

CHAPTER 1

INTRODUCTION

1.1 Background of the Study

Human life will not be separated from communication activity, which is a very important part of human survival as a social being. Communication activities between humans usually occur by word of mouth (Kotler, 2008). This activity supports the occurrence of a harmonious relationship. Along with the development of the times, humans created a business as a means for the prosperity of life. The role of communication in business activities is designed to make it easier for a business institution to achieve its goals, especially in company marketing. To achieve this goal, every company must strive to produce and deliver goods or services following the wishes of consumers by providing pleasant personal services and supporting facilities. One of them is the word-of-mouth (WOM) marketing communication process.

WOM has a significant impact on business survival. Word of mouth spreads quickly and is trusted by potential consumers, so word of mouth does not spread only by providing information through direct communication. But it can also spread through existing social media on the Internet. Spreading WOM through social media is easy and relatively efficient using applications on internet-connected devices.

WOM is said to be more effective in marketing activities because WOM activities are based on a person's experience in consuming a product or service of a company (Hughes et al., 2007). Therefore, a customer's satisfaction and dissatisfaction greatly influence the positive and negative impact of WOM that will arise so that it affects a person's purchase intention of a service or product from a company.

Purchase intention can be interpreted as reflecting the purchase plan of several products with certain brands. As a result, purchase intention is one of the most popular

outcome variables in WOM communication (Sher & Lee, 2009). Recommendations from consumers will positively affect the choice of potential customers. Kotler et al. (2012) state that purchase intention is customer behaviour that appears in response to objects that indicate the customer's desire to purchase.

Customers who make purchases become one of the goals of marketing activities carried out by the company. Customer behaviour occurs when consumers are stimulated by external factors, eventually leading to purchasing decisions based on personal characteristics and decision-making processes (Anggraeni, 2015).

Customers' purchase intention can be seen from the tendency to consume a product or service. Many customers make purchase intentions at *Brilliant Les Privat* and *Athena Study Center* in Semarang more than other places because they receive good service as customers can order by telephone, assistants will teach flexibly following customers' wishes, and the service is very friendly. Furthermore, verbal communication engages customers so that they choose to talk to others about products, services, and brands. For this reason, customers have an important role in promoting their products. This is done by using oral communication, which is communicated to people known by customers, such as family and friends. If the verbal communication that is carried out goes well, it will generate buying interest for family or friends who communicate with the customer. So, they try to find more information until they are interested in buying the product (Sitorus & Hartono, 2017).

A study on the effect of WOM on purchase intention was conducted by Sidik et al. (2017) with a quantitative research method found that WOM had an effect on purchase intention at Rzi Cigondewah Fabric Store with a correlation value of 0.865 and a coefficient of 74.8%. The equation of this research is to discuss the effect of word of mouth on purchase intentions. The difference is the focus of research, the theory used, and the object of research.

The phenomenon of customer purchase intention that occurs today is proven by the attitude of someone who will trust the opinions of others who have experience with a product compared to advertisements and media launched by the company. Therefore,

word-of-mouth communication will greatly affect consumers' interest in suggestions from people who have experience with these products so that they have customer purchase intentions. Based on this, researchers are interested in conducting further research related to this field by taking the title "**The Effect of Word of Mouth on Customers' Purchase Intention at *Brilliant Les Privat Semarang*, and *Athena Study Center Semarang***"

1.2 Field of the Study

This study focuses on the study of the creative industry.

1.3 Scope of the Study

The research is to see whether or not word of mouth affects purchase intention at *Brilliant Les Privat* and *Athena Study Center* in Semarang.

1.4 Research Questions

The research question is

Does word of mouth positively affect purchase intention at *Brilliant Les Privat* and *Athena Study Center* in Semarang?

1.5 Objectives of the Study

The objective of the study is

To find out about the effect of word of mouth on purchase intention at *Brilliant Les Privat* and *Athena Study Center* in Semarang.

1.6 Significance of the Study

This research is expected to increase knowledge and reference materials. It can be used as a reference in linguistics and economics related to the influence of word of mouth

on purchase intention at *Brilliant Les Privat* and *Athena Study Center* in Semarang. The results of this study give information about word of mouth on purchase intention in the tutoring business. The results of this study should be the basis for further research and development in business.

1.7 Definition of Term

1. Word of Mouth

Word-of-mouth marketing can be interpreted as oral, written, and electronic communication between people related to the advantages or experiences of buying or using products or services (Kotler et al., 2012).

2. Purchase Intention

Purchase intention is a consumer behaviour where consumers desire to buy or choose a product based on experience in choosing, using, consuming, or even wanting a product or service (Kotler et al., 2012).