THE EFFECT OF PRODUCT KNOWLEDGE, WORD OF MOUTH AND BRAND IMAGE ON PURCHASE DECISION OF XIAO MI MOBILE PHONE

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Abstract

This study was written to analyze the effect of product knowledge, word of mouth and brand image on purchase decision of Xiao Mi mobile products. The data used in this study were primary data obtained from distributing data through questionnaires distributed to the customers of Xiao Mi Mobile phone. This study used a sample of 105 samples determined based on purposive sampling method and statistical analysis was carried out using Partial Least Square (PLS). The results showed that Product Knowledge had a positive and significant effect on Purchase Decision of Xiao Mi mobile products, Word of Mouth had a positive and significant effect on Purchase Decision of Xiao Mi mobile products and Brand Image had a positive and significant effect on Purchase Decision of Xiao Mi mobile products.

Keywords: Product Knowledge, Word of Mouth, Brand Image, Purchase Decision, Xiao Mi

1. Introduction

Xiao Mi is one of the brands that is on the rise in recent years, its varied and capable products accompanied by prices that are still affordable by all levels of society make Xiao Mi a new idol in the realm of technology, especially for cellphones whereas currently cellphones are a tool. which cannot be separated from our daily life especially for the Indonesian citizen.

There are several factors that affect buying interest and consumer purchasing decisions, as found in the research journal by Wahyuni and Suparna (2014), entitled the Effect of Brand Image and Product Knowledge on Purchase Intention of Counterfeit Bag Products in Denpasar City stated that Brand Image and Product Knowledge had a positive and significant effect on Purchase Intention [1]. Research conducted by Laksmi and Oktafani (2017) on the Effect of Word of Mouth on Buying Interest of Instagram Followers at Upnormal Cafes, the result is that Word of Mouth and buying interest influence each other [2]. Research conducted by Rizky and Yasin (2014) on the Effect of Promotion and Price on Buying Interest in Obama's Housing PT. Nailah Adi Kurnia Sei Characterizing Medan, the result is that promotion and price both have a positive effect on buying interest [3].

Word of mouth is defined by word of mouth, according to Kotler and Keller (2012) consumers use word of mouth to talk about dozens of brands every day, from media and entertainment products such as movies, tv shows, and publications to food products, travel services and retail stores. Word of mouth is also a communication process providing a recommendation either individually or in groups hoping for a product or service to provide personal information [4].

Brand image is a description of consumer associations and beliefs about certain brands. According to Tjiptono (2012) having a strong Brand Image is a must-have for

every company, a strong brand image can develop a company image by carrying a company name, these brands can help advertise the quality and size of the company [5].

Purchase decisions are actions taken by consumers to make a purchase of a product. Therefore, consumer purchasing decision making is a process of selecting one of several alternative problem solving with real follow-up. After that the consumer can evaluate the choice and then can determine the attitude to be taken next. In a purchase decision, there are several roles of consumers, namely initiator, effectr, decider, buyer, user. Companies need to recognize these roles because all roles have implications for designing products, determining messages, and allocating promotional budget costs and making marketing programs that are suitable for buyers [6].

The objectives of this study were to analyze the effect of product knowledge on purchasing decisions for Xiaomi mobile phones, to analyze the effect of word of mouth on purchasing decisions for Xiao Mi mobile phones and to analyze the effect of brand image on purchasing decisions for Xiao Mi mobile phones based on the background. The researchers conducted research on the effect of product knowledge, word of mouth and brand image on purchasing decisions for Xiao Mi mobile phone products.

2. Material and Methods

The data collection method used in the preparation of this research is by field research (Field Research) through interviews, observations and questionnaires as well as library research (Library Research), this method is carried out by searching for data through the library, in the sense of studying and reviewing science books. knowledge and literature related to the field of marketing.

The data analysis method in this study uses the Partial Least Square (PLS) method. PLS can be used on any type of data scale (nominal, ordinal, interval, ratio) as well as more flexible assumptions. Partial Least Square is also used to measure the relationship between each indicator with the construct.

In this study, the research population refers to the entire APP Jakarta Polytechnic academic community who are Xiao Mi mobile phone users. Because the population in this study were Xiao Mi mobile phone users throughout the APP Jakarta Polytechnic academic community.

In this study, enumeration was carried out using the purposive sampling method, namely the sampling was carried out with certain considerations, considering the desired respondents to facilitate the research so that a sample of 105 people who used the Xiao Mi brand mobile phone product in the APP Jakarta Polytechnic environment was taken.

Validity Test (Convergent Validity)

In testing convergent validity, the individual reflection size is said to be high if it has a correlation of more than 0.70 with the construct to be measured. However, for research in the early stages of developing a measurement scale, a loading value of 0.50 to 0.60 is considered sufficient [7]. The validity test results can be found as follows:

TABEL 1. CONVERGENT VALIDITY TEST RESULT

a. Variable X1

Question	r Count Value	r Table Value	Information
P01	0,904	0,1918	Valid
P02	0,796	0,1918	Valid
P03	0,860	0,1918	Valid
P04	0,756	0,1918	Valid

b. Variable X2

Question	r Count Value	r Table Value	Information
P01	0,891	0,1918	Valid
P02	0,856	0,1918	Valid
P03	0,915	0,1918	Valid
P04	0,891	0,1918	Valid

c. Variable X3

Question	r Count Value	r Table Value	Information
P01	0,772	0,1918	Valid
P02	0,922	0,1918	Valid
P03	0,848	0,1918	Valid
P04	0,911	0,1918	Valid

d. Variable Y

Question	r Count Value	r Table Value	Information
P01	0,769	0,1918	Valid
P02	0,822	0,1918	Valid
P03	0,894	0,1918	Valid
P04	0,897	0,1918	Valid
P05	0,861	0,1918	Valid
P06	0,901	0,1918	Valid

Based on table 4.6 above, the results show that the validity test with the outer loading output has been fulfilled, which has a factor value above 0.70. the measurement model has the potential to be tested further.

Reliability Test

TABEL 2. CRONBACHS ALPHA TEST

Variable	*Cronbachs Alpha*	Information
Product Knowledge	0,823	Reliable
Word of mouth	0,838	Reliable
Brand Image	0,833	Reliable
Purchase Decision	0,810	Reliable

Based on table 2 above, the test results of Cronbach's alpha show a very satisfactory value, all latent variables have Cronbach's alpha values of more than 0.6 so that the results above can be seen that the Cronbach's alpha value meets the criteria.

A. Hypotheses Test (Inner Model)

1. R-Square Value

The R=Square value is 0,908 as shown at below table:

TABEL 3. R-SQUARE VALUE

	R Square	Adjust. R Square
Y	0,908	0,903

The Structural Model indicates that the independent latent variable model (Product Knowledge, Word of mouth and Brand Image) on purchasing decisions gives an R-Square value of 0.903 which can be interpreted that the construct variables of Purchase Decisions are explained by the construct variables of Product Knowledge, Word of mouth and Brand Image by 90.3% while the remaining 9.7% is explained by other variables outside the study.

a. Goodness of Fit Model

The goodness of fit test of the model is measured using R-Square dependent latent variable with the same interpretation as regression. Q-Square predictive relevance for structural models, measuring how well the observed values are generated by the model and the estimated parameters. The Q-Square value > 0 indicates the model has predictive relevance, otherwise if the Q-Square value < 0 indicates the model lacks predictive relevance.

b. Hypothesis Testing Results (Estimated Path Coefficient)

The estimated value for the path relationship in the structural model must be significant. This significance value can be obtained by the booststraping procedure. Looking at the significance of the hypothesis by looking at the parameter coefficients and the T-Statistic significance value in the boostraping report algorithm, the T-Statistic significance value must be more than 1.96 [8].

To see whether it is significant or not, it is seen from the T-table at alpha 0.05 (5%) = 1.96, then the T-table is compared by T-count (T-statistic). Below are the results of hypothesis testing results with path coefficients and bootstrapping in this study as shown at Image 1 and Table 4 respectively.
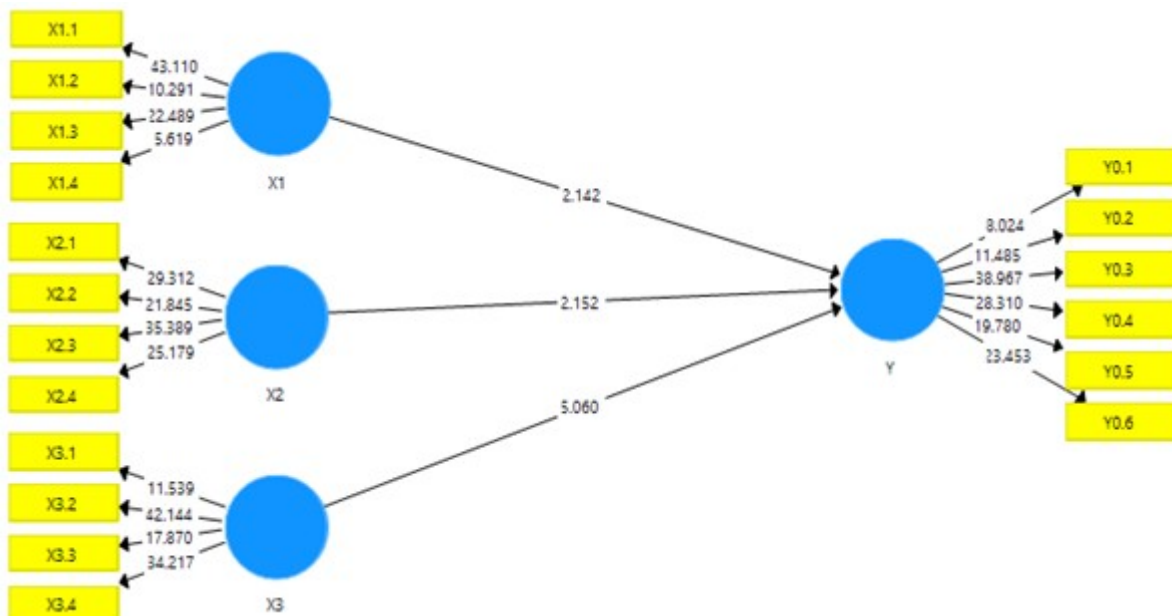

IMAGE 1. BOOTSTRAPPING

TABEL 4. STATISTICS TEST RESULTS

Variable	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (| O/STDEV|)	P Values
X1	0,223	0,220	0,104	2,142	0,033
X2	0,262	0,267	0,122	2,152	0,032
X3	0,508	0,507	0,100	5,060	0,000

t tabel = 1,66008

Based on table 4 above shows the results that product knowledge has a significant effect on purchasing decisions, this can be seen from the results of the t-count of 2.142 which is greater than the t-table of 1.66008 with an error rate of 0.05 (5%). The original sample estimate value is positive, namely 0.223 which indicates that the direction of the relationship between product knowledge and purchasing decisions. Furthermore, the word-of-mouth variable has a significant effect on purchasing decisions, this is indicated by the T-count value of 2.152 which is greater than the t-table 1.66008 with an error rate of 0.05 (5%). The original sample estimate value is positive, which is 0.262 which indicates that the direction of the relationship between Word of Mouth and purchasing decisions is positive. Likewise, the brand image variable has a significant effect on purchasing decisions, this is indicated by the t-count value of 5.060 which is greater than the t-table, which is 1.66008 with an error rate of 0.05 (5%). The original sample estimate value is positive, which is 0.508. shows that the direction of the relationship between brand image on purchasing decisions is positive.

Result and Discussion
1. The Effect of Product Knowledge on Purchase Decisions
Based on the first hypothesis testing, it is known that the proposed H1 is accepted. Thus, the H1 hypothesis in this study states that product knowledge has a significant effect on purchasing decisions.

Basically, consumers buy a product or service to meet their needs or desires. So, every company or producer must be able to meet all the needs and desires of consumers. Product knowledge is a collection where consumers know various aspects that exist in a product. These aspects consist of several things such as product categories, brands, product terminology, product features, prices and product beliefs that can affect the benefits that will be received by consumers [9].

The results of this hypothesis are in line with the results of research conducted by Erida and Rangkuti (2017) about The Effect of Brand Image, Product Knowledge and Product Quality on Purchase Intention of Notebooks which have Product Knowledge results that have a significant effect on Purchase intention. This means that from the description above it can be concluded that product knowledge has a significant effect on purchasing decisions [10].
2. The Effect of Word of Mouth on Purchase Decisions
In testing the hypothesis, it is explained that the proposed H2 is accepted. Thus, the H2 hypothesis in this study states that word of mouth has a significant effect on purchasing decisions. Word of mouth or word of mouth is an oral communication carried

out by someone who has used a product or service to retell to family, friends, or relatives. If consumers get information about a product through word of mouth, consumers will evaluate the product before buying it. If word of mouth gives positive things to the product or service, it will affect consumer purchasing decisions for the product [11].

The results of this hypothesis are in line with research conducted by Widjaya (2016) regarding the Effect of Word of mouth and Electronic Word of mouth on Purchase Intention: A Case Study Regarding Consumer Behavior Against Gojek Online Ojek Services The results are Word of mouth and Electronic Word of mouth have an effect which is significant to Consumer purchasing decisions. Based on the description above, it can be concluded that word of mouth has a significant effect on purchasing decisions [12].

3. The Effect of Brand Image on Purchase Decisions

Based on hypothesis testing, it is explained that the proposed H3 is accepted. Thus the H3 hypothesis in this study states that brand image has a significant effect on purchasing decisions. Companies must be able to build a brand image of a product, because a good brand image will make a product have quality in the minds of consumers [13].

If the brand image has been formed, it will be an advantage for the company because the brand image is the same as forming the company image, this will make it easier for the company to do promotions. In addition to product quality, brand image can also effect consumer purchasing decisions. Products that have a good brand image will be more attractive to consumers than products that have a bad brand image.

The results of this study are in line with research conducted by Ambarwati et al. (2015) on the Effect of Brand Image on Purchase Decisions (Survey of Brawijaya University Students Using Pepsodent Toothpaste) which has a significant effect on the effect of brand image on Pepsodent toothpaste purchasing decisions [14]. It's also in line with the research conducted by Kuswibowo (2021) that Brand Image has a positive and significant effect on Purchase Intention [15] and also Muhammad Arsalan which stated that Brand Image and Service Quality has an impact on Consumer Purchase intention: [16]. From the description above, it can be concluded that brand image has a significant effect on purchasing decisions.

3 Acknowledgement

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