The Influence of Store Atmosphere, Social Media, Word of Mouth, and Price on Purchase Intention of MSME Consumers

Deby R. Karundeng  
Prodi Magister Manajemen, Universitas Gorontalo, Indonesia  
deby.rk21@gmail.com

Musran Munizu  
Prodi Manajemen, Universitas Hasanuddin, Indonesia  
musran@fe.unhas.ac.id

Tengku Kesbrandiar  
Prodi Manajemen, Universitas Negeri Malang, Indonesia  
tekespelalawan@gmail.com

Dhety Chusumastuti  
Prodi Manajemen Informasi Komunikasi, Sekolah Tinggi Multi Media “MMTC” Yogyakarta, Indonesia  
dhety@mmtc.ac.id

Miko Andi Wardana  
Prodi S1 Kewirausahaan, Institut Pariwisata dan Bisnis Internasional, Indonesia  
mikowardana@ipb-intl.ac.id

Article's History:
Received 22 Juni 2023; Received in revised form 29 Juni 2023; Accepted 10 Juli 2023; Published 1 Agustus 2023. All rights reserved to the Lembaga Otonom Lembaga Informasi dan Riset Indonesia (KITA INFO dan RISET).

Suggested Citation:

Abstract:
This study set out to examine how social media, word-of-mouth, shop ambiance, and pricing impacted consumers' choice to buy. Research of this kind is quantitative. Primary data collected from a sample of patrons at a restaurant in one city in Indonesia district served as the research's data source. By delivering questionnaires to 100 customers, accidental sampling was used to acquire the data. The multiple regression analysis approach is employed in this investigation. The results of this investigation suggest that social media significantly influences how consumers make purchases. Word of mouth plays a vital role in how consumers decide which products to buy. The environment of the store has a big impact on how consumers decide what to buy. The purchase decision-making process for consumers is significantly influenced by price. Social media, word-of-mouth, the environment in the shop, and pricing all have a big impact on how consumers decide what to buy.

Keywords: social media, word of mouth, store atmosphere, restaurant, consumer

Introduction
Micro, Small, and Medium Enterprises are business actors engaged in various business fields that touch the interests of the community. In Indonesia, Micro, Small, and Medium Enterprises are often abbreviated as MSMEs, MSMEs are currently considered an effective way of alleviating poverty. Based on 2016 data, the proportion of Gross Domestic Product (GDP) from the MSME sector is up to 60.34 percent and the employment rate is above 96 percent, making the MSME sector a very important sector for the Indonesian economy in general because MSMEs are the largest group of economic actors in the Indonesian economy and have proven to be a safety valve for the national economy in times of crisis. SME companies will also be encouraged to manage their business professionally and with good governance (best practice). MSMEs are the largest group of businesses because they have criteria that can be met for business actors. With a large enough number, MSMEs can also support economic growth in Indonesia because they are productive economic businesses that are able to absorb labor and reduce unemployment in Indonesia. MSMEs in 2016 had a total of 62,922,617 business units compared to large
businesses which only amounted to 5,460 business units. With this very significant number, MSMEs have a market share of 99.99%, which shows that MSMEs determine economic growth in Indonesia (Widyanto et al., 2014).

Along with the development of increasingly sophisticated technology, many of the MSMEs are marketing through the internet, or what is known as E-commerce. E-commerce is the use of the internet and web for business transactions. By running E-commerce-based marketing, buyers and sellers can transact without meeting face to face and that way MSMEs can reach consumers easily and in a wide scope. One of the E-commerce carried out by MSME players is by utilizing social media as a marketing medium that can increase sales and does not require expensive marketing costs. The newest innovation in marketing is social media marketing, which is utilized to develop communication on an integrated marketing strategy. Kotler and Keller claim that social media is a mechanism for customers to communicate text, picture, audio, and video content with one another, with businesses, or both. In Indonesia, with a population of 268.2 million, there are 150 million people who actively use the internet and social media. With this large number, it can be an opportunity for MSME players to attract consumers (Poha et al., 2022).

Companies or MSMEs must be able to design the right strategy. One way to do this is by creating Word of Mouth or commonly called WOM which is an important part of a marketing communication strategy. Word of Mouth or word of mouth marketing is simple marketing which does not require large costs but its effectiveness is very large and as an efficient promotional tool. Especially with the behavior of Indonesian people, who like to gather and socialize to tell the things they like and experience. This is effective for small businesses with whom consumers may feel a more personal relationship. Word-of-mouth marketing is the practice of customers sharing brand, product, and service information with other consumers in a personal setting. Personal communication channels such as speech or word of mouth, which are often given from consumers by consumers and for consumers, can be a successful promotional strategy since they allow for the creation of a chain message that is heard by a large number of people (Kotler & Keller, 2012).

