

The Influence of Word of Mouth and Sales Promotion on Purchasing Decisions at Xyz Cafe in Medan

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ABSTRACT

Sales promotion is one of the factors that can influence purchasing decisions. Marketing strategies through word of mouth and sales promotions carried out by other similar business actors so that there are more and more business competitors. The data analysis method used in this research is quantitative method. The data collection technique for this research is to use documentation and questionnaires. And the data quality test uses validity test, reliability test, classical assumption test, multiple linear regression, t test, F test, and coefficient of determination. The conclusion that can be drawn from this research is that word of mouth has an effect on purchasing decisions at Cafe XYZ in Medan, then it is known that sales promotion has no effect on purchasing decisions at Cafe XYZ in Medan.

INTRODUCTION

In the current era of globalization, many businesses have been founded in order to help improve the economy. Remote business locations are not an obstacle for consumers to come and visit to shop directly. This is supported by the development of information technology which is supported by the internet network and makes it easier for consumers to communicate with one another. The culinary business has become a special attraction for business people to open restaurants, cafes and similar businesses. Due to the high public need for something new from culinary variations, which is displayed in advertisements on social media. According to Firmansyah (2018:4) management is the art and science of planning, organizing, compiling, directing and supervising human resources to achieve predetermined goals. Management is a process in order to achieve goals by working together through people and other organizational resources (Sarinah & Magdalena, 2017: 7).

XYZ Cafe is a cafe that was founded in 2016 which offers various types of drinks and food. XYZ Cafe chose a classic concept with shades of white and black, and an outdoor theme where consumers can enjoy the natural atmosphere and the cool breeze blowing in the trees, making consumers more comfortable and at home with family or co-workers.

XYZ Cafe is a cafe business that has consumers consisting of young millennials. The cafe offers a variety of food and drinks plus internet network facilities, which is an attraction for the young community to come and gather to enjoy a relaxed atmosphere. Through social media, XYZ Cafe carries out marketing via Instagram, targeting the younger generation as its target market. On this Instagram medium, marketing is increasingly developing into communication word of mouth. Consumers who have visited XYZ Cafe will tell their friends and family or even come back with their relatives after providing information about XYZ Cafe. XYZ Cafe relies on word of mouth as their promotional medium.

In building a business, business actors must be able to adapt well to the environment in order to encourage and obtain maximum results. Marketing is one of the main activities carried out by entrepreneurs and their businesses to maintain their survival, to develop and make a profit. Marketing is also a process that aims to satisfy consumer needs and desires. According to Melydrum in Sudaryono (2016:41), marketing is a business process that seeks to align the organization's human, financial and physical resources with the needs and desires of customers in the context of competitive strategy.

Factors that influence purchasing decisions include: word of mouth and Sales Promotion. Word of mouth plays an important role in consumer purchasing decisions and in shaping customer behavior patterns. According to Priansa (2017: 339) word of mouth is a marketing activity in providing information about a product or service from one consumer to another to discuss, promote and sell a brand to other people. Apart from that, sales promotions are also a factor that can influence purchasing decisions. The marketing strategy is through word of mouth and sales promotions carried out by other similar business actors so that there are more and more business competitors. Thus, consumers are increasingly taking into consideration when

determining purchasing decisions, such as ease of obtaining information, comfort and product quality.

Marketing Word of mouth it's not just about getting consumers talking about the brand but also about turning customers into fans who also like to talk about the brand and products. This type of marketing method will never die, plus there are indications of social media assistance which makes many things easier. Word to mouth is important for every business. This method is one of the most credible forms of promotion because a person is risking his or her reputation every time he makes a recommendation and that person gets nothing but appreciation from those who listen. Sales promotions offer an alternative way to increase short-term sales. Through this, companies can also encourage consumers to shift customer purchases from competing brands. Furthermore, sales promotions become a company tool to educate customers about product improvements or the introduction of new products. It is also possible to bring more customers to the cafe.

A person will ask others about the quality of a good or service before they decide to buy it, therefore word of mouth can influence someone's purchase decision in making a purchase. Word of mouth has a very influential or effective role in the survival of a company and can improve purchasing decisions made by consumers. Word of mouth can spread widely quickly and be trusted by potential consumers. Deployment word of mouth Not only can this be done by providing information through word of mouth communication, but it can also be disseminated via existing internet social media.

