

THE EFFECT OF ELECTRONIC WORD OF MOUTH AND PANIC BUYING ON PURCHASE DECISIONS IN THE PANDEMIC ERA (Case Study: Panic Buying Bear Brand Product on Bandung Area)

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Abstract

The existence of this pandemic with the emergence of the Covid-19 virus which began on March 2, 2020 in Indonesia and spread in 34 provinces. All activities including shopping are done online. This condition creates a sense of fear and excessive anxiety in the community. Especially the excess of information that spreads quickly makes all information confusing. This is one of the causes of panic buying. This study aims to find the effect of electronic word of mouth and panic buying on purchasing decisions in the pandemic era. With a case study conducted on bear brand products in the city of Bandung. With a sample of about 130 respondents and data analysis techniques using multiple regression analysis techniques that will be used to answer research problems. The result for this study indicate e-WOM has an effect on purchasing decision about 47,7% and panic buying has an effect on purchasing decision about 52,2%.

Keywords: *Electronic word of mouth, Panic Buying, Purchase Decision*

Introduction

The existence of this pandemic began with the emergence of the Covid-19 Virus which came and spread in 34 provinces. The emergence of the Covid-19 virus for the first time in Indonesia at the beginning of March 2, 2020, with this pandemic greatly hampering activities outside the home, whether they are doing education, work, or selling. Corona viruses are a large family of viruses that cause mild to severe illnesses such as the common cold or flu and serious illnesses such as MERS and SARS. Here is the pandemic data at the beginning of its emergence in 2020 in the city of Bandung.

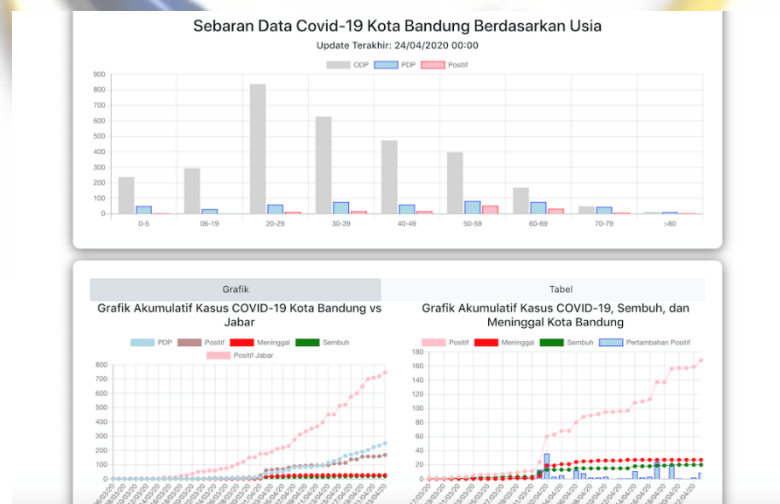


Fig.1 – Infographics Pandemic Covid-19 in Bandung

Source: <https://covid19.bandung.go.id/data>

Based on these data, it can be seen that the cases that occurred in the city of Bandung at the beginning of the pandemic were fluctuating but tended to increase. This greatly affects various activities in the community. People's movements and activities are also restricted to traveling or shopping to malls or supermarkets. As technology advances, people start shopping online. Online shopping is currently an interesting phenomenon in Indonesia, the following are data on consumer online shopping behavior:

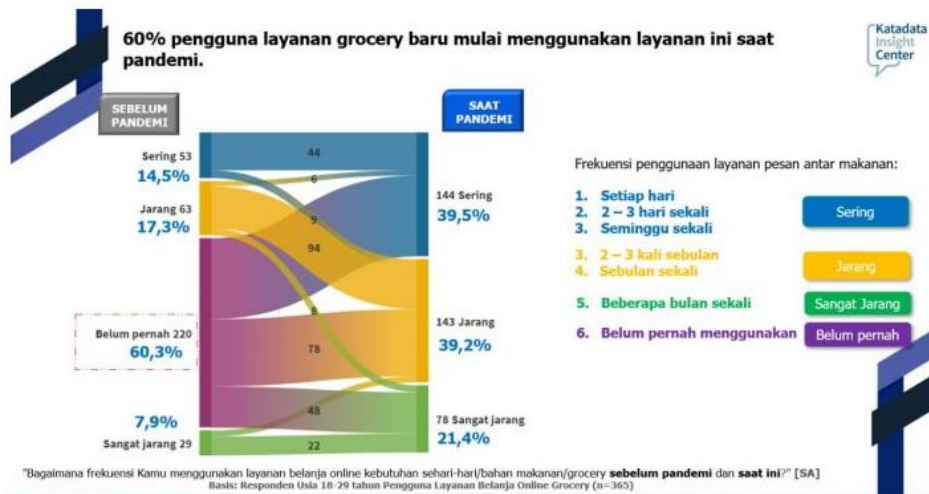


Fig. 2 – Consumer Behavior on Pandemic
Source: (Media Indonesia, n.d.)

The data shows that very rapid developments have occurred in terms of online consumers, especially during the Covid-19 pandemic with the large number of consumers who cannot carry out their daily activities and routines, resulting in a significant increase in the use of online media and online shopping. One of the impacts of the pandemic in the short term is an increase in demand for food products that occurs due to the lockdown or restrictions on community activities (Phang, Balakrishnan, & Ting, 2021). Online shopping behavior during this pandemic often causes panic buying (Tan & Sia, 2021).

This panic buying consumer behavior also occurs in Indonesia. The issue that caused an uproar in society at that time was a bear brand product. This happened because of viral information on social media stating the efficacy of bear brand milk to recover from Covid-19. This is what makes Indonesians panic buying on bear brand products (Kompas.com, 2021).

With the rise and circulation of videos circulating on social media showing consumers flocking to look for the bear brand milk product. The emergence of news about bear brand milk that can cure and ward off the Covid-19 virus is circulating in news articles. Therefore, people panic because the pandemic is not over, so the panic buying phenomenon occurs, which is a situation where many people suddenly buy food, fuel and so on as much as possible because they are worried that it will last longer.



Fig. 3 – Panic Buying Bear Brand Product Situation
Source: (Kompas.com, 2021)

In this phenomenon, we can see that public talk, in this case consumers, in online media known as E-WOM (electronic word of mouth) actually affects people's initiatives to purchase products. E-WOM (Mahapatra, 2017) is a statement or opinion expressed by people, either positive or negative towards a product through social media. Through this phenomenon, the authors conducted a presurvey of 35 respondents regarding the effect of E-WOM and panic buying on purchasing decisions. Following are the results of a pre-survey:

Table 1 - Pre-survey

No	Question	Answer on percentage	
		Yes	No
1	E-Wom (Electronic Word Of Mouth) is an internet-based social communication where web users can send and receive information related to products online. Do you	48,6 %	51,4 %

	know the term or know this E-Wom?		
2	At this time of the current pandemic, traveling is very limited from starting to work, going to school and going to the mall. Are you shopping online during the current pandemic?	88,6 %	11,4 %
3	Do you experience panic buying in your area like big cities in general?	57,1 %	42,9 %
4	Do you believe that bear brand products can cure Covid-19?	22,9%	77,1 %
5	Do you also do panic buying?	22,9 %	77,1 %

Based on the results of the presurvey above, it shows that respondents stated that when there was panic buying of bear brand products, they would not participate in panic buying. However, this is different from the current conditions, especially in the Bandung area. In some shopping places there are very few bear brand products in stock, even some are empty, so sellers must limit purchases per each consumer. So researchers are interested in raising this phenomenon to be a study, with the aim of seeing whether it is true that E-WOM and panic buying can affect a person's purchasing decisions.

Literature Review

e-WOM (Electronic Word of Mouth)

The term e-WOM is actually a new thing in the world of marketing, this term arises due to current technological developments. Prior to this development, e-WOM began with the term WOM (Word of mouth). e-WOM is defined as any positive or negative statement made by potential, actual, or former customers about a product via the internet (Park, Shin, & Ju, 2019). In a study conducted by (Ngarmwongnoi, 2021) it is explained that information validation, product evaluation, purchase and post-purchase validation are the main motives for consumers to seek e-WOM. Furthermore, the quantity of e-WOM, credibility of e-WOM and attitudes towards e-WOM play an important role in evaluating the usefulness and adoption of information. In assessing the available information, potential consumers assess e-WOM from two sides, namely e-WOM credibility and e-WOM quantity. E-WOM credibility is to see how far the information can be trusted. As for the e-WOM quantity, it looks at the extent to which the amount of information presented is convincing in the buying process, such as how much product information is presented on the online platform, and how many reviews and recommendations about products are made on the online platform.

Panic Buying

The term panic buying began to be discussed again during this Covid-19 pandemic situation. This happens because during the pandemic there are many uncertain situations. This uncertainty condition is one of the occurrences of panic buying (Phang et al., 2021). Panic buying is a new theory that has not been widely published (Tan & Sia, 2021). It is also explained in the literature that conditions of stress and uncertainty make people afraid of this which then leads to panic buying. In (Herjanto, Amin, & Purington, 2021) it is explained that panic buying is a condition where customers give goods in large quantities to avoid the threat of product scarcity due to a situation. It was also explained that perceived risk had an effect on panic buying. Perceived risk here is intended, namely a perceived risk due to consumer perceptions of possible problems that can be caused. The higher the level of uncertainty and negative effects, the higher the perceived risk and vice versa. There are several factors that influence panic buying, namely attitudes, subjective norms, scarcity, time pressure and competition (Singh, Aiyub, Greig, & Naidu, 2021). The current condition occurs due to the spread of false information and fake news during this pandemic condition so that the threat that occurs to consumers is driven by excessive information due to distrust of economic and health information sources (Rahomee & Aljanabi, 2021).

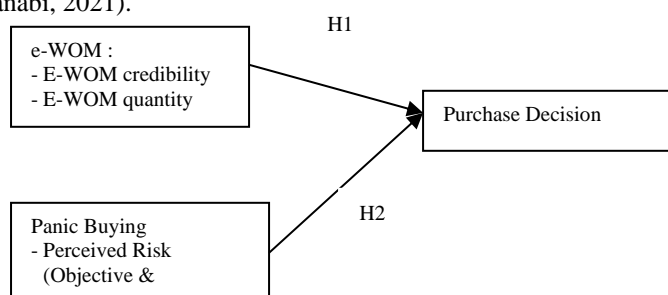


Fig 4 – Theoretical Framework

Hypothesis:

H1: e-WOM has an effect on purchasing decisions during the pandemic, especially bear brand products in the city of Bandung.

H2: Panic Buying affects purchasing decisions during the pandemic, especially bear brand products in the city of Bandung.

Method

The research method used in this study is quantitative. The population in this study is the people of Bandung who are exposed to information about pandemic panic and cannot be counted. Then the sample calculation is used as follows:

$$N = \frac{\left(\left(\frac{Z_{\alpha}}{2}\right) \cdot \sigma\right)^2}{e^2}$$

$$N = \frac{(1,96 \cdot 0,25)^2}{(5\%)^2}$$

$$N = 96,04 \text{ dibulatkan menjadi } 100$$

In this research data collection is done by distributing questionnaires. The results collected are the number of respondents who filled out this questionnaire as many as 130 respondents. The data analysis technique used is multiple regression analysis. The research variables here consist of two independent variables, namely e-WOM (X1) and panic buying (X2) and the dependent variable is purchasing decisions. Previously, validity and reliability tests were carried out on all variables and obtained valid and reliable results.

Result and Discussion

Based on the questionnaires that have been distributed and the data that has been processed, the results are obtained with the following explanation:

Respondent Characteristics Data:

Table 2 – Characteristics Respondent

Gender	
Male	87
Female	43
Age	
<17y.o	1
17-27 y.o	94
28-38 y.o	19
>38 y.o	16
Profession	
ASN	9
Student	72
Employee	25
Entrepreneur	18
House Wife	6

Multiple Liner Regression Analysis

The following are the results of multiple linear regression analysis tests between Electronic Word of Mouth (X1) and Panic Buying (X2) on Purchase Decisions (Y), can be seen in the table presented below:

Table 3 - Multiple Liner Regression Analysis
Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.043	.710		-1.470	.144
	TOTALX1	.360	.041	.477	8.734	.000
	TOTALX2	.373	.039	.522	9.557	.000

Based on the results of data processing above, the model for multiple linear regression test is obtained as follows:

$$Y = -1.043 + 0,360X1 + 0,373X2 + \varepsilon$$

The regression equation above can be interpreted as follows:

1. The constant value of the regression equation above is -1.043, meaning that if the independent variables (e-WOM and Panic Buying) are constant or $X = 0$, then the purchase decision is -1.043
2. The e-WOM variable shows the regression coefficient value of 0.360. This means that if there is an increase in one unit of the e-WOM variable, then the value of the purchase decision will increase by 0.360.
3. The Panic Buying variable shows the regression coefficient value of 0.373. This means that if there is a one-unit increase in the panic buying variable, then the value of purchasing decisions will increase by 0.373.

Hypothesis Test

Table 4 - Partial Test Result
Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.043	.710		-1.470	.144
	TOTALX1	.360	.041	.477	8.734	.000
	TOTALX2	.373	.039	.522	9.557	.000

The t-value of the Electronic Word of Mouth variable is 8.734 with a significance level of 0.000 and a t-table value with a significant level of 5% and a significant level of $df = n - k = 130 - 2 = 128$, a value of 1.979 is obtained, so that $t\text{-value} > t\text{-table}$ or $8.734 > 1.979$ and a value of 1.979. significance $0.000 < 0.05$. So it can be concluded that Electronic Word of Mouth has a significant effect on Purchase Decisions.

The t-value of the Panic Buying variable is 9.557 with a significance level of 0.000 and a t-table value with a significant level of 5% and a significant level of $df = n - k = 130 - 2 = 128$, a value of 1.979 is obtained, so that $t\text{-value} > t\text{-table}$ or $9.557 > 1.979$ and a significance value of $0.000 < 0.05$. So it can be concluded that Panic Buying has a significant effect on Purchase Decisions. Based on the results of the data processing, the hypothesis H1 and H2 can be accepted

Simultaneous Test (F)

Table 5 - Simultaneous Test Result
ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	837.730	2	418.865	124.167	.000 ^b
	Residual	428.422	127	3.373		
	Total	1266.152	129			

Based on the table above, the F-value is 124,167 with a significant level of 0.000 and the F-table value with a significant level of $df1 = k - 1 (2-1) = 2$, $df2 = n - k (130 - 2) = 128$, using a significance level of 5% obtained a value of 3.92, so that $F\text{-value} > F\text{-table}$ or $125.167 > 3.92$ and sig value $0.000 < 0.05$. So it can be concluded that Electronic Word of Mouth and Panic Buying have a significant effect on Purchase Decisions. This test is also intended as a model test, namely to see whether the model used is fit or not and based on the results, it can be seen that this model is considered fit.

Coefficient of Determination Analysis (R^2)

Table 6 - Coefficient of Determination Analysis Result (R^2)

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.813 ^a	.662	.656	1.83668

Based on the table above, the R Square value is 0.662. This shows that 66.2% of Purchase Decisions are influenced by Electronic Word of Mouth and Panic Buying and the rest ($100\% - 66.2\% = 33.8\%$) are influenced by other variables outside the study.

Based on these results, we can see that the greater influence value for the dependent variable on purchasing decisions is panic buying with a value of 52.2% while e-WOM has an effect of 47.7%. this can happen because of a pandemic condition that causes high public anxiety in making purchasing decisions. Several

studies have stated the same thing, that pandemic conditions besides causing crises cause high levels of anxiety and panic. This is what triggers panic buying in the community (Singh et al., 2021) (Gupta, Nair, & Radhakrishnan, 2021).

Conclusion

Based on this research, it can be concluded that e-WOM has an effect on purchasing decisions, in this case the bear brand milk product in Bandung with a value of 47.7%. Then for the panic buying variable, it also influences the decision to buy bear brand milk products in the city of Bandung with a value of 52.2%. This shows that the value of the panic buying variable is greater, because in a pandemic situation panic buying is the biggest reason for purchasing decisions because it can cause levels of anxiety and public panic.

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