A unique, comfortable, and homely store atmosphere will further attract consumers to visit. Therefore, MSME outlets must try to provide a store atmosphere as desired by consumers who follow the times in order to attract and maintain consumer interest. Previous researchers argue that store atmosphere involves affection in the form of the emotional state of consumers shopping in a store that may not be fully realized by them. Environmental stimuli, including store atmosphere, affect consumers' emotional states, which in turn affect approach or avoidance behavior. An attractive and comfortable store atmosphere will influence consumers' approach behavior. Conversely, a store atmosphere that is less attractive and less comfortable will affect consumer avoidance behavior. This is in line with research conducted by previous researchers which states that a good and pleasant store atmosphere will also be able to maintain and encourage the company's image. A good store image can ensure the survival of the company to survive the competition in forming loyal customers, just as the store atmosphere can make consumers more loyal. The store atmosphere as a means of communication that can have positive and beneficial effects is made as attractive as possible to create comfort for consumers, at least consumers will feel at home in the store and this will make consumers decide to buy at the store. If consumers are satisfied shopping at that place, it is likely that these consumers will shop again (Husain et al., 2022).

Another factor that can influence consumers in making purchases is a fair price for the quality of the products provided. MSME outlets must be able to provide or sell products that consumers want at a price that is appropriate and commensurate with the quality they provide. The large number of retail outlets that have sprung up at this time has made consumers more selective in making their choices. One of the considerations that consumers have is the price aspect, where each outlet has a varied price according to the marketing strategy it has prepared. According to Kotler and Armstrong, price is the amount of money charged for a product or service. Price is the value of goods or services expressed in rupiah or other money units (Tannady et al., 2023). Meanwhile, the selling price is the value charged to buyers or users of goods and services. This study aims to analyze the effect of Social Media, Word of Mouth, Store Atmosphere and Price on the consumer purchasing decision process.

**Literature Review**

Consumer behavior is the study of how individuals, groups, or organizations choose, safeguard, use, and decide which goods, experiences, or ideas to pursue in order to meet needs and influence both consumers and society. According to Solomon, consumer behavior is the study of the procedures people or groups use when they select, pay for, utilize, or decide on products, services, ideas, or experiences in order to satiate their wants and desires. According to the American Marketing Association in Peter and Olson, consumer behavior is a dynamic interaction...
between affection and cognition, behavior and events around us in which humans carry out the exchange aspect of their lives (Levy & Weitz, 2011). Companies that truly understand the competition will strive for the company to be more attractive to consumers. Understanding consumer behavior is not an easy thing for marketers to do, because there are many factors that influence and interact with each other, so marketers must take a well-planned approach. In addition, marketers must understand the needs and desires of consumers by studying how consumers think, act and behave. Marketers must be good at understanding the diversity of consumer behavior so that the marketing strategies put in place are able to achieve the goals of the company (Pratama et al., 2017).

Kotler and Keller explain that when consumers decide to buy, consumers will encounter a series of decisions that must be made including six sub-decisions, namely the decision to choose a product, choose a brand, place of purchase, quantity, and payment method. Companies need to know some answers to questions regarding consumer behavior in their purchasing decisions. There are three elements to analyze consumers and the relationship between one and the other. Each element is important for developing and refining an understanding of consumers and choosing the right strategy to influence them. The three elements have a relationship called reciprocal determinism. Reciprocal determinism means that each element of the model impacts the others, usually in a continuous sequence of events (Munizu, 2010).

One of the platforms seen in cyber media is social media. Therefore, examining current social media is not much different from considering the traits that cyber media possesses. Social media is a platform that allows users to collaborate to create content (user-generated content). Social media, according to Kotler and Keller, is a way for customers to exchange text, picture, audio, and video content with one another, as well as with businesses or the other way around. Social media is a set of tools that people and groups may use to interact, share, communicate, and in some cases work or play together. User-generated content (UGC), which is created by users as opposed to editors like in traditional mass media outlets, is a strength of social media. Social media is a type of media platform that emphasizes the existence of users and how they help one another carry out tasks and collaborate. As a result, social media may be viewed as an online medium (facilitator) that improves user interactions as well as a sense of community (Madyatmadja et al., 2021).

According to Kotler and Keller, word-of-mouth communication takes the form of individual and group recommendations for a good or service with the goal of revealing personal information. Because it makes use of pleased customers to suggest or reference a business's goods or services to other customers, word-of-mouth marketing is a communication channel that doesn't demand high prices. Word-of-mouth marketing is a strategy that helps a product or service become noticed by potential customers. It is a communication route that is often utilized and is seen to be extremely successful. Word of mouth is a method of communicating thoughts, opinions, and experiences with one another. Always sharing about ideas is also the creation of word of mouth. There are three different types of word of mouth between consumers. First, Expert to expert. In this type of expert to expert, an expert opinion leader will convey confirmation of the information provided to consumers or other opinion leaders with good word of mouth marketing strategies that have been tested for truth. Second, Expert to peer. In this type of expert to peer level, an opinion leader will convey information affirmation through word of mouth from an expert to a comparable opinion leader, both in terms of knowledge of information about the product offered. Finally, Peer to peer. At the comparable to comparable level, it explains that the delivery of information provided by opinion leaders through word of mouth to consumers using available and sufficient facilities and infrastructure by looking at the proof of existing facts (Ahmad et al., 2014).

Atmosphere refers to an environment that stimulates the five senses of consumers. Many retailers realize the added benefits of developing an atmosphere that complements other aspects of store design and merchandise. Atmosphere refers to the physical characteristics that project the image and image of consumers of the store. The atmosphere of a store can affect consumer shopping convenience, such as walking around, the desire to communicate with employees, the tendency to waste time and money than planned and the possibility of becoming a repeat customer. Store atmosphere is a concept that refers to the atmosphere or environment created in the store to influence consumer experience and behavior. It includes factors such as visual design, lighting, music, scent, store layout, and product display. Store atmosphere aims to create an atmosphere that is attractive, comfortable, and invites consumers to buy. Store atmosphere has four main dimensions that influence the overall consumer experience. These dimensions are Exterior, General Interior, Store Layout, and Interior Display. The combination of the four dimensions creates a holistic experience and influences consumers' perceptions of brand, product value, and store convenience. A good store atmosphere can create an emotional bond with consumers,
encourage impulse purchases, increase customer loyalty, and differentiate the store from competitors (Munizu, 2013).

Every business must effectively determine its pricing in order to advertise a product or service. While the other three components of the marketing mix—product, distribution, and promotion—require financial investment, price is the only one that generates money and revenue for the business. The corporation must decide on the product's pricing before promoting it in the marketplace. Price, in its most basic form, is the sum of money charged for a good or service. Price, in a broader sense, is the total of all the values that customers forego in order to purchase or utilize a good or service. Price has frequently been a significant deciding factor for buyers. Non-price considerations have become more significant in recent decades. Price, nevertheless, continues to be a key factor in determining market share and business success. The amount of money (monetary units) or other factors (non-monetary) that include certain utilities or uses that are necessary to purchase or utilize a thing can be referred to as price. In competition with large companies or established brands, MSMEs may choose to set prices lower than competitors. This can be a significant competitive advantage and attract price-sensitive consumers. However, it should be noted that this price play must be sustainable and balanced with adequate operational costs and profit margins (Ramadhah, 2019).

Consumer purchases are the last-minute decisions made by people and families that purchase products and services for their own use. The decision to choose one action over two or more other courses of action is referred to as a buy. Consumer behavior will determine the decision-making procedure for their purchases. This procedure is a problem adjustment approach consisting of five stages that consumers carry out. These stages are problem recognition, information search, alternative assessment, decision-making, and post-purchase behavior. Purchasing decisions are a complex process carried out by consumers when choosing and purchasing products or services. Purchasing decisions are influenced by various factors, including consumer needs and wants, previous experience, perceptions about the product, psychological factors, and external factors such as price and promotion (Kotler & Keller, 2012).

The first stage in a purchase decision is to realize the need or problem that the consumer needs to solve. This can arise from functional, emotional, or social needs. Consumers identify that something is missing or needs to be improved in their lives. After realizing the need, consumers will seek information about products or services that can meet their needs. Information searches can be done through various sources such as the internet, friends, family, or product reviews. Consumers seek information about features, prices, brands, and other available options to compare and make informed decisions. Consumers will then evaluate the product alternatives they have found. They will compare features, prices, quality, brands, reviews and other relevant factors to decide which product best meets their needs. This evaluation can involve a process of ranking, reducing options, and considering personal preferences. After evaluating, consumers will choose one product or service to purchase. This decision can be influenced by a variety of factors, including personal preference, price, brand, reviews, recommendations and previous experience. Consumers will consider the benefits, risks and prices offered by the chosen product or service (Tannady et al., 2023).

