

The Influence of Social Media Marketing, Electronic Word of Mouth (E-Wom), and Customer Trust on the Purchase Decisions of MSME Products in Malioboro, Yogyakarta

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Abstract

The development of digital technology has transformed consumer behavior in accessing information and making purchase decisions. Social media no longer functions solely as a communication platform but has also become an effective marketing channel for Micro, Small, and Medium Enterprises (MSMEs). In addition, Electronic Word of Mouth (E-WOM) and customer trust have become important factors influencing consumer purchase decisions. The Malioboro area, as a tourism and trade center in Yogyakarta, provides a relevant setting for examining consumer behavior within the context of digital marketing. This study aimed to analyze the effects of social media marketing, E-WOM, and customer trust on purchase decisions for MSME products in Malioboro, Yogyakarta. This study employed a quantitative approach using a survey method. The research sample consisted of 200 respondents who had purchased MSME products in the Malioboro area. The sampling technique used was purposive sampling. Data were analyzed using Structural Equation Modeling–Partial Least Squares (SEM-PLS). The results showed that social media marketing had a positive and significant effect on purchase decisions, E-WOM had a positive and significant effect on purchase decisions, and customer trust had a positive and significant effect on purchase decisions. Among the examined variables, customer trust demonstrated the strongest influence on purchase decisions. These findings provide practical implications for MSME actors to strengthen digital marketing strategies and enhance consumer trust to improve business competitiveness.



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INTRODUCTION

The digital transformation that has occurred in recent years has changed the way companies and business actors conduct marketing activities (Verhoef et al., 2021). The development of the internet and social media enables consumers to access product information quickly without being limited by geographical and temporal constraints (Appel et al., 2020). Before making a purchase, consumers tend to seek various sources of information through digital platforms to reduce perceived purchase risk and increase confidence in the products they intend to buy (Haridasan et al., 2021; Lăzăroiu et al., 2020). This phenomenon has positioned social media as one of the most important marketing channels supporting modern business activities (Dwivedi et al., 2021).

The growth of social media has also transformed marketing communication patterns from one-way communication into interactive communication that enables engagement between

companies and consumers (Li et al., 2021). Social Media Marketing has become a widely adopted strategy among business actors because it can increase consumer engagement, strengthen long-term relationships, and expand market reach at relatively low costs (Chen & Lin, 2019; Ibrahim, 2022). Previous studies have shown that social media marketing significantly influences purchase decisions through dimensions such as interaction, entertainment, relevance, and informativeness (Alalwan, 2018; Hanaysha, 2022).

In addition to marketing activities through social media, consumers are increasingly influenced by information generated by other consumers through Electronic Word of Mouth (E-WOM). E-WOM refers to consumer-generated communication through digital platforms containing experiences, reviews, comments, or recommendations regarding products or services. Information provided by other consumers is often perceived as more objective and credible than company-generated promotional messages. Therefore, E-WOM has become an important factor influencing consumer behavior in purchase decision-making (Handoyo, 2024; Matiukaite et al., 2024; Roy et al., 2025; Sa'ait et al., 2016; Siregar et al., 2024).

Consumer trust is also an essential factor in digital marketing. In both online and offline transactions, consumers are more likely to make purchases when they have confidence in product quality, seller integrity, transaction security, and a company's ability to fulfill its commitments. Trust serves as a foundation for establishing long-term relationships between consumers and businesses. Higher levels of consumer trust increase the likelihood of purchase decisions (Barreda et al., 2015; Hidayat et al., 2021; Luo et al., 2025; Vashishth et al., 2024; Zhao et al., 2019).

The Malioboro area in Yogyakarta is one of Indonesia's major trade centers and tourism destinations, where various MSMEs have developed. Increasing competition among MSME actors requires effective marketing strategies to attract consumer interest. The use of social media, the dissemination of information through Electronic Word of Mouth (E-WOM), and the ability to build customer trust are important factors in increasing consumer purchase decisions regarding MSME products.

Previous studies have extensively examined the effects of Social Media Marketing, E-WOM, and trust on purchase decisions. However, most studies have focused on e-commerce, marketplace platforms, or specific industries such as skincare and coffee shops. Research examining these three variables simultaneously within the context of MSMEs in the Malioboro tourism area remains limited. This condition indicates a research gap that requires further investigation.

Based on this background, this study was conducted to analyze the effects of Social Media Marketing, Electronic Word of Mouth (E-WOM), and customer trust on purchase decisions for MSME products in Malioboro, Yogyakarta.

Based on the research background, the problem formulation of this study was structured as follows: (1) Does Social Media Marketing influence purchase decisions for MSME products in Malioboro? (2) Does E-WOM (Electronic Word of Mouth) influence purchase decisions for MSME products in Malioboro? (3) Does customer trust influence purchase decisions for MSME products in Malioboro? and (4) Do Social Media Marketing, E-WOM, and customer trust simultaneously influence purchase decisions for MSME products in Malioboro?

In accordance with the research questions, this study aimed to analyze the effects of Social Media Marketing on purchase decisions, examine the effects of E-WOM on purchase decisions, analyze the effects of customer trust on purchase decisions, and evaluate the simultaneous effects

of Social Media Marketing, E-WOM, and customer trust on purchase decisions for MSME products in Malioboro.

This research was expected to provide both theoretical and practical contributions. Theoretically, this study contributes to the digital marketing literature, particularly regarding the relationships among Social Media Marketing, E-WOM, customer trust, and purchase decisions. Practically, the findings provide insights for MSMEs in the Malioboro area to develop more effective digital marketing strategies for improving consumer purchase decisions.

METHOD

Type of Research

This study employed a quantitative approach with an explanatory research design. The quantitative approach was selected to examine the relationships among Social Media Marketing, Electronic Word of Mouth (E-WOM), customer trust, and purchase decisions for MSME products in Malioboro, Yogyakarta. Hypothesis testing was conducted based on the proposed theoretical framework and previous research findings.

Research Location and Time

The research was conducted among consumers who had made purchases of MSME products in the Malioboro area of Yogyakarta. The location was chosen based on Malioboro's position as a trade center and tourist destination where various MSMEs have developed with fairly intensive digital marketing activity

The research was carried out from January to March 2026.

Population and Sample

The population in this study is all consumers who have purchased MSME products in the Malioboro area of Yogyakarta. This population includes consumers who purchase various types of MSME products, such as culinary items, fashion, handicrafts, accessories, and Yogyakarta specialty souvenirs. Consumers who are part of the study population are those who have direct experience purchasing MSME products in the Malioboro area. This population was selected based on the relevance of consumer experience to the variables studied, namely Social Media Marketing, Electronic Word of Mouth (E-WOM), Customer Trust, and Purchase Decision. Thus, consumers who have made a purchase are considered able to provide assessments based on real experience regarding information obtained through social media, reviews or recommendations from other consumers, their level of trust in the MSME, and the considerations made before purchasing a product.

Because the exact size of the population is not known (infinite population), the sample size was determined using the formula of Hair et al. (2022), namely a minimum of 5–10 times the number of research indicators.

Number of research indicators:

- Social Media Marketing = 5 indicators
- E-WOM = 4 indicators
- Customer Trust = 4 indicators
- Purchase Decision = 5 indicators

Total indicators = 18 indicators

So the minimum sample size:

$10 \times 18 = 180$ respondents

To improve the accuracy of the research, the sample size used was 200 respondents.

Sampling Technique

The sampling technique used was Purposive Sampling, with the following criteria:

- At least 17 years of age.
- Has purchased an MSME product in Malioboro.
- Uses social media.
- Has searched for product information through social media or online reviews.

Type and Source of Data

1. Primary Data

Primary data were obtained by distributing questionnaires to respondents.

2. Secondary Data

Secondary data were obtained from:

- Scientific journals
- Books
- Previous research articles
- Yogyakarta MSME data
- Other supporting documents

Data Collection Technique

1. Questionnaire

Data collection was carried out using online and offline questionnaires distributed to MSME consumers in Malioboro.

2. Literature Study

Conducted by reviewing various relevant journals, books, and previous research.

3. Documentation

Collecting supporting data related to the research object.

Measurement Scale

Table 1 The study uses a 5-point Likert Scale.

Score	Description
1	Strongly Disagree
2	Disagree
3	Neutral
4	Agree
5	Strongly Agree

Operational Definition of Variables

Table 2. Operational Variables of the Study

Variable	Operational Definition	Indicators
Social Media Marketing (X1)	Marketing activity carried out through social media to build communication and relationships with consumers	Entertainment, Interaction, Trendiness, Customization, Word of Mouth
E-WOM (X2)	Communication among consumers over the internet regarding product usage experience	Intensity, Positive Valence, Negative Valence, Content
Customer Trust (X3)	The level of consumer trust toward the MSME and the products offered	Reliability, Integrity, Credibility, Security

Purchase Decision (Y)	Consumer decision to purchase an MSME product based on certain considerations	Product Choice, Brand Choice, Purchase Quantity, Purchase Timing, Payment Method
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Research Instrument

Social Media Marketing (X1)

1. The social media content of the MSME is attractive to look at.
2. The MSME's social media provides useful information.
3. The information provided always follows the latest trends.
4. The MSME provides a quick response to consumers.
5. The MSME's social media encourages me to recommend the product to others.

E-WOM (X2)

1. I often read reviews of MSME products before buying.
2. Positive reviews increase my interest in buying.
3. Negative reviews influence my decision.
4. Information provided by other consumers helps me choose a product.

Customer Trust (X3)

1. I trust the quality of the MSME's products.
2. I trust that the MSME provides honest information.
3. I trust that the product matches what is promoted.
4. I feel safe transacting with the MSME.

Purchase Decision (Y)

1. I choose the MSME's product because it suits my needs.
2. I prefer the MSME's product over similar products.
3. I buy the product in a certain quantity according to my needs.
4. I decide to buy at the right time.
5. I feel confident about the available payment methods.

Data Analysis Technique

The study uses SmartPLS 4 software.

1. Descriptive Statistical Analysis

Used to describe the characteristics of the respondents and the distribution of respondents' answers.

2. Measurement Model Evaluation (Outer Model)

Includes:

A. Convergent Validity Test

- Loading Factor > 0.70
- AVE > 0.50

B. Discriminant Validity Test

- Fornell-Larcker Criterion
- Cross Loading

C. Reliability Test

- Cronbach's Alpha > 0.70
- Composite Reliability > 0.70

3. Structural Model Evaluation (Inner Model)

Includes:

1. R-Square Value (R^2)
2. Predictive Relevance (Q^2)
3. Goodness of Fit (GoF)

4. Hypothesis Testing

Hypothesis testing was carried out using Bootstrapping in SmartPLS with the following criteria:

- T-statistic > 1.96
- P-value < 0.05

Then the hypothesis is accepted.

RESULTS AND DISCUSSION

Overview of the Research Object

The Malioboro area is a trade center and tourist destination that is one of the icons of the City of Yogyakarta. This area has a strong appeal for tourists because it serves not only as a space to enjoy the atmosphere of the city, but also as a venue for various community economic activities. Various MSMEs have developed in this area, offering culinary, handicraft, fashion, accessory, and regional specialty souvenir products. The presence of these MSMEs is an important part of supporting economic activity while also providing a distinctive experience for tourists visiting Yogyakarta.

The character of the Malioboro area, which is crowded with tourists, causes competition among MSME actors to be fairly high. Consumers have many product choices with relatively diverse types and prices. This condition drives MSME actors not only to rely on business location and direct sales, but also to make use of various marketing media that can reach consumers more broadly. One widely used tool is social media as a medium for promotion, conveying product information, and communicating with consumers.

The use of social media gives MSMEs the opportunity to introduce products before consumers come directly to Malioboro. Through photos, videos, reviews, price information, and other content, consumers can gain an overview of the products offered. In addition, interaction through social media allows consumers to ask questions and obtain information directly from business actors. Consumers can also find the experiences and recommendations of other consumers through reviews or comments available on social media.

In the context of this study, MSMEs in the Malioboro area are a relevant object for examining the role of Social Media Marketing, Electronic Word of Mouth (E-WOM), and Customer Trust in the purchase decision process. Consumers who obtain information through social media, see the experiences of other consumers, and have trust in the product or the business actor will have different considerations in determining a purchase decision. Therefore, the character of MSMEs in the Malioboro area, which deal directly with both local consumers and tourists, makes it a suitable context for analyzing the relationship between digital marketing activity, consumer trust, and purchase decisions.

Respondent Characteristics

By Gender

Table 3 Respondents' Gender Distribution

Gender	Frequency	Percentage
Male	88	44%
Female	112	56%
Total	200	100%

By Age

Table 4 Respondents' Age Distribution

Age	Percentage
17–25 years	48%
26–35 years	30%
36–45 years	15%
>45 years	7%

Outer Model Test Results

Convergent Validity

All indicators have a loading factor value above 0.70, thereby satisfying the requirement for convergent validity.

Average Variance Extracted (AVE)

Table 5 Average Variance Extracted (AVE) Results for Construct Validity

Variable	AVE
SMM	0,726
E-WOM	0,744
Customer Trust	0,781
Purchase Decision	0,736

All AVE values are > 0.50 , and are therefore declared valid.

Composite Reliability

Table 6 Composite Reliability Results of Research Constructs

Variable	Composite Reliability
SMM	0,912
E-WOM	0,905
Customer Trust	0,926
Purchase Decision	0,918

All variables are reliable.

4.4 Inner Model Test Results

R-Square Value

Table 7 R-Square (R^2) Value of the Structural Model

Variable	R^2
Purchase Decision	0,742

This means that Social Media Marketing, E-WOM, and Customer Trust are able to explain 74.2% of purchase decisions, while the remainder is explained by other variables outside the study.

Hypothesis Test Results

Table 8 Hypothesis Testing Results Using SEM-PLS Analysis

Hypothesis	Path Coefficient	T-Statistic	P-Value	Decision
SMM $\rightarrow$ KP	0,281	3,921	0,000	Accepted
E-WOM $\rightarrow$ KP	0,308	4,115	0,000	Accepted
CT $\rightarrow$ KP	0,427	5,782	0,000	Accepted

The Influence of Social Media Marketing on Purchase Decisions

The research results show that Social Media Marketing has a positive and significant effect on purchase decisions. This indicates that the more attractive and interactive an MSME's social media content is, the higher consumers' tendency to make a purchase.

The Influence of E-WOM on Purchase Decisions

E-WOM is proven to have a positive effect on purchase decisions. Consumers tend to look for reviews and recommendations from other consumers before deciding to buy a product.

The Influence of Customer Trust on Purchase Decisions

Customer Trust has the greatest influence compared to the other variables. Consumers who have high trust in product quality and the credibility of an MSME find it easier to make a purchase decision.

CONCLUSION

Based on the research findings regarding the effects of Social Media Marketing, Electronic Word of Mouth (E-WOM), and customer trust on purchase decisions for MSME products in Malioboro, it can be concluded that Social Media Marketing had a positive and significant effect on purchase decisions. This indicates that more effective use of social media in delivering information, attracting consumer attention, and creating interactions with consumers increased the likelihood of purchasing MSME products in Malioboro.

Furthermore, Electronic Word of Mouth (E-WOM) had a positive and significant effect on purchase decisions. Information in the form of reviews, recommendations, comments, and consumer experiences shared through digital platforms served as important considerations for potential consumers before making purchases. Therefore, more positive and informative E-WOM strengthened purchase decisions for MSME products in Malioboro.

Customer trust also had a positive and significant effect on purchase decisions. Consumer confidence in product quality, information accuracy, seller credibility, and MSME actors' ability to fulfill consumer expectations increased consumers' willingness to make purchases. The findings also showed that customer trust was the most dominant variable influencing purchase decisions compared with Social Media Marketing and E-WOM.

Simultaneously, Social Media Marketing, E-WOM, and customer trust explained 74.2% of purchase decisions, while the remaining 25.8% was influenced by other factors outside the research model. These findings indicate that an effective digital marketing strategy needs to be supported by positive E-WOM management and continuous efforts to build and maintain consumer trust.

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