

# **THE IMPACT OF SERVICE QUALITY AND WORD OF MOUTH ON PURCHASE DECISION ON MSMEs**

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## ABSTRACT

The challenge of MSMEs to survive after Covid-19 is increasingly hard. Industry 4.0 has been taking over several jobs of human being. Even though, the MSMEs that survive and develop their business and adapt with technology and online platform is able to gain the attention of customer. The online platform for selling a product or service is currently in high demand due to ease of use and ease of payment. Therefore, company should provide best quality product, best service quality, and catchy promotion to gain the attention of consumer or customer. Moreover, there are few of study that investigate the WOM and service quality on purchase intention since service quality is investigating customer satisfaction in common while WOM is directly investigate it relationship with purchase intention. Therefore, this study is aimed to investigate the relationship of service quality and word of mouth on purchase decision partially and simultaneously. The method employs in this study is quantitative method with multiple regression analysis. The data of this study is primary data which obtained from the respondents directly through questionnaire. The result of this study partially, service quality has a positive significant relationship on purchase decision as well as WOM has a positive significant relationship on purchase decision. Meanwhile, simultaneously, service quality and WOM has a positive significant impact on purchase decision with level of relationship about 54.6%.

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## ABSTRAK

*Tantangan bagi UMKM untuk bertahan setelah Covid-19 semakin sulit. Industri 4.0 telah menggantikan beberapa pekerjaan manusia. Namun, UMKM yang bertahan dan mengembangkan bisnis mereka serta beradaptasi dengan teknologi dan platform online mampu menarik perhatian pelanggan. Platform online untuk menjual produk atau jasa saat ini sangat diminati karena kemudahan penggunaan dan pembayaran. Oleh karena itu, perusahaan harus menyediakan produk berkualitas terbaik, layanan berkualitas terbaik, dan promosi menarik untuk menarik perhatian konsumen. Selain itu, ada beberapa penelitian yang menyelidiki hubungan antara kualitas layanan dan word of mouth (WOM) terhadap niat pembelian, mengingat kualitas layanan biasanya menginvestigasi kepuasan pelanggan secara umum, sementara WOM secara langsung menginvestigasi hubungannya dengan niat pembelian. Oleh karena itu, penelitian ini bertujuan untuk menyelidiki hubungan antara kualitas layanan dan WOM secara parsial dan simultan terhadap keputusan pembelian. Metode yang digunakan dalam penelitian ini adalah metode*

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## ARTICLE INFORMATION

### **Keywords:**

Purchase Decision, Service Quality, Word of Mouth (WoM)

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## INFORMASI ARTIKEL

### **Kata kunci:**

Keputusan Pembelian, Kualitas Layanan, Word of Mouth (WoM)

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*kuantitatif dengan analisis regresi berganda. Data penelitian ini adalah data primer yang diperoleh langsung dari responden melalui kuesioner. Hasil penelitian ini secara parsial menunjukkan bahwa kualitas layanan memiliki hubungan positif signifikan terhadap keputusan pembelian, begitu pula WOM memiliki hubungan positif signifikan terhadap keputusan pembelian. Sementara itu, secara simultan, kualitas layanan dan WOM memiliki dampak positif signifikan terhadap keputusan pembelian dengan tingkat hubungan sekitar 54,6%.*

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## 1. INTRODUCTION

There is no doubt that the development of MSMEs in several countries has been growth after Covid-19 has been passed. Moreover, many of MSMEs sells their product or services through online platform. Since the demand of the society to purchase is high, the company should provide best service and promotion to gain repurchase of the customer.<sup>1</sup> The online platform for selling a product or service is currently in high demand due to ease of use and ease of payment.<sup>2</sup> Therefore, company should provide best quality product, best service quality, and catchy promotion to gain the attention of consumer or customer.<sup>3</sup>

Without exception MSMEs in the rural, they need to develop and adapt

with current digital era. Therefore, they should provide service quality whether in the store or in online store.<sup>4</sup> Even, they should establish as well their online store to fulfil the demand of their product. In line with that, the digital era also is a chance for MSMEs to reach wider consumer in the country or overseas.<sup>5</sup>

Therefore, service quality and promotion is necessary to them. Service quality through online store is by providing online chat, tangibility, insurance, empathy through their packaging and the delivery time. The consumer would be satisfied with their fast delivery time and fast respond of the store. In turn, the satisfied customer would repurchase and promote the product to their colleagues.<sup>6</sup>

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<sup>1</sup> Adib Susilo et al., "The Influence of Service Quality towards Customer Satisfaction on Garuda Airline of Yogyakarta International Airport on Pandemic Covid-19," *Al Tijarah* 8, no. 1 (2022): 2.

<sup>2</sup> Rizqi Jauharatul Amalia, "Analisis Perilaku Konsumtif Dan Daya Beli Konsumen Terhadap Belanja Online Di Masa Pandemi Covid-19," *Jurnal Ilmu Ekonomi dan Bisnis Islam* 4, no. 1 (June 30, 2022): 1-16, <https://jurnaljiebi.org/index.php/jiebi/article/view/87>.

<sup>3</sup> Vega Liana and Nuriaslami, "Pengaruh Media Pemasaran, Brand Image Dan Customer Trust Terhadap Purchase Decision Polis Asuransi," *Jurnal Ilmu Ekonomi dan Bisnis Islam* 3, no. 2 (December 31, 2021): 125-134,

<https://jurnaljiebi.org/index.php/jiebi/article/view/73>.

<sup>4</sup> Pandu Adi Cakranegara et al., "Implementation of the E-Commerce Platform to Improve Technology Adaptation in MSMEs," *Jurnal Ekonomi* 11, no. 3 (2022): 1713-1719.

<sup>5</sup> Finny Redjeki and Azhar Affandi, "Utilization of Digital Marketing for MSME Players as Value Creation for Customers during the COVID-19 Pandemic," *International Journal of Science and Society* 3, no. 1 (January 4, 2021): 40-55, <https://www.ijsoacademica.com/index.php/ijso/article/view/264>.

<sup>6</sup> Adib Susilo, Nurdianawati Irwani Abdullah, and Nor Azizan Che Embi, "Islamic Business Ethics as Customer Retention Factors in Islamic Bank: An Exploratory Factor Analysis," *Iqtishodia: Jurnal Ekonomi Syariah* 7, no. 2

Moreover, electronic word of mouth (e-WOM) is able to be a free promotion for the company through social media, online store review, product review on social media and so on.<sup>7</sup> Several research has been conducted that e-WOM found to be affecting customer purchase decision and intention to repurchase. In the same line, several studies also found that service quality found to be affecting customer purchase decision.<sup>8</sup>

Several studies has been conducted on how WOM and service quality influencing customer satisfaction. for example Susilo (2020) that determining the factors that affecting customer satisfaction and found that there are 4 variables that had probability to influence customer satisfaction.<sup>9</sup> On the other hand, Susilo et al. (2022) also found that service quality factors such as empathy, assurance, reliability, and responsiveness able to influence customer satisfaction simultaneously at

airport customer.<sup>10</sup> Moreover, purchase intention found to be influenced by WOM particularly. Meanwhile, discussion on service quality are common for customer satisfaction which lead to purchase intention.<sup>11</sup> This study is tend to investigate whether WOM and service quality able to affect purchase intention.

Thus, this study is aims to investigate the relationship of service quality and WOM on purchase decision.

## **2. LITERATURE REVIEW**

### *2.1. Purchase Decision*

Consumer purchasing decisions, inseparable from how consumers go through several stages, namely knowing the problems faced until the consumer purchase transaction occurs. According to Kotler and Armstrong (2012) the stage of consumer decision to purchase goods or services start from needs recognition.<sup>12</sup> Therefore, the gap of needs or unmet needs is compulsory to satisfy by consumer. Second, information of the

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(September 17, 2022): 01-10, <https://ejournal.alqolam.ac.id/index.php/iqtishodia/article/view/845>.