Methodology

This research uses a quantitative approach with an associative research type. This research was conducted at one of the MSMEs or restaurants located in one city in Indonesia. The population in this study was unknown and the sample size was determined using the Cohcran formula and rounded up to 100 samples taken using incidental sampling techniques. The data in this study were taken using a questionnaire using a Likert scale. The questionnaire in this study was tested for validity and reliability and from the test results all items were valid on each variable with a reliability value above 0.6.

Results

This study uses the P-P Plot graph to test the normality of the data and it is found that the data distribution centers on the mean and median values or the P-P Plot value lies on the diagonal line, so it can be said that this research data has a normal distribution and distribution. From the results of the multicollinearity test, the data obtained a social media tolerance value of 0.508, word of mouth 0.487, store atmosphere 0.514, price 0.529, all < from 0.10. Then the VIF value of social media is 1.967, word of mouth 2.054, store atmosphere 1.944, and price 1.899, all < the VIF value of 10. The regression equation model may thus be employed in this investigation because it does not have a multicollinearity problem. The data are scattered above and below the number 0 (zero) on the Y axis,
according to the scatterplot graph used for the heteroscedasticity test, and there is no discernible pattern in the data distribution. Therefore, the regression model is appropriate for predicting purchase decisions based on the factors that impact them, namely social media, word of mouth, store environment, and pricing. This indicates that there is no heteroscedasticity in the regression equation model.

The t test results of the social media variable (X1) on the purchasing decision process (Y) show a significant value of 0.019 < 0.05. Because sig. < a, it can be concluded that Ho is rejected and Ha is accepted, meaning that the regression coefficient on the social media variable is significant. This means that social media partially affects the purchasing decision process. So the results of the analysis above show that social media variables affect the consumer purchasing decision process. This is in accordance with previous research conducted by previous researcher which also shows that social media has a significant effect on purchasing decisions. Research conducted by previous researcher also shows that social media has a positive effect on purchasing decisions. Research conducted by previous researcher though, also shows that social media has a positive and significant effect on Indihome purchasing decisions.

A significant value of 0.012 < 0.05 can be seen in the t test findings for the word of mouth variable (X2) on the purchase decision process (Y). The conclusion that Ho is rejected and Ha is accepted is reached because sig. a, indicating that the regression coefficient on the word-of-mouth variable is significant. This indicates that word-of-mouth influence on consumer decision-making is limited. The analysis's findings so indicate that the word-of-mouth factor influences consumers' choice to buy. This is consistent with earlier study, which also demonstrates the conclusion that word-of-mouth has a major impact on purchase decisions.

The t test results of the store atmosphere variable (X3) on the purchasing decision process (Y) show a significant value of 0.000 < 0.05. Because sig. < a, it can be concluded that Ho is rejected and Ha is accepted, meaning that the regression coefficient on the store atmosphere variable is significant. This means that the store atmosphere partially affects the purchasing decision process. So the results of the analysis above show that the store atmosphere variable has an effect on the consumer purchasing decision process. This is in accordance with previous research conducted by previous researcher which also shows the results that store atmosphere has a significant effect on purchasing decisions.

The t test results of the price variable (X4) on the purchasing decision process (Y) show a significant value of 0.000 < 0.05. Because sig. < a, it can be concluded that Ho is rejected and Ha is accepted, meaning that the regression coefficient on the price variable is significant. This means that the price partially affects the purchasing decision process. So the results of the above analysis show that the price variable has an effect on the consumer purchasing decision process. This is in accordance with previous research conducted by previous researcher which also shows the results that location has a significant effect on purchasing decisions.

The t test results for the work environment variable (X3) on employee performance (Y) show a significance result of 0.531 this value is greater than 0.05. This explanation shows that the hypothesis in this study Ho is accepted and Ha is rejected. Thus, the work environment (X3) has no partial effect on employee performance (Y), because it is influenced by other variables related to human resources outside this study. The results of this study are in line with the results of previous research with the results of count 0.00 smaller than table 1.96, which states that the work environment has no effect on employee performance. Multiple linear regression may be produced as follows based on the regression test results: $Y = 14.360 + 0.414 X_1 + 0.445 X_2 + 0.065 X_4$

The simultaneous test results obtained a calculated F value of 56,002 with a significance level of 0.000 because the significance level is smaller than 0.05, this regression model can be used for the purchasing decision process variable. In other words, it can be said that the variables of social media, word of mouth, store atmosphere and price together (simultaneously) have a significant effect on the purchasing decision process variable.

