

Effect of Word of Mouth on Students Decision to Choose Studies in College

Dedy Ansari Harahap^{1,2}, Ratih Hurriyati¹, Vanessa Gaffar¹, Lili Adi Wibowo¹ and Dita Amanah^{1,3}

¹Universitas Pendidikan Indonesia, Jl. Dr. Setiabudhi No. 229, Bandung, Indonesia

²Universitas Islam Sumatera Utara, Medan, Indonesia

³Universitas Negeri Medan, Medan, Indonesia

{Dedyansariharahap, ditaamanah}@student.upi.edu, {ratihhurriyati, vanessa, liliadiwibowo}@upi.edu

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Abstract: This study aims to analyze the effect word of mouth on the decision of students to choose studies in College, the case at the Faculty of Economics, Universitas Islam Sumatera Utara (UISU), Indonesia. This research uses quantitative approach with explanatory research type. The sample was one hundred seventy seven respondents and statistically processed by simple linear regression method. The result showed that word of mouth positive had a significant effect on student decision. The findings show that students considering the word of mouth to choose a college. It is expected that UISU will continue to improve the quality, qualification of lecturers and education personnel.

1 INTRODUCTION

Everyone has hope to be able to continue and finish higher education. Those who wish to pursue higher education will be faced with various considerations such as choice of college, education level and choice of various courses.

For many school graduates the collection of information about the study becomes a real challenge. Like from family members, neighborhood, classmates, and teachers. Some of them help in making decisions, while others criticize them. Parents build favorable conditions in consultation with the teacher. Each prospective student makes her own choice for selection, comparison, and evaluation of life career benefits regarding a particular course of study. By researchers in various countries: in the United States (Chapman, 1981; Paulsen, 1990), Australia (James, 2000), Belgium (Germeijs and Verschueren, 2007) and others (Mazzarol and Soutar, 2002; Hoyt and Brown, 2003).

Word of Mouth (WOM) is a consumer action to provide information to other consumers (interpersonal) in the form of brand, product or service. Personal communication channels in the form of word of mouth can be an effective method of promotion. Generally delivered from consumers to consumers so that satisfied consumers or customers

can be a chain message that will be accepted by many people (Enterprise, 2010). This is a trend of marketing techniques in the business world by using WOM in marketing campaigns by relying on personal power to spread word of mouth (Enterprise, 2010). WOM is a way of sharing ideas, beliefs and experiences with one another (Balter and Butman, 2005).

Universitas Islam Sumatera Utara (UISU) was established on January 7, 1951 with the strong struggle and determination of all UISU academicians and the support of the government, moslem theologian and society. UISU currently manages 9 faculties, 26 bachelor degree programs, 3 masters programs and 1 doctoral program that is Economics and Policy in cooperation with UII Yogyakarta. Faculty and the courses are: Law, Islamic Religion, Economics, English Literature, Teacher Training and Education, Social Sciences and Political Science, Agriculture, Medicine, Engineering and Postgraduate. Faculty of Economics UISU was founded by Yayasan Universitas Islam Sumatera Utara on February 16, 1957 which is the oldest Private Economic Faculty in Sumatera (www.uisu.ac.id, n.d.).

2 LITERATURE REVIEW

2.1 Student Decision

Kotler (2005) suggests that decision-making is an individual activity that is directly involved in obtaining and using the goods offered. Consumer decision is one of the parts contained in consumer behavior. According to Harahap (2015), location, price and product completeness simultaneously significant effect on consumer purchasing decisions. Every company or trader should pay attention to strategic places of business, competitive prices and the completeness of the various products available to fulfill consumers needs.

Purchasing decision, which is in this study is student decision is one important factor that need to be evaluated by every college to attract student interest. The decision chosen by students to continue their studies to college is the key to the continuity of the college cycle because students are an asset for every college. The decision taken is an individual action in choosing a college as a place to study that is broadly described in consumer behavior.