The typical menu at XYZ Cafe is coffee with a different aroma compared to the aroma of coffee in other places. Usually visitors to XYZ Cafe range from teenagers to adults. This cafe is usually a place for those who like to hang out and play games with friends or family.

During the development of XYZ Cafe there were fluctuations in sales. According to Kotler (2014: 184), consumer purchasing decisions are the final decisions of individuals and households who purchase goods and services for personal consumption. Consumer visits have decreased so that the number of sales of XYZ Cafe products has also decreased. The problem faced by XYZ Cafe is the lack of food or drink menu choices. Plus the choice of types of food offered is also limited. Then consumers decide not to come to XYZ Cafe because the next problem with XYZ Cafe is the incomplete menu availability, apart from that consumers prefer to come at night to types of food and drinks at XYZ Cafe.

The following is a table of food and beverage sales data at XYZ Cafe for 2016-2020:

Table 1. Food and Beverage Sales Data at XYZ Cafe in Medan

N o	Yea r	Target(Rp)	Realization(Rp)	Percent age
1	2016	324.672.000	169.956.000	52
2	2017	324.672.000	326.358.000	100,5
3	2018	1.105.950.000	1.116.582.000	101
4	2019	1.105.950.000	1.021.174.000	92
5	2020	1.105.950.000	903.309.000	81

6	2021	1.105.950.000	880.442.000	79,6
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Sumber : XYZ Cafe, 2021

Based on table 1, it shows that sales of food and drinks at XYZ Cafe in Medan have decreased. In the last 5 years it has tended to be unstable, in 2016 XYZ Cafe's sales did not reach the target, which means there is still a need for improvement in terms of sales at XYZ Cafe. Then in 2017 it reached the sales target, so this can be maintained by target, and the highest sales were in 2018, then in 2019 there was a decline in sales due to the absence of events such as live music, thereby reducing the attractiveness of consumers to visit. Meanwhile in 2020 and 2021 sales at XYZ Cafe experienced a decline, this was due to the Covid-19 pandemic. 19 and PPKM recommended by the government.

In this research, a pre-survey was also carried out on 26 respondents with the aim of finding out consumer assessments of XYZ Cafe. The pre-survey results are presented as follows:

Table 2. Results of Pre-Survey Consumer Assessment of XYZ Cafe in Medan

No	Question	Answer		
		Of	No	Maybe
1	is you know XYZ Cafe through friends, family, neighbors?	57,7 %	26,9 %	15,4%
2	is you know XYZ Cafe via Instagram?	30,7 %	53,8 %	15,4%
3	is you get coupons, discounts, and price packages by XYZ Cafe?	80,7 %	19,3 %	

Source: Pre survey 2021

From the pre-survey results, it can be seen from the first question that quite a lot of consumers know about XYZ Cafe through friends, family, neighbors though word of mouth at XYZ Cafe is considered good by consumers. It is suspected that there are other factors that influence consumers to know about XYZ Cafe. Then in the second question, it can be seen that 30.7% of respondents said that they found out about XYZ Cafe through Instagram, it is suspected that the respondents felt that the sales promotion on Instagram was not good. Furthermore, for the third question, it can be seen that there are still some respondents who did not get coupons, discounts, price packages of 19.3%, this is because the promotions carried out by XYZ Cafe have not been optimal and comprehensive.

At XYZ Cafe word of mouth will attract potential new consumers to purchase a product/service that they have heard about from other people, whether from family, colleagues or people they have just met when purchasing the product/service. When potential consumers already know the ins and outs

of the products or services that will be used through promotions offered or through word of mouth, then potential consumers will think about the causes and consequences first. XYZ Cafe also often carries out promotions by holding online game tournaments . Positive and negative impressions will become further evaluations before finally deciding whether to buy the product/service or not. The problem with XYZ Cafe is that it is less active in responding to complaints or responses given by consumers, therefore word of mouth does not run smoothly.