Based on the regression analysis carried out, a regression equation can be formulated to determine the effect of social media, word of mouth, store atmosphere and price on the purchasing decision process as follows: $Y = 1.052 + 0.08 X_1 + 0.12 X_2 + 0.12 X_3 + 0.142 X_4 + \varepsilon$

The fixed value (a) displays the value of the purchase decision (Y). The results show that the purchase decision is 1.052 if the factors of social media, word of mouth, store atmosphere and price are considered as constants. Purchasing decisions are correlated with social media. The regression coefficient of 0.08 on the variable X1 social media shows this. This shows that if social media is increased by one unit, the purchasing decision will increase by 0.08. Purchasing decisions are also directly correlated with word of mouth. This can be seen from the regression coefficient of 0.12 on the X2 word of mouth variable. This shows that there is a relationship between
purchasing decisions and word of mouth. Where when word of mouth increases by one unit, the purchasing decision will increase by 0.12 assuming other variables are constant.

Purchasing decisions have the same correlation with store atmosphere. This is shown in the resulting regression coefficient which both have a value of 0.12 on the X3 variable which represents the store atmosphere. This shows that there is a relationship between purchasing decisions and the work environment. Where when the store atmosphere increases by one unit, the purchasing decision will increase by 0.12 assuming other variables are constant. The results of the coefficient of determination show an Adjusted R Square value of 0.690 or 69%, this indicates that the purchasing decision variable can be explained by the social media, word of mouth, store atmosphere and price variables by 69%. While the remaining 0.31 or 31% is influenced by other variables outside the study.

Discussion

In the ever-evolving digital age, social media has become a powerful and influential platform in influencing consumer purchasing decisions. Social media provides easy and quick access to a wide range of information about products and services, and enables direct interaction between consumers and brands. First, social media provides broad and easy access to product information. Consumers can access reviews, testimonials and recommendations from other users who have used the product. This information provides deeper insights into quality, usability, and user satisfaction, which can influence consumers' perceptions and help them make more informed purchasing decisions. Second, social media influencers have a strong role in influencing purchasing decisions. Influencers with a large number of followers and strong influence often recommend products or provide reviews that can influence consumer perceptions and preferences. Studies have shown that consumers tend to rely on influencers' recommendations in choosing products, and the presence of influencers on social media can create consumer trust and desire to try the product.

In the context of purchasing decisions, WOM has a strong influence on consumer behavior. First, WOM is considered more trustworthy than traditional marketing communications. Consumers tend to trust recommendations or reviews from others who have used the product over marketing claims made by brands. This is because WOM is considered more objective and impartial, as it comes from real user experiences. Second, WOM can provide more in-depth and relevant information. Consumers often seek the opinions and experiences of others when they have a need or interest in a particular product or service. WOM allows them to get more specific information, such as product strengths and weaknesses, service quality, or general usage experience. Information obtained through WOM can help consumers make more informed purchasing decisions. Store atmosphere can influence consumers' perceptions of the quality and value of the products or services offered. Factors such as lighting, interior design, store layout, background music, scent, and temperature can create a certain impression on consumers. If the store atmosphere is well designed and suits the target market, consumers tend to associate the atmosphere with high quality and value, which can increase the desire to buy. Then, store atmosphere can affect consumers' moods and emotions. The combination of elements such as lighting, colors, music, and scents can create a pleasant, comfortable, or perhaps mysterious atmosphere in the store. Research shows that positive moods and emotions associated with store atmosphere can increase consumer interest, make them more likely to explore products, and can strengthen emotional bonds with a particular brand or product.

Price is an important factor influencing consumer purchasing decisions. In the context of purchasing decisions, price can have a significant and complex impact on consumer behavior. Price has a direct influence on the perceived value of a product or service. Consumers tend to compare the price with the benefits obtained from the product or service offered. If the price is perceived as reasonable and in line with the value provided, consumers are more likely to purchase. However, if the price is too high compared to the benefits received, consumers may look for more affordable alternatives. Therefore, price can influence perceived value and consumer purchasing decisions. Then, price can affect the perception of product quality. In some cases, consumers tend to associate higher prices with better quality. A high price can give the impression of exclusivity, superiority, or certain privileges to the product. Conversely, a price that is too low may be perceived as an indication of low quality or an unreliable product. Therefore, price can be a determining factor in quality perception and influence consumer purchasing decisions.
Conclusion

Several conclusions may be derived from the study and debate surrounding the analysis of the impact of pricing, shop ambiance, social media, and word of mouth on purchase decisions using multiple linear regression models, including: Purchase decisions are significantly influenced favorably by social media. Purchase decisions are significantly influenced favorably by word of mouth. The environment of the store significantly influences consumer choice. Pricing decisions are significantly influenced favorably. The purchase decisions of consumers are simultaneously influenced by social media, word-of-mouth, store ambiance, and pricing.

References


