



**THE IMPACT OF E-WOM ON GEN-Y PURCHASING DECISION**

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## ABSTRACT

The purpose of this study is to identify the impact of electronic word of mouth (e-WOM) on generation y purchase decision. The characteristics of e-WOM among generation y were discussed in this research and also about online review, online reviewer and online review web site. The objectives of this research is to identify the characteristics of online review towards generation y purchase decision, to identify the characteristics of online reviewer towards generation y purchase decision and to identify the characteristics of online review web site towards generation y. The survey involves of 200 respondents from generation y. Data obtained using primary and secondary data. The data was analyzed using SPSS software to get frequency, reliability, correlation and regression. The results are all independent variables have a relationship to generation y purchase decisions.

# CHAPTER 1

## INTRODUCTION

### 1.0 Introduction

This first chapter highlighted and explained about the background of the study, the problem statement, research objectives, the research questions, and significances of the study. It will further show the assumptions, limitation, and organization of the study, research questions and working hypothesis. Generally, we can identify the relationship between two variable which are the independent variables and the dependent variable. For the independent variables, it may be the characteristics of electronic word of mouth (e-WOM) which impact the dependent variable that is the generation Y purchase decision.

### 1.1 Background of Study

The study is about generation Y which is also known as Millennials, Boomerang generation and Peter Pan generation. Generally, generations are classified by certain period of time (Howe & Strauss, 1991). According to Howe and Strauss (1991), generation is a set of individuals who share a history and moment that makes them a united personality. Generation Y is a group that born between 1980 and 2000 (Daniela-Tatiana, 2015). Generation Y is important to the electronic word of mouth and purchase decision due to they are determined and have confidence in themselves (Gibson, 2012). This generation willing to give online review or spread their word-of-mouth as they have courage in themselves. This is agreed by Dholakia and Uusitalo (2002), which said the main group of consumers who bought online are from generation y. Besides that, generation Y has a high buying power and high-involvement in online spending Gutow (2012). Gutow (2012), also added that generation Y are the group that don't mind to search for merchandise information before they make purchase decision. Nevertheless, generation Y suits best to the topic because generation y is the main user of internet and they are more high-tech than any generations.

Consumer behavior include mental activity, emotional and physical that people use during selection, purchase, use and dispose of products and services that satisfy

## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

A literature review is a both summary and explanation of the complete research that have been published. It is usually a report of information that found in the literature that related to one's particular study. This chapter begins through providing a theoretical background regarding to word-of-mouth (WOM), electronic word-of-mouth (e-WOM), online review or online opinion, online reviewer, web site and consumer purchase decision. Additionally, in the theoretical framework shown the impact of e-WOM on generation y.

#### **2.1 Word-Of-Mouth (Wom)**

Word of mouth (WOM) is oral person-to-person communication between an information receiver and a sender, who exchange the experiences of a brand, a product or a service on a non-commercial purpose (Arndt, 1967). Arndt (1967) also added that word of mouth has a strong influence on product and services perceptions, leading to changes in judgements, value ratings and the likelihood of purchase. This statement were supported by Godes and Mayzlin (2004) that said word-of-mouth (WOM) has been recognized as one of the most influential resources of information transmission since the beginning of human society.

According to Day (1971), word of mouth was nine times as effective as advertising at converting unfavorable or neutral predispositions into positive attitudes. Murray (1991) said word of mouth communication is an effective and powerful marketing medium for consumer from the initial stage of information generating, to the selection of service providers, and to the post consumption stage. In the industrial purchasing context, WOM influences expectations and perceptions during the information search phase of the buying process and influences attitude during the pre-choice evaluation of alternative service providers (Stock & Zinsner, 1987). Moreover, Arndt (1967) state that word of mouth has powerful impact when it is a negative word of mouth. Thakor and Kumar (2003) argue that positive cross-reference also can enhance seekers' perception