<sup>7</sup> Yichuan Wang et al., "Corporate Responses to the Coronavirus Crisis and Their Impact on Electronic-Word-of-Mouth and Trust Recovery: Evidence from Social Media," *British Journal of Management* 32, no. 4 (October 30, 2021): 1184-1202, <https://onlinelibrary.wiley.com/doi/10.1111/1467-8551.12497>.

<sup>8</sup> Mohammad Reza Jalilvand and Neda Samiei, "The Effect of Electronic Word of Mouth on Brand Image and Purchase Intention," *Marketing Intelligence & Planning* 30, no. 4 (June 15, 2012): 460-476, <https://www.emerald.com/insight/content/doi/10.1108/02634501211231946/full/html>.

<sup>9</sup> Adib Susilo, "Identifying Factors That Affect Consumer Satisfaction of Parklatz Café in

Ponorogo City, East Java, Indonesia: An Application of Exploratory Factor Analysis," *Falah: Jurnal Ekonomi Syariah* 5, no. 1 (2020): 1-14.

<sup>10</sup> Adib Susilo et al., "The Influence of Service Quality towards Customer Satisfaction on Garuda Airline of Yogyakarta International Airport on Pandemic Covid-19," *Al Tijarah* 8, no. 1 (2022): 1-14.

<sup>11</sup> Jungkun Park, Hyowon Hyun, and Toulany Thavisay, "A Study of Antecedents and Outcomes of Social Media WOM towards Luxury Brand Purchase Intention," *Journal of Retailing and Consumer Services* 58 (January 2021): 102272, <https://linkinghub.elsevier.com/retrieve/pii/S0969698920312807>.

<sup>12</sup> Philip Kotler and Gary Armstrong, *Principles of Marketing*, 14th ed. (New Jersey: Pearson Prentice Inc, 2012), 176.

goods seeks by the consumer whether by promotion that held by the company or suggested from previous consumer. Third, evaluation whether the consumer decided to purchase the product or services or finding substitution one. The stage of purchase decision also found affects brand purchased, store visited, and size of purchase.<sup>13</sup>

Several researches have been conducted on purchase decision. Jang, Prasad, & Ratchford, (2012) stated that consumers use product reviews more in the consideration set stage and less in the choice stage of purchase decision.<sup>14</sup> Meanwhile, Rachmawati, Shukri, Ferdous Azam, & Khatibi, (2019) found that quality, price, location, promotion, and corporate image positively and significantly influence on customers' purchase decision.<sup>15</sup> On the other hand, generation Y also decided to purchase a product or service through online platform which impacted by social media and word of mouth. In turn, it creates its

own environment of online purchase decision.<sup>16</sup> It is also found that brand image, celebrity endorser, and eWOM positively influence towards purchase decision of Indonesian halal products (Pasharibu & Nurhidayah, 2021).<sup>17</sup>

## 2.2. Service Quality

Service quality is refer to activities or results that an institution attempts to offer to other parties that are usually invisible, and the results cannot be owned by the other party.<sup>18</sup> It is also refer to a form of system, procedure or method given to others. In this case, these customer needs can be met in accordance with the expectations or desires of customers with their level of perception.<sup>19</sup> Therefore, service quality considered as an important component that needs to be realized by a company that influence new consumers and retention of previous customers.<sup>20</sup>

There are many researches on service quality whether as an IV or DV.

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<sup>13</sup> Tanniru R. Rao, "Consumer's Purchase Decision Process: Stochastic Models," *Journal of Marketing Research* 6, no. 3 (August 1969): 321, <https://www.jstor.org/stable/3150138?origin=crossref>.

<sup>14</sup> Sungha Jang, Ashutosh Prasad, and Brian T. Ratchford, "How Consumers Use Product Reviews in the Purchase Decision Process," *Marketing Letters* 23, no. 3 (September 23, 2012): 825-838, <http://link.springer.com/10.1007/s11002-012-9191-4>.

