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## The Influence of Social Media Marketing and Electronic Word of Mouth on The Purchase Decision of AZKO Products in Surabaya

Keanrafi Daffa Raihano \*<sup>1</sup>  
Wilma Cordelia Izaak <sup>2</sup>

<sup>1,2</sup>Department of Management, Faculty of Economics and Business, University of Pembangunan Nasional "Veteran" East Java, Surabaya, Indonesia.

\*e-mail: [daffakeanrafi@gmail.com](mailto:daffakeanrafi@gmail.com)<sup>1</sup>, [wilma.izaak.mnj@upnjatim.ac.id](mailto:wilma.izaak.mnj@upnjatim.ac.id)<sup>2</sup>

### **Abstract**

*Following the rebranding of Ace Hardware Indonesia to AZKO, the company faced challenges in maintaining sales performance amid increasingly competitive competition in the home appliance retail industry. This study was conducted to determine how Social Media Marketing and Electronic Word of Mouth (e-WOM) influence consumer purchasing decisions on AZKO products in Surabaya. This study is quantitative in nature with a non-probability sampling method using purposive sampling techniques to determine the sample from the population of consumers who know and have purchased AZKO products in Surabaya. A total of 110 respondents were involved in data collection through an online questionnaire. The data obtained was then processed and analyzed using the Partial Least Square (PLS) approach through SmartPLS software. Based on the analysis results, both hypotheses in this study were accepted, indicating that Social Media Marketing and Electronic Word of Mouth (e-WOM) have a positive and significant influence on consumer purchasing decisions. The conclusion of this study shows that purchasing decisions will increase along with the increasing effectiveness of marketing strategies through social media and e-WOM management implemented by AZKO, so that these two variables are important to maintain and improve.*

**Keywords:** AZKO, electronic word of mouth, purchase decisions, retail industry, social media marketing.

### **INTRODUCTION**

The development of digital technology has changed the way companies interact with consumers while creating an increasingly competitive business landscape. In Indonesia, the number of internet users has reached 212 million people or 74,6% of the total population (We are Social & Meltwater, 2024). This growth has strengthened the role of social media as one of the main channels in modern marketing, where companies can build two-way communication, increase brand visibility, and expand their market reach more efficiently (Fakriyah & Abdurrahman, 2024). In this context, digital marketing strategies have become an important necessity for companies that want to remain adaptive and relevant in the face of changing consumer behavior.

This digital transformation is also part of AZKO's journey, which is the result of the rebranding of Ace Hardware Indonesia and was officially launched on January 1, 2025. This rebranding not only includes a name change but also a comprehensive transformation in its business model and marketing strategy. Prior to the rebranding, Ace Hardware Indonesia operated as part of a global franchise network with various restrictions from foreign principals, both in terms of product selection and marketing strategy (DGIP, 2025). With the expiration of the license, AZKO gained full flexibility to determine the direction of its brand positioning according to domestic market needs. One of the biggest changes after rebranding was the shift in marketing strategy from conventional media to a comprehensive digital marketing approach, including social media marketing as the main channel in building the brand's new identity.

However, the rebranding did not immediately lead to an increase in sales performance. Based on data from Kontan (2025) and BloombergTechnoz (2025), sales performance before the rebranding reached IDR 911 billion in December 2024, but declined to IDR 599 billion in February 2025 after the brand identity change. This decline illustrates the challenges in the transition process, where consumer adaptation to the new identity has not been fully realized and the digital marketing strategy implemented has not yielded optimal results. In addition, AZKO's digital activities also show a relatively low level of social media engagement, meaning that the content published has not been able to maximize audience interaction and engagement.

On the other hand, electronic word of mouth (e-WOM) shows a different phenomenon. AZKