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THE EFFECT OF ADVERTISING, PERSONAL SELLING AND WORD OF MOUTH ON PURCHASE DECISIONS AT UD SUMBER BANGUNAN SABRANG AMBULU JEMBER

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ABSTRACT

Marketing is a very important part for companies to earn profits, achieve targeted sales turnover am, and provide the expected satisfaction effectively and efficiently. The purpose of this study is to determine the effect of advertising, personal selling and word of mouth on purchasing decisions. The method of analysis used in this study is the validity test, reliability test, classical assumption test, multiple linear regression analysis test, coefficient of determination (R2) and hypothesis testing using SPSS. The results of this study indicate that advertising, personal selling and word of mouth affect simultaneously to the purchase decision. And partially advertising has no significant effect on purchasing decisions, personal selling in partial has no significant effect on purchasing decisions, and word of mouth has a significant effect on purchasing decisions.

Keywords: Advertising, Personal Selling, Word of Mouth, Purchase Decision

INTRODUCTION

Currently, developments and competition in the business world are increasing which causes every company to meet consumer needs and compete to compete in marketing their products so that they can be recognized by consumers. With these developments and competition, companies must develop appropriate and appropriate marketing strategies so that the products being marketed continue to run, namely by introducing products and influencing consumers to decide to choose the products offered through promotional activities which are one of the references in the marketing mix.

One way to promote and grow a business is by advertising. The use of media through advertisements can also be spread through advertisements in various print media, radio, television, or social media. In addition, there are many factors that influence purchasing decisions. A company must understand consumer behavior towards the products or brands offered, because consumers come from several segments so what they want and need is different. Thus, this requires companies to look for new techniques and ways to increase sales volume by attracting and satisfying consumers so that companies can achieve maximum profits.
In addition to advertising (advertising), one of the strategies taken in an effort to increase purchasing decisions is personal selling and word of mouth (WOM). WOM or commonly known as buzzmarketing makes consumers curious when there are lots of talks and even recommendations about something new. According to Kotler & Keller (2012:5). "Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating, offering and exchanging products of value".

Kotler & Keller (2012: 478), states that advertising (Advertising) is any form of presentation & promotion that is not done by people (non-personal) from ideas, goods or physical products, or services carried out by predetermined sponsors. Advertisements can be presented through prominent and clear writing and images, interesting or memorable words, and have their own characteristics.

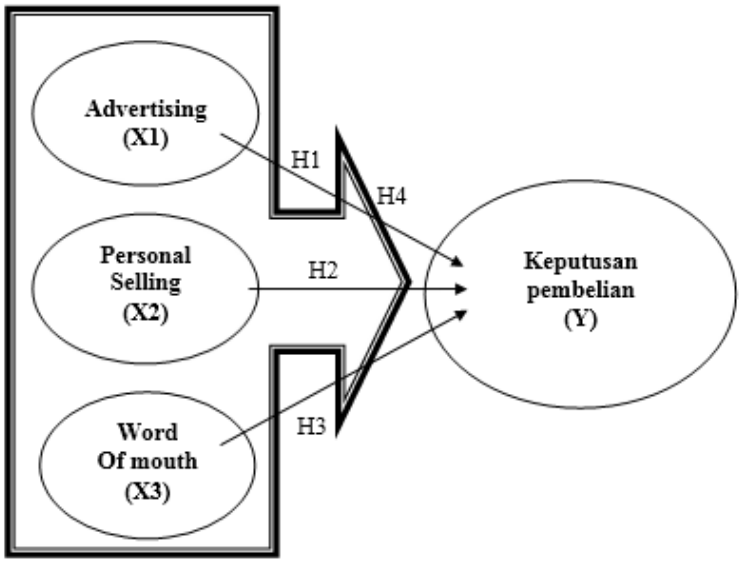
Kotler and Armstrong (2013: 408) explain personal selling which states that the nature of personal selling can be said to be more flexible because salespeople can directly adjust sales offers to the needs and behavior of each prospective buyer.
According to Buttle (1998: 242), "Word of mouth has been shown to influence a variety of conditions: awareness, expectations, perceptions, attitudes, behavioral intentions and behavior". This means that word of mouth communication can affect several kinds of conditions, namely awareness, expectations, perceptions, attitudes, desires to act, and behavior.

The objectives of this research are:

- To determine the effect of advertising (X1), personal selling (X2) and word of mouth (X3) variables on purchasing decisions at UD Sumber Bangunan (Y) either partially (individually) or simultaneously (together).
- To find out from the advertising, personal selling and word of mouth variables, which variable has the most dominant influence on purchasing decisions (Y) at UD Sumber Bangunan

RESEARCH METHODS

The conceptual framework of this study is as follows:



Simultaneous (together with the same as a) : _ _ _ _ _

P a r tial (alone – alone) **:** _ _ _ _

(X1) = Advertising is an independent variable

(X2) = Personal selling is an independent variable

(X3) = Word of mouth is an independent variable

(Y) = Purchase decision is the dependent variable

Hypothesis:

- H1: advertising is suspected to partially have a significant effect on purchasing decisions.
- H2: personal altercation is suspected to have a partially significant effect on purchasing decisions.
- H3: word of mouth is suspected to have a significant partial effect on purchasing decisions.
- H4: advertising, personal selling and word of mouth are thought to have a positive effect on purchasing decisions

This research uses quantitative methods, namely research that uses statistical or mathematical formulas for data analysis. Independent variables consist of Advertising, Personal selling, Word of Mouth, then the dependent variable is purchasing decisions. Independent variables are variables that affect the dependent variable, which can have a positive or negative effect (Ferdinand, A 2006:26).

The data used in this study are primary data and secondary data. Then the population of this study were all consumers of UD Sumber Gedung Sabrang Ambulu who made purchases, while the number of samples used was 30 respondents. Data collection techniques are by means of observation, interviews, questionnaires, and literature study.

The data analysis technique used is:

a. Test data instruments consisting of validity and reliability tests

Validity test is used to measure whether a questionnaire is valid or not. The questionnaire is said to be valid if the questions on the questionnaire are able to reveal something that will be measured by the questionnaire. According to Sugiyono (2009; 179) the conditions that must be met in order to be valid are: If $r \geq 0.30$, the question items from the questionnaire are valid. If $r \leq 0.30$ then the question items from the questionnaire are invalid.

Reliability is a tool for measuring a questionnaire which is an indicator of a variable or construct. Question items are said to be reliable or reliable if a person's answer to the question is consistent or stable from time to time. To test the overall reliability of the research instrument, the Cronbach alpha (α) method can be used. The reliability of the research instrument at a certain level of confidence (α) is determined if α > (rtable) means there is reliability, but if α < (rtable) means there is no reliability.

b. Classical assumption test consisting of normality, multicollinearity, heteroscedasticity, and autocorrelation tests

The normality test aims to test whether the regression model, the dependent and independent variables have a normal distribution or not. A good regression model is to have a normal or close to normal data distribution (Ghozali, 2010:16-17).

Multicollinearity is a condition where there is a perfect or near perfect linear relationship between two or more independent variables in the regression model. A good regression model requires no multicollinearity problem. To detect whether there is multicollinearity by looking at the Tolerance and VIF values. The smaller the Tolerance value and the larger the VIF, the closer to multicollinearity problems occur. In most studies it is stated that if the Tolerance is more than 0.1 and VIF is less than 10 then multicollinearity does not occur (D.Priyatno, 2013:56-61).

The heteroscedasticity test is a condition where there is an inequality of variance from the residuals in the regression model. A good regression model requires no heteroscedasticity problem. Heteroscedasticity causes the estimator to be inefficient and the coefficient of determination will be very high. To detect whether there is heteroscedasticity by looking at the pattern of dots on the regression scatterplots. If the dots spread in an unclear pattern above and below the number 0 on the Y axis, then there is no heteroscedasticity problem. (D. Priyatno, 2013:56-61).

Autocorrelation is a condition where there is a correlation from the residuals for one observation with another observation arranged according to a time series. A good regression model requires no autocorrelation problems. The impact caused by the existence of autocorrelation is that the sample variance cannot describe the population variance. (D. Priyatno, 2013:56-61).

Multiple linear regression analysis

Multiple Linear Regression Analysis is an analytical tool to determine the effect of the independent variables X1, X2, and X3 on the dependent variable Y. The equation in multiple linear regression is Y = a + b1X1 + b2X2 + b3X3 + e

Where:
a = Constant
Y = Purchase decision
X1 = Advertising
X2 = Personal exchange
X3 = Word of mouth
b1 = regression coefficient of variable X1
b2 = regression coefficient of variable X2
b3 = regression coefficient of variable X3
e = error variable

c. Hypothesis test consisting of t test (partial) and F test (simultaneous).

The t test (Partial Significance) or hypothesis testing with the t test is used to determine whether each of the independent variables (advertising, personal selling, word of mouth) has a significant influence or not on the dependent variable (purchasing decision). Decision making criteria: H0 is accepted, if t count < t table at α = 5%, then H0 is rejected, if t count > t table at α = 5%.

The F test is a test used to determine whether the independent variables (advertising, personal selling, word of mouth) together have a significant effect or not on the variable (purchasing decision). Decision-making criteria: H0 is accepted, if Fcount <Ftable at α = 5%, then H0 is rejected, if Fcount > Ftable at α = 5%.

d. Analysis of the Coefficient of Determination (R^2)

The coefficient of determination test (R2) is used to see several proportions or variations in the ability of the predictors of price, product quality and service quality to influence customer satisfaction at the Jaya Abadi Motor dealership. According to the Gujarati language translation, the formula used by Sumarno Zain (1999) is as follows

$$R^2 = \frac{Jkr}{Jky}$$

Where: R^2 = Coefficient of determination
Jkr = Sum of squared regression
Jky= Total number of squares

RESULT ANALYSIS

Data Instrument Test

The results of the data instrument test carried out produced r count > r table, thus meaning that all questions on the variables of advertising, personal selling, word of mouth, and purchasing decisions are declared valid. Then the value of Cronbach Alpha > 0.60, which means that all questions on the variables of advertising, personal selling, word of mouth, and purchasing decisions are declared reliable.

Classic assumption test

The Kolmogorov Smirnov test results yield a value of 0.656 or above 0.05, so there is a significant difference. This means that the residual data is declared normally distributed.

Furthermore, the tolerance value of the independent variable is > 0.1, while the VIF results are < 10 so that it can be concluded that multicollinearity does not occur. Thus the three independent variables in the test, namely advertising, personal selling, and word of mouth can be used to predict purchasing decisions as long as there is no multicollinearity observed.

In the next test, a scatterplot graph was obtained which showed that the points spread randomly both above and below zero on the Y axis, and did not form a certain pattern so that it could be concluded that there was no heteroscedasticity in the regression model, this shows that all independent variables can be used to predict purchase decisions.

The value of d is 1.777, while it is known that the value of dU is 1.6498 and the value of 4-dU is 2.7892. It can be concluded that there is no autocorrelation because the value of d lies between 4-dU and du, or as follows 2.7892 > 1.777 > 1.6498.

Multiple Linear Regression Analysis

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	2.368	2.679		.884	.385
	advertising	.094	.103	.145	.912	.370
	personal selling	.097	.048	.316	2.016	.054
	word of mouth	.580	.175	.518	3.309	.003

a. Dependent Variable: keputusan pembelian

Based on multiple regression analysis, the regression equation model is obtained as follows:

Y = 2368+ 0.094X1+0.097X2+0.580X3

It means:

a. The constant is 2,368, meaning that if the advertising, personal selling and word of mouth

variables have a value of 0, then the purchase decision variable has a constant value of 2,368.

b. The regression coefficient of the advertising coefficient is positive, meaning that the independent variable advertising is in the same direction as the purchase decision. In a sense, if the advertising is more attractive or increases, the purchase decision will increase.
c. The personal selling regression coefficient is positive, meaning that the personal selling independent variable is in the same direction as the purchase decision. In the sense that if personal selling increases or gets better, the purchase decision will increase.
d. The word of mouth regression coefficient is positive, meaning that the word of mouth independent variable is in the same direction as the purchasing decision variable. This means that if word of mouth increases, purchasing decisions will also increase.

Hypothesis testing
t test (partial)

Based on the results of multiple linear regression analysis (in this case to test the effect partially) the results are obtained which can be stated as follows:

a. The advertising variable has a significant value of 0.370, which means it is greater than 0.05, then the value of t = 0.912, which means t count < t table or 0.912 < 2.10982 So from this value it can be concluded that H0 is accepted and Ha is rejected. meaning that advertising has no significant effect on purchasing decisions.
b. The personal selling variable has a significant value of 0.054 with a value of t = 2.016, then t count < t table (0.2016 <2.10982) So it can be concluded that H0 is accepted and Ha is rejected, meaning that personal selling has no significant effect on purchasing decisions.
c. The word of mouth variable has a significant value of 0.003 which means it is smaller than 0.05, with a t count value of 3.309 which means > from t table (3.309 > 2.10982). So it can be concluded that H0 is rejected and Ha is accepted, which means that there is a significant influence of the word of mouth variable on purchasing decisions.

F Test (Simultaneous)

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.360	3	2.120	5.280	.006[a]
	Residual	10.440	26	.402		
	Total	16.800	29			

The F test value is 5.280, which means it is greater than F table (2.92) so it can be concluded that H1 is accepted if Fcount > Ftable at α = 5% (5.280 > 2.92). Thus it can be concluded that all independent variables (advertising, personal selling and word of mouth) simultaneously (simultaneously) influence the dependent variable (purchase decision).

Determination analysis (R2) was obtained

Based on the determination analysis performed, the adjusted R square value was 0.512 or 51.2%. This means that the ability of the independent variables to explain the variations in the changes in the dependent variable is 51.2%, while the remaining 48.8% is explained by other variables outside the analyzed regression model, for example price variables, product quality, service quality, promotions and so on.

INTERPRETATIONS

Based on the results of partial (individual) and simultaneous (together) statistical tests using the t test and f test, further analysis can be described as follows:

a) The effect of advertising on purchasing decisions

From the results of the hypothesis testing that has been carried out, the advertising variable does not have a significant effect on purchasing decisions. These results provide empirical evidence that advertising has no significant effect on purchasing decisions. UD Sumber Bangunan Sabrang Ambulu has been around for a long time, providing the complete and consistent need for building materials needed by consumers so that these items are always available, so that consumers are always satisfied with the availability of goods that are always available at UD Sumber Bangunan. Therefore, advertising has no significant effect on purchasing decisions at UD Sumber Gedung Sabrang Ambulu.

b) The effect of personal selling on purchasing decisions

Based on the results of hypothesis testing that has been done personal selling variables do not have a significant effect on purchasing decisions. This is because UD Sumber Gedung Sabrang Ambulu has been around for a long time, consistently providing fast service, and employees who are always friendly to consumers, making these things the hallmark of UD Sumber Gedung Sabrang Ambulu. So that personal selling becomes a variable that does not affect consumer decisions.

c) The influence of word of mouth on purchasing decisions

The results of the study show that the word of mouth variable has a significant effect on purchasing decisions. This means that so far the increase in the number of consumers which has been increasing from time to time has been heavily influenced by word of mouth, and this is of course based on consumer satisfaction so far. Because it is impossible for a consumer to recommend UD Sumber Bangunan Sabrang Ambulu to other consumers without feeling satisfaction beforehand.

d) The effect of advertising, personal selling and word of mouth on purchasing decisions.

The results of the study show that the variables of advertising, personal selling and word of mouth simultaneously have a positive and significant effect on purchasing decisions. These results prove that these variables can have a positive and significant influence on the purchasing decision of UD Sumber Gedung Sabrang Ambulu because basically the three variables must always be maintained and carried out by UD Sumber Gedung Sabrang Ambulu.

e) The most dominant variable that influences purchasing decisions

From the results of data processed using SPSS, it shows that the most dominant variable influencing purchasing decisions is word of mouth variable with a t value of 3.309. This shows that most consumers are satisfied with UD Sumber Bangunan Sabrang Ambulu as evidenced by the increasing number of consumers from time to time and this is due to word of mouth, one of them. Because basically a consumer will not recommend something to others if the consumer does not feel satisfied.

CONCLUSION

Based on the background, theoretical basis, and the results of the analysis that has been carried out on the hypothesis, it can be concluded that based on the (partial) t-test results indicate that advertising, personal selling has no significant effect on purchasing decisions while word of mouth has a significant effect on purchasing decisions. Furthermore, based on the F test (together) conducted, it shows that all independent variables have a positive and significant effect on purchasing decisions. And word of mouth is the dominant variable influencing purchasing decisions.

IMPLICATIONS

From the results of this study it was found that advertising has approached/almost significantly influenced purchasing decisions, it is hoped that the company will increase the advertising. Do not forget that the company continues to pay attention to variables that are not discussed in this study, because there are many larger factors that are considered to influence purchasing decisions.

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