Choice of study is defined as the process of a prospective student pursuing secondary education after high school. Counselors who participate in the choice of school graduates assist in the arrangement of information in colleges, providing assistance to parents to understand their role in motivating children to continue their studies (Mcdonough, 2005).

Based on the expert opinions above, the authors concluded that the decision of the choice of place of study is the introduction, action and attitude of the prospective student to determine the choice of the intended university.

2.2 Word of Mouth (WOM)

WOM is a message about a product, service or company in the form of comments or impressions about the product, friendliness, honesty, speed of service and others felt and experienced by someone then delivered to others. Messages or information submitted can be either positive or negative depending on what the communicator feels about the goods or services consumed. WOM is a process often generated by formal corporate communication and its representative behavior (Haywood, 1989). Word of mouth refers to information communication between private parties regarding the evaluation of goods and services (Anderson, 1998). WOM is much more likely to be initiated by the receiver's information needs than the satisfaction level of the communicators

(Fred and Gary, 1999). Word of mouth is interpersonal communication between two or more people, such as a reference group member or customer and salesperson (Kim et al., 2001). WOM definition focuses on the informal aspects of WOM communication, communicators independence from commercial sources, and the phenomenon of diffusion of information (Westbrook, 1987; Anderson, 1998). Today, many researchers continue to maintain that word of mouth is one of the most effective ways to attract and retain customers (Duhan et al., 1997).

WOM is a special activity unwittingly and spontaneously can not be controlled directly (Allsop et al., 2007). According to Arndt (1967) WOM specifically as an oral communication from person to person where the recipient of information is not commercial to the brand, product or service delivered. WOM is called free advertising that can be interpreted as a form of information or ideas about goods or services that are identified without pay (Buttle, 1998). Customers earned by word of mouth, have more value for the long term compared to customers from other marketing channels (Villanueva et al., 2008).

Bhayani (2015) stated the power of WOM with face to face or online can not be underestimated. Many companies start investing money to create marketing campaigns on word-of-mouth positive, especially on received media related to the adoption of new products or selection between alternative brands or just watching television shows. WOM plays an important role in the consumer decision-making process to select or buy an object. Each college requires prospective students to increase revenue by making changes to more effective ways of marketing to attract prospective students to study in a university. At first, WOM was used to raise awareness but it is now increasingly used to establish consumer attitudes especially students in this study.

The company budgeted promotions through advertising and expects consumers to do WOM as a result. One of the reasons for the allocation of advertising funds is that customers earned through WOM have greater long-term value than those earned by paid advertising (Villanueva et al., 2008). In addition, WOM has a greater impact on brand choice than traditional advertising or personal search on the internet (East et al., 2005). Therefore, it is important for universities to use social influences to establish individual attitudes (Leenders, 2002) and let every consumer influence others (Phelps et al., 2004).

From some expert opinions above, the authors concluded that WOM is a conversation activity that

can affect and be influenced by consumers to buy goods or services. WOM can be used as a reference or recommendation for consumers because consumers are usually difficult to judge goods or services if not buying and feeling. WOM has an important role in shaping loyal attitudes and consumer behavior.

2.3 Relevant Research

- Yulista (2012). Model Word of Mouth Dalam Komunikasi Pemasaran Perguruan Tinggi. Results ; The communicator (the recommended party) still takes into account the personal and situational factors of the speaker (the recommending party) before making a decision to study at Mercu Buana University. Implication ; Interpersonal communication activity is important in forming a Word-of-Mouth model in the Member Get Student program of Universitas Mercu Buana, while Riley and Riley's communication model was used as a basis. *Journal Communication Spectrum*, Vol. 2 No. 1. Februari-Juli. ISSN : 2087-8850 : 63-83;
- Rosita (2009). Faktor-Faktor yang Mempengaruhi Mahasiswa dalam Mengambil Keputusan Memilih Universitas Ciputra di Surabaya. Results ; 63.3% consumers decision making simultaneously affected by price, promotion, people and physical evidence, while 36.7% influenced by other variables that are not included in this study. Implication ; Promotion is a very influential variable on consumer decision making followed by people, physical proof and price. *Jurnal Eksekutif*, Vol. VI, No.2. : 343-351;
- Bhayani (2015). Social and Peer Influences in College Choice. Results ; The process of transmitting information from students who are still studying and who have passed have an impact on the selection of a university. Implication ; This study is only focused on the city of Dubai and is expected further research can be held in other cities and countries. *International Conference on Economics and Business Market Management*, World Academy of Science, Engineering and Technology, United States, pp. 1-20;
- Lehmann (2015). The Influence of Electronic Word of Mouth (eWOM) on College Search and Choice. Results ; Traditional WOM has a greater influence on college selection than e-WOM. E-WOM also has a greater influence

during the search phase than on the choice phase and greater influence when consumed in online forums than when consumed on social networking sites at the University of Miami USA. Implication ; More influential sources of information are word of mouth, college website, college planning and ranking sites, online reviews, campus tours and college e-mail. http://scholarlyrepository.miami.edu/oa_dissertations/1378 Open Access Dissertations. 1378;

- Herold (2015). Word-of-mouth affects the choice of university. Results ; WOM has a significant influence on consumer behavior and has a special influence on the choice of study at the university. Implication ; More influential sources of information are word of mouth, college website, college planning and ranking sites, online reviews, campus tours and college e-mail. *Acta Universitatis Lappeenrantaensis* nomor 665. ISBN 978-952-265-860-9 dan ISSN 1456-4491. Universitas Lappeenranta di <http://urn.fi/URN:ISBN:978-952-265-861-6>.

3 METHODOLOGY

This study was carried out at Universitas Islam Sumatera Utara, Medan, Indonesia. The population were all students of the second semester of 2015/2016 academic year that is 317 respondents. The sample technique used is non probability sampling that is 177 respondents. The analytical technique used a quantitative approach with explanatory research type using simple linear regression analysis.

4 RESULTS AND DISCUSSION

4.1 Results

The result shows that the simple regression model is $Y = 1.284 + 0.656X + e$, explains that if there is change of one unit of WOM (X), student decision (Y) is 0.656 with other factor assumption fixed. The α is 1.284, means that if WOM (X) is not changed or equal to zero then the student decision (Y) is 1.284 assuming another factor remains.

The WOM t test result is 11.407. This means that WOM has a positive and significant effect on student decisions. The result of R square is 0.426 or 42.60% word of mouth influence the student decision and the rest is 57,40% influenced by other variable.

4.2 Discussions

The results showed that word of mouth positively effected student decision choose Faculty of Economics, UISU. This study support Lehmann (2015) that traditional WOM has a greater impact on student college choices than e-WOM. E-WOM has a greater impact during the search phase than the preferred phase. The greater influence is felt when consumed in online communication groups than in the website. Herold (2015) also confirmed that WOM has a significant influence on consumer behavior choosing a university.

Other studies that are in line are Bhayani (2015) who found three assumptions about the student's decision-making process: 1) Students get good influence from face-to-face and online information before making decisions to choose on a university 2) Some students called opinion leaders more influential in others with regard to college and departmental options and 3) The impact of a group's information dissemination on the sustainability of information retrieval and high involvement in college choice. The first two assumptions are based on several studies on the role of a group of people in general in society and WOM in shaping consumer attitudes to buy products (Chevalier and Mayzlin, 2006; Godes and Mayzlin, 2004; Huang et al., 2011; Liu, 2006; Trusov et al., 2009). The third assumption is the result of the first two assumptions.

5 CONCLUSIONS

It is expected that UISU will continue to improve the quality, qualification of lecturers and education personnel. This study focuses only on word of mouth so 42.60% of decisions choosing the Faculty of Economics were only explained by word of mouth. The further study is expected to be able to test other variables such as reputation, image, promotion, service, security, comfort and so on, that give a better contribution on student decision to choose a college.

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