<sup>15</sup> Dwi Rachmawati et al., "Factors Influencing Customers' Purchase Decision of Residential Property in Selangor, Malaysia," *Management Science Letters* 9, no. 9 (2019): 1341-1348, [http://www.growing-science.com/msl/Vol9/msl\\_2019\\_129.pdf](http://www.growing-science.com/msl/Vol9/msl_2019_129.pdf).

<sup>16</sup> Shantanu Prasad, Arushi Garg, and Saroj Prasad, "Purchase Decision of Generation Y in an Online Environment," *Marketing Intelligence & Planning* 37, no. 4 (June 3, 2019): 372-385, <https://www.emerald.com/insight/content/doi/10.1108/MIP-02-2018-0070/full/html>.

<sup>17</sup> Yusepaldo Pasharibu and Ajeng Nurhidayah, "Digitalization Strategies Through Brand Image, Celebrity Endorser, and EWOM of Indonesian Halal Product Towards a Purchase Decision," *International Journal of Economics, Business and Accounting Research* 5, no. 3 (2021): 2771.

<sup>18</sup> Fandy Tjiptono, *Pemasaran Jasa: Prinsip, Penerapan, Penelitian* (Yogyakarta: Penerbit Andi Offset, 2014).

<sup>19</sup> Philip Kotler and Kevin Lane Keller, *Marketing Management* (Pearson, 2012).

<sup>20</sup> Kotler and Armstrong, *Principles of Marketing*.

Ali et al., (2021) found that in the hospitality industry service quality provides an impact on customer satisfaction which indeed would impact to repurchase of the customer.<sup>21</sup> It is also found that service quality also affect customer behaviour on online purchase along with customer satisfaction.<sup>22</sup> Meanwhile, Siswanto, (2021) stated that service quality has an impact on consumer purchase decision on loading and unloading services along with word of mouth.<sup>23</sup> In the same line, Zakhra, Tannady, Septiani, Yuniwati, & Widjaja, (2023) found that price perception and service quality influences purchase decision of electronic products.<sup>24</sup>

### 2.3. Word of Mouth (WoM)

Word of mouth is a verbal communication or personal communication which is as a trusted and

reliable source of information for consumer. Word of mouth hardly to create since the consumer voluntarily informs the product. Moreover, consumers are tends to believe their friends or relative rather than advertisement or promotion.<sup>25</sup> It is occurred due to consumer behaviour that seeks information of a product which easily gains from their colleagues, also the consumer also not able to evaluate the product, social relation, as well as self-esteem.<sup>26</sup>

There are several researches that conduct in the relationship of word of mouth, especially in the current era of digitalization electronic word of mouth found to impact the intention to buy or purchase decision even customer retention.<sup>27</sup> Meanwhile, Widayati, Ali, Permana, & Nugroho, (2020) found that word of mouth affects visiting decision in

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<sup>21</sup> Bayad Jamal Ali et al., "Hotel Service Quality: The Impact of Service Quality on Customer Satisfaction in Hospitality," *International Journal of Engineering, Business and Management* 5, no. 3 (2021): 14-28, <https://aipublications.com/ijebm/detail/hotel-service-quality-the-impact-of-service-quality-on-customer-satisfaction-in-hospitality/>.

<sup>22</sup> Paulo Rita, Tiago Oliveira, and Almira Farisa, "The Impact of E-Service Quality and Customer Satisfaction on Customer Behavior in Online Shopping," *Heliyon* 5, no. 10 (October 2019): e02690, <https://linkinghub.elsevier.com/retrieve/pii/S2405844019363509>.

<sup>23</sup> Alexandra Marcellina Harindah Siswanto, "The Influence of Price, Service Quality, and Word Of Mouth on the Purchase Decision of PT Daniel Samudra Abadi's Loading and Unloading Services," *International Journal of Review Management Business and Entrepreneurship (RMBE)* 1, no. 2 (December 22, 2021): 166-179, <https://journal.uc.ac.id/index.php/RMBE/article/view/2425>.