Besides Word of mouth, there is a sales promotion strategy to attract consumer purchasing decisions, XYZ Cafe carries out sales promotions with various sales promotion tools, namely; discounts, vouchers, contests or competitions, and cross-sale promotions with various companies, brands and events in Medan. According to Kotler and Keller 2016 (in Benik and Ramadhan, 2018: 219) sales promotions are various short-term incentives to encourage trial or purchase of products or services including consumer promotions (such as samples, coupons and premiums), trade promotions (such as advertising and display allowances), and business and sales force promotions (contests for salespeople). Sales promotion at XYZ Cafe uses a strategy by giving coupons, this is considered a good promotional strategy because it can be applied directly to consumers. Coupons provide support to companies and encourage consumers to make purchasing decisions in purchasing products. Price discounts are a strategy that can make customers think positively about a product, this is what is done at XYZ Cafe like when consumers buy food..

The sales promotion used by XYZ Cafe only uses Instagram and the website, from 2016 to 2020 XYZ Cafe only uses Instagram and the website. Furthermore, in carrying out promotions, the owner of XYZ Cafe issues a policy on the number of promotions such as coupons, discounts, price packages. But in reality it was not implemented well so that the promotion carried out by XYZ Cafe could not reach the promotional targets. However, XYZ Cafe sometimes updates customer experience Instagram stories on its Instagram page.

In terms of image and visual quality, social media and the XYZ Cafe website already provide an attractive appearance. XYZ Cafe also provides free vouchers to its followers on Instagram and the website as an attraction for consumers who have never visited XYZ Cafe. XYZ Cafe also provides attractive discounts on major holidays and national holidays. XYZ Cafe has carried out many promotions but has not been able to increase sales.

LITERATURE REVIEW

According to Firmansyah (2018:4) management is the art and science of planning, organizing, compiling, directing and supervising human resources to achieve predetermined goals. Management is a process in order to achieve goals by working together through people and other organizational resources (Sarinah & Magdalena, 2017: 7). According to Priansa (2017: 339) word of mouth is a marketing activity in providing information about a product or service from one consumer to another to discuss, promote and sell a brand to other people. According to Kotler (2014: 184), consumer purchasing decisions

are the final decisions of individuals and households who purchase goods and services for personal consumption.

The data analysis method used in this research is a quantitative method. The data collection technique for this research is by using documentation and questionnaires. And data quality tests use validity tests, reliability tests, classical assumption tests, multiple linear regression, t tests, F tests, and coefficient of determination.

METHODOLOGY

The variables in this research consist of two variables. The first variable is the independent variable, namely Word of Mouth and Sales Promotion. The second variable is the dependent variable, namely Purchase Decision. Wibisono, (2013, p. 81) expresses the definition of population as "a complete collection of entities which can consist of people, events or objects, which have a number of common characteristics". The population in this study is consumers of XYZ Cafe in Medan, the number of which is unknown. The sample is several members selected from the population (Wibisono, 2013). The sample used was consumers at XYZ Cafe in Medan. To determine the sample used, the researcher used a non-probability sampling technique, a sampling technique that does not provide an equal chance for each element or member of the population to be selected as a sample. The sampling method is using accidental sampling, namely a technique for determining samples based on chance, that is, anyone who coincidentally or accidentally meets the researcher can be used as a sample, if it is deemed that the person who is accidentally met is suitable as a data source. From the calculations, the sample size in this study was 97 respondents in the study, namely consumers from XYZ Cafe in Medan. Silaen (2018:103) sample selection was carried out using an accidental sampling technique where the researcher took a sample of anyone who was in the place or happened to meet as a sample who was deemed suitable as a data source. The research method used in this research is a quantitative method with associative and causal research, namely a research question that asks about the relationship between two or more variables, where the variables are independent and dependent (Sugiyono, 2017: 64).

