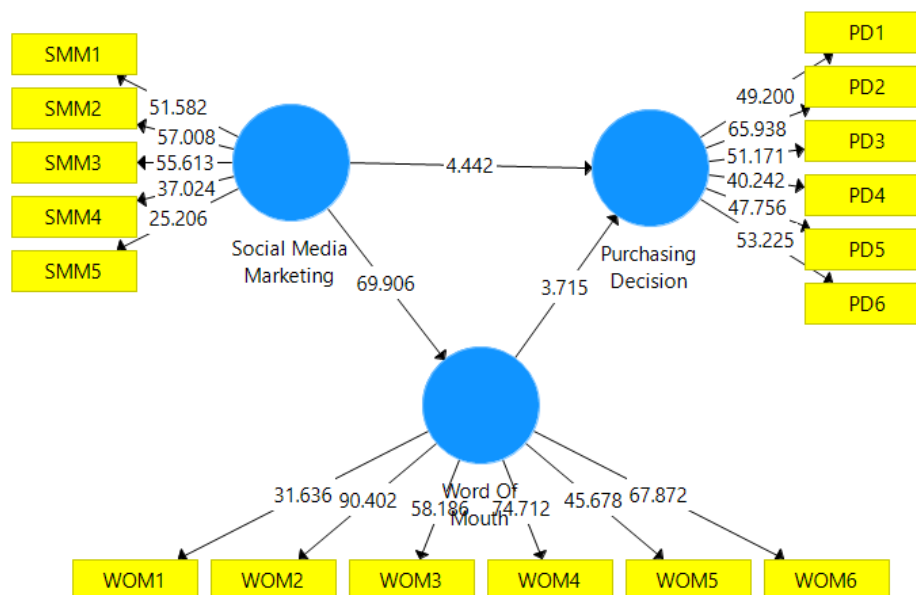

Figure 1. Loading Factor (PLS Algorithm)

This research analyzes hypothesis testing with Partial Least Square (PLS) approach using SmartPLS v3.3.3. According to Ghozali (2013), the provisions for assessing the results of the t-test hypothesis are used with a significance level of 5%, then the significant hypothesis can be seen from the Path Coefficients T - Statistics table, so if tstatistics > 1.67 means Ha is accepted and H0 is rejected. In the intervening variable the P-Values value can be accepted if the P-Values value <0.05, it is significant so that the intervening variable plays a role in the model, if PValues > 0.05 the intervening variable is independent (Ghozali 2013).

There are no vertical lines for the table. The table title is placed on top, middle. The source of the table is placed under the table.

Tabel 3. Bootstrapping

	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values
Social Media Marketing -> Purchasing Decision	0.524	0.523	0.118	4.442	0.000
Social Media Marketing -> Word of Mouth	0.926	0.926	0.013	69.906	0.000
Word of Mouth -> Purchasing Decision	0.436	0.436	0.117	3.715	0.000
Indirect Effect 1 -> Purchasing Decision	0.403	0.405	0.111	3.625	0.000

Source: Data Proceed, 2024

From the test results, it shows that Social Media marketing in Dunkin Donuts has a positive effect on Purchasing Decision with a standard error value of 0.118 which means there are other factors that affect Purchasing Decision by 11%. Another indication that

shows a significant relationship between Social Media Marketing and Purchasing Decision is the value of T-statistics > T-table (4.442 > 1.653) and P-values < Significance level (0.000 < 0.05), so the conclusion is that H0 is rejected. Based on the partial hypothesis testing above, Social Media Marketing has a positive and significant effect on Purchasing Decision.

Then, it shows that Social Media marketing in Dunkin Donuts has a positive effect on Word of Mouth with a standard error value of 0.013 which means there are other factors that affect Word of Mouth by 1%. Another indication that shows a significant relationship between Social Media Marketing and Word of Mouth is the value of T-statistics > T-table (69.906 > 1.653) and P-values < Significance level (0.000 < 0.05), so the conclusion is that H0 is rejected. Based on the partial hypothesis testing above, Social Media Marketing has a positive and significant effect on Word of Mouth.

For the other one, it shows that Word of Mouth in Dunkin Donuts has a positive effect on Purchasing Decision with a standard error value of 0.117 which means there are other factors that affect Purchasing Decision by 11%. Another indication that shows a significant relationship between Word of Mouth and Purchasing Decision is the value of T-statistics > T-table (3.715 > 1.653) and P-values < Significance level (0.000 < 0.05), so the conclusion is that H0 is rejected. Based on the partial hypothesis testing above, Word of Mouth has a positive and significant effect on Purchasing Decision.

For the indirect effect, it shows that the Social Media Marketing in Dunkin Donuts has a positive effect on the Purchasing Decision which is mediated by the Word of Mouth with a standard error value of 0.111 which means there are other factors that affect E-Satisfaction of 11%. Another indication that shows a significant relationship between Social Media Marketing and Purchasing Decision mediated by Word of Mouth is the T-statistic value > T-table (3.625 > 1.653) and P-values < Significance level (0.000 < 0.05), so the conclusion is that H0 is rejected. Based on the partial hypothesis testing above, Social Media Marketing has a positive and significant effect on Purchasing Decision mediated by Word of Mouth.

4. CONCLUSION

The higher the use of social media, the higher the level of purchasing decisions made by consumers. Social media makes consumers interested if the content presented is increasingly interesting, especially by Dunkin Donuts. Customers will be able to monitor what Dunkin Donuts is offering through its social media and this can be used as a benchmark for purchasing its products. The higher the use of social media, the higher the level of purchasing decisions made by consumers. Social media makes consumers interested if the content presented is increasingly interesting, especially by Dunkin Donuts. Customers will be able to monitor what Dunkin Donuts is offering through its social media and this can be used as a benchmark for purchasing its products.

When presenting content on social media, Dunkin Donut does it well. This means that consumers buying Dunkin Donut products are influenced by the content presented. So, if the consumer is satisfied with the purchase, the consumer will recommend Dunkin Donut products to their relatives and family without the need for expensive costs.

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