<sup>24</sup> Aminatus Zakhra et al., "Analisis Pengaruh Service Quality Dan Persepsi Harga Terhadap Purchase Decision Produk Elektronik," *Management Studies and Entrepreneurship Journal (MSEJ)* 4, no. 1 (2023): 539-546.

<sup>25</sup> Amal M Almana and Abdulrahman A Mirza, "The Impact of Electronic Word of Mouth on Consumers' Purchasing Decisions," *International Journal of Computer Applications* 82, no. 9 (2013): 23-31.

<sup>26</sup> Hamzah Mehyar, Muhammed Saeed, and Hussein Baroom, "The Impact of Electronic Word of Mouth on Consumers Purchasing Intention," *Journal of Theoretical and Applied Information Technology* 98, no. 2 (2020): 183.

<sup>27</sup> Ana Babić Rosario, Kristine de Valck, and Francesca Sotgiu, "Conceptualizing the Electronic Word-of-Mouth Process: What We Know and Need to Know about EWOM Creation, Exposure, and Evaluation," *Journal of the Academy of Marketing Science* 48, no. 3 (May 12, 2020): 422-448, <http://link.springer.com/10.1007/s11747-019-00706-1>.

Yogyakarta tourism destination.<sup>28</sup> In the same line, Zhao, Wang, Tang, & Zhang, (2020) found that electronic word of mouth (e-WOM) influence the purchase intention in social e-commerce.<sup>29</sup> Tsai & Bui, (2020) also stated that word of mouth via social media influence the purchase decision of travel products.<sup>30</sup>

#### 2.4. Hypotheses

Service quality has been proved influence purchase decision of customer. Haro, Oktaviana, Trimulia Dewi, Anisa, & Suangkupon, (2020) found that service quality influence purchase intention and purchase decision of Samsung product.<sup>31</sup> In the same line, Khatoon, Zhengliang, & Hussain, (2020) stated that service quality is affects the purchase intention of Qatar Banking Sector customer.<sup>32</sup> Also, Rachmawati, Shukri, Ferdous Azam, & Khatibi, (2019) found that customer

service has an effect on purchase decision in property.<sup>33</sup>

Meanwhile, Word of mouth also found to affects purchase decision of customer or cunsomer. Widayati, Ali, Permana, & Nugroho, (2020) found that word of mouth affects visiting decision in Yogyakarta tourism destination.<sup>34</sup> In the same line, Zhao, Wang, Tang, & Zhang, (2020) found that electronic word of mouth (e-WOM) influence the purchase intention in social e-commerce.<sup>35</sup> Tsai & Bui, (2020) also stated that word of mouth via social media influence the purchase decision of travel products.<sup>36</sup>

Simultaneously, service quality and WOM should be affects purchase decision as it in partially. Han, Al-Ansi, Chi, Baek, & Lee, (2020) found that simultaneously service quality and WOM has significant relationship with

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<sup>28</sup> Christina Catur Widayati et al., "The Role of Destination Image on Visiting Decisions through Word of Mouth in Urban Tourism in Yogyakarta," *International Journal of Innovation, Creativity and Change* 12, no. 3 (2020): 177-196.

<sup>29</sup> Yang Zhao et al., "Electronic Word-of-Mouth and Consumer Purchase Intentions in Social e-Commerce," *Electronic Commerce Research and Applications* 41 (May 2020): 100980, <https://linkinghub.elsevier.com/retrieve/pii/S1567422320300570>.

<sup>30</sup> Feng Ming Tsai and Tat-Dat Bui, "Impact of Word of Mouth via Social Media on Consumer Intention to Purchase Cruise Travel Products," *Maritime Policy & Management* 48, no. 2 (February 17, 2021): 167-183, <https://www.tandfonline.com/doi/full/10.1080/03088839.2020.1735655>.

<sup>31</sup> Andrian Haro et al., "The Influence of Brand Image and Service Quality towards Purchase Intention and Its Impact on the Purchase Decision of Samsung Smartphone," *KnE Social Sciences* (March 23, 2020): 329,

<https://knepublishing.com/index.php/KnE-Social/article/view/6609>.

<sup>32</sup> Sadia Khatoon, Xu Zhengliang, and Hamid Hussain, "The Mediating Effect of Customer Satisfaction on the Relationship Between Electronic Banking Service Quality and Customer Purchase Intention: Evidence From the Qatar Banking Sector," *SAGE Open* 10, no. 2 (April 24, 2020): 215824402093588, <http://journals.sagepub.com/doi/10.1177/2158244020935887>.

<sup>33</sup> Rachmawati et al., "Factors Influencing Customers' Purchase Decision of Residential Property in Selangor, Malaysia."

<sup>34</sup> Widayati et al., "The Role of Destination Image on Visiting Decisions through Word of Mouth in Urban Tourism in Yogyakarta."

<sup>35</sup> Zhao et al., "Electronic Word-of-Mouth and Consumer Purchase Intentions in Social e-Commerce."

<sup>36</sup> Tsai and Bui, "Impact of Word of Mouth via Social Media on Consumer Intention to Purchase Cruise Travel Products."

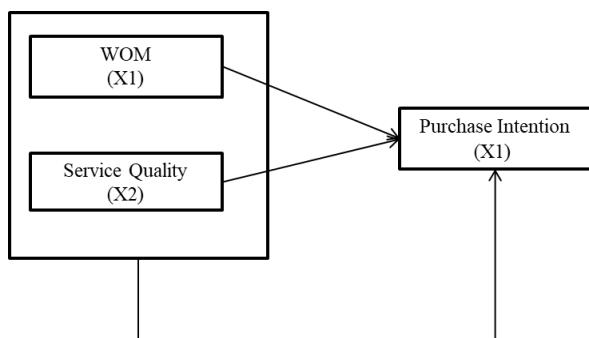
purchase decision.<sup>37</sup> Ena, Nyoko, & Ndoen, (2020) also stated that service quality and WOM has a significant relationship on purchase decision.<sup>38</sup>

Therefore, the relationship between dependend and independent variables as follow:

- H1: Service quality has a significant relationship on purchase decision.
- H2: WOM has a significant relationship on purchase decision.
- H3: Service quality and WOM has a significant relationship on purchase decision simultaneously.

Thus, research model of this study as follow:

**Figure 1. Research Model**



**3. RESEARCH METHOD**

This study is an empirical study; a field survey is conducted to collect the

data. The data in this study is primary data which is obtained from the respondents directly through questionnaire.<sup>39</sup> The sample of this study is the customer of the MSMEs at Desa Tanjungan which employs purposive sampling as a sampling technique. Sampel size of this study is about 50 which obtained based on the rule of thumb.<sup>40</sup> To analyse the data, quantitative methods is employ through multiple regression analysis.<sup>41</sup> SPSS 20 used to support or as a toll to analyse using multiple regression analysis.

**4. RESULT AND DISCUSSION**

**4.1. Result**

As it is a prequisit test for regression analysis, normality test is conducted to show whether tha data is distributed norlmally or not. The result of normality test as follow:

**Tabel 1. Test of Normality**

One-Sample Kolmogorov-Smirnov Test		
		Unstandariz ed Residual
N		50
Normal Parameters <sup>a,b</sup>	Mean	0E-7
	Std. Deviation	1.6373038
	Absolute	.068
Most Extreme Differences	Positive	.068
	Negative	-.047
Kolmogorov-Smirnov Z		.478
Asymp. Sig. (2-tailed)		.976

<sup>37</sup> Heesup Han et al., "Impact of Environmental CSR, Service Quality, Emotional Attachment, and Price Perception on Word-of-Mouth for Full-Service Airlines," *Sustainability* 12, no. 10 (May 12, 2020): 3974, <https://www.mdpi.com/2071-1050/12/10/3974>.

<sup>38</sup> Maria Yalinta Ena, Antonio E L Nyoko, and Wehelmina M Ndoen, "Pengaruh Persepsi Harga, Kualitas Pelayanan, Lokasi Dan Word of Mouth Terhadap Keputusan Pembelian Di Chezz Cafenet," *Journal of Management: Small and*

*Medium Enterprises (SMEs)* 10, no. 3 (February 2, 2020): 299-310, <http://ejurnal.undana.ac.id/JEM/article/view/1998>.

<sup>39</sup> Sugiyono, *Metodologi Penelitian Kuantitatif Kualitatif Dan R&D* (Bandung: Alfabeta, 2011).

<sup>40</sup> Joseph F. Hair et al., *Multivariate Data Analysis*, 7th ed. (New York: Pearson Prentice Inc, 2010).

<sup>41</sup> Sugiyono, *Metodologi Penelitian Kuantitatif Kualitatif Dan R&D*.

a. Test distribution is Normal.  
 b. Calculated from data.

Source: Processed Primary Data Result

Based on table 1 above, it is showed the data distribution of this research. the residual is insignificant with 0.976 means the data is normally distributed which is allowed to continue to analyse to collinearity test. The test of collinearity is shown in the table below:

**Tabel 2. Collinearity Tesr Result**

Collinearity Statistics	
Tolerance	VIF
.666	1.502

**Collinearity Statistics**

.666                      1.502

Source: Processed Primary Data Result

Table 2 above shows that the tolerance value is about 0.666 for all independent variables as well as the VIF values is about 1.052 for all independent variables. Means, there is no collinearity between variables since the tolerance value is less than 1 and VIF value is less than 10. Therefore, the data is able to analyse in regression analysis.

Meanwhile, the result of t test is shown in the table below:

**Tabel 3. t-Test and Regression Analysis Result**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	6.755	1.641		4.116	.000
1 Service Quality	.369	.082	.543	4.511	.000
Word of Mouth	.304	.132	.277	2.299	.026

a. Dependent Variable: Purchase Decision  
 Source: Processed Primary Data Result

Based on the table 3, it can be seen that t value in this study for service quality is 4.511 with significant level 0.000 which is less than 0.05. it can be sum up that H1 is supported or service quality has a positive significant relationship on purchase decision. In the same table, t value for WOM is about 2.299 with 0.026 significant level which is less than 0.05. it can be conclude that H2 is supported or there is positive significant relationship between WOM and purchase decision. In the same table Beta coefficient for the equation can be formulated as follow:

$$Y = 6.755 + 0.369 (X_1) + 0.304 (X_2) + e$$

In this study, the coefficient for purchase decision is 6.755, means purchase decision if its not influenced by other variables (service quality and WoM) or other variables has 0 point the value is about 6.755. Meanwhile, the coefficient of service quality is about 0.369 means, if service quality is changes by 1 point, purchase decision would be affected or increased by 0.369. Furthermore, the coefficient of WoM is about 0.304 means if WoM increases by 1 point, purchase decision would increased by 0.304.

Meanwhile, simultaneously the relationship between all variable shown in the table below:

**Tabel 4. F-Test and Simultaneously Relationship**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	157.923	2	78.961	28.253	.000 <sup>b</sup>
Residual	131.357	47	2.795		
Total	289.280	49			

Source: Processed Primary Data Result

Table 4 above shows that F value of ANOVA is about 28.253 with level of significant 0.000 which is less than 0.05 it can be conclude that simultaneously WOM and service quality has positive significant effect on purchase decision. Moreover, the result of R<sup>2</sup> is about 0.546 means purchase decision is influenced by service quality and WOM about 0.546 points or 54.6% while the rest of it about 45.4% is influenced by another variable excluded from this study.

#### 4.2. Discussion

Based on the data analysis, the H1 is supported. Means service quality has a positive significant impact on purchase decision of MSMEs in Desa Tanjungan. Indeed, service quality is necessary to gain consumer satisfaction which in turn grows their loyalty to the brand or the product. The loyal consumer tends to repurchase the product and also promoting the product by reviewing it to their relative, colleagues, and other. It is

also free promotion for the company which cut their advertisement cost.

The result of this study is in line with the result of Rachmawati, Shukri, Ferdous Azam, & Khatibi, (2019) which found that customer service has an effect on purchase decision in property.<sup>42</sup> Also, in line with Haro, Oktaviana, Trimulia Dewi, Anisa, & Suangkupon, (2020) that found the service quality influence purchase intention and purchase decision of Samsung product.<sup>43</sup> In the same line, Khatoon, Zhengliang, & Hussain, (2020) stated that service quality is affects the purchase intention of Qatar Banking Sector customer.<sup>44</sup>

Meanwhile, WOM also found to be positive result. Means, H2 is supported that WOM has a positive relationship on purchase decision. Since the service quality impacting the purchase decision of the consumer, the consumer would promote the product to other whether in storytelling to their relatives, presenting products as a gift to their colleagues, or

<sup>42</sup> Rachmawati et al., "Factors Influencing Customers' Purchase Decision of Residential Property in Selangor, Malaysia."

<sup>43</sup> Haro et al., "The Influence of Brand Image and Service Quality towards Purchase Intention and Its Impact on the Purchase Decision of Samsung Smartphone."

<sup>44</sup> Khatoon, Zhengliang, and Hussain, "The Mediating Effect of Customer Satisfaction on the Relationship Between Electronic Banking Service Quality and Customer Purchase Intention: Evidence From the Qatar Banking Sector."

reviewing the product on social media as e-WOM. Therefore, it is important to maintain the service to the consumer.

This study is in line with the study of Widayati, Ali, Permana, & Nugroho, (2020) which found that word of mouth affects visiting decision in Yogyakarta tourism destination.<sup>45</sup> In the same line, Zhao, Wang, Tang, & Zhang, (2020) found that electronic word of mouth (e-WOM) influence the purchase intention in social e-commerce.<sup>46</sup> Tsai & Bui, (2020) also stated that word of mouth via social media influence the purchase decision of travel products.<sup>47</sup>

Lastly, simultaneously all variable in this study found to have a positive impact on the purchase decision. Means there are relationship between IV and DV with level 54.6% of effect. Sadly, this study is limited to regression analysis. Yet, this study is similar to previous study that stated service quality and WOM affects purchase decision.<sup>48,49</sup>

## **5. CONCLUSSION AND SUGGESTION**

This study is aimed for investigating the relationship of service quality and WOM on purchase decision. Based on the data analysis, partially, service quality has a positive significant relationship on purchase decision as well as WOM has a positive significant

relationship on purchase decision. Meanwhile, simultaneously, service quality and WOM has a positive significant impact on purchase decision with level of relationship about 54.6%.

The implication of study is for the MSMEs that related to this study is able and suggest to develop their marketing strategies through story telling as it is parto of WOM as well as social media platform to expand the market segmentation. Furthermore, it is indeed to maintain service quality that has been existed in the company to provide customer need from the product offered.

This study is limited on the 2 variables (service quality and WOM) while there are several variables that probably affecting the purchase decision. Therefore, future research could add other variables to find more insight of the study. Moreover, other method also necessary to employs such as SEM to find other side of the result.

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<sup>45</sup> Widayati et al., "The Role of Destination Image on Visiting Decisions through Word of Mouth in Urban Tourism in Yogyakarta."

<sup>46</sup> Zhao et al., "Electronic Word-of-Mouth and Consumer Purchase Intentions in Social e-Commerce."

<sup>47</sup> Tsai and Bui, "Impact of Word of Mouth via Social Media on Consumer Intention to Purchase Cruise Travel Products."

<sup>48</sup> Ena, Nyoko, and Ndoen, "Pengaruh Persepsi Harga, Kualitas Pelayanan, Lokasi Dan Word of Mouth Terhadap Keputusan Pembelian Di Chezz Cafenet."

<sup>49</sup> Han et al., "Impact of Environmental CSR, Service Quality, Emotional Attachment, and Price Perception on Word-of-Mouth for Full-Service Airlines."

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