RESULT AND DISCUSSION
Multiple Linear Regression

Table 3. Multiple Linear Regression Test

Model	Unstandar dized Coefficients		Standar dized Coefficients	t	Say.
	B	Std. Error	B et a		
(Constant)	5.144	3.905		1.317	.191

1	<i>Word of mouth</i>	.694	.111	.650	6.240	.000
	Sales promotion	.177	.102	.180	1.725	.088

a. Dependent Variable: Purchase decision

Source:Output SPSS, 2022

Based on Table 3, the regression equation can be seen as follows:

$$Y = a + bX_1 + bX_2 + e$$

$$Y = 5,144 + 0,694X_1 + 0,177X_2 + e$$

Where:

1. The value of constant (a) is 5,144. It means when word of mouth and sales promotion is assumed to have a value of 0, then the purchase decision for XYZ Cafe is 5.144.
2. Variable coefficient value Word of Mouth of 0.694, meaning of word of mouth experiences an increase of one unit, then the decision to purchase XYZ Cafe will increase by 0.694 units assuming the other independent variables are fixed.
3. The coefficient value of the Sales Promotion variable is 0.177, meaning that if Sales Promotion experiences an increase of one unit, then the decision to purchase XYZ Cafe will increase by 0.177 units assuming the other independent variables have a fixed value.

T Test Results

Table 4. T Test

Model	Unstandar dized Coefficients		Standar dized Coefficients	t	Say.
	B	Std. Error	B et a		
(Constant)	5.144	3.905		1.317	.191
1 <i>Word of mouth</i>	.694	.111	.650	6.240	.000
Sales promotion	.177	.102	.180	1.725	.088

a. Dependent Variable: Purchase decision

Source:Output SPSS, 2022

Based on the results of the research that has been carried out, it can be concluded that:

1. Variable Word of mouth has a calculated t value (6.240) > t table (1.985) and a significance value of 0.000 < 0.05, then word of mouth has a significant effect on purchasing decisions.
2. The sales promotion variable has a calculated t value (1.725) < t table (1.985) and a significance value of 0.081 > 0.05, so sales promotions do not have a significant effect on purchasing decisions.

F Test Results

Table. 5 F Test

Model		Sum of Squares	d f	Mean Square	F	Sig.
1	Regression	17953.796	2	8976.898	84.314	.000 ^b
	Residual	10008.163	94	106.470		
	Total	27961.959	96			

a. Dependent Variable: Purchase decision

b. Predictors: (Constant), Sales promotion, Word of mouth

Source :Output SPSS, 2022

Based on table 5 above, it is known that the calculated F is 84.314 with a significance of 0.000. F statistical table is 3.09. Thus it is known that F count (84.314) > F table (3.09) with Sig. (0.000) < (0.05). This means simultaneously word of mouth and sales promotions have a significant influence on purchasing decisions for XYZ Cafe in Medan.

Coefficient of Determination (R²)

Table 6. R Square

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.801 ^a	.642	.634	10.318

a. Predictors: (Constant), Sales promotion, Word of mouth

Source: Output SPSS 2022

From table 5.30 above, it can be seen that the Adjusted R Square value is 0.634. This means it is variable word of mouth and sales promotions provide variation in the Purchasing Decision variable of 63.4%, while the remaining 36.6% is contributed by other factors not examined in this research.

CONCLUSIONS AND RECOMMENDATIONS

Based on research results and discussion of influence word of mouth and sales promotions on purchasing decisions at XYZ Cafe in Medan, it can be concluded several things as follows:

1. Word of mouth has a significant influence on purchasing decisions for XYZ Cafe in Medan.
2. Sales promotions have an insignificant influence on purchasing decisions for XYZ Cafe in Medan.
3. Word of mouth and sales promotions have a significant influence on purchasing decisions for XYZ Cafe in Medan.
4. The Adjusted R Square value is 0.634. This means it is variable word of mouth and sales promotions provide variation in the purchasing decision variable of 63.4%, while the remaining 36.6% is contributed by other factors not examined in this research.

Based on research results and discussion of influence word of mouth and sales promotions on purchasing decisions at XYZ Cafe in Medan, then suggestions that can be given:

1. It would be better for XYZ Cafe to further increase information about XYZ Cafe on the website so that it is easier for consumers to find out about XYZ Cafe through the website.
2. We hope that XYZ Cafe in Medan can increase promotions via the website. Then come up with new product innovations by taking advantage of people's lives and habits.

ADVANCED RESEARCH

This research still has limitations, so further research needs to be carried out related to the topic "The Influence of Word of Mouth and Sales Promotion on Purchasing Decisions at Xyz Cafe". Future research can use different purchasing decision objects to add insight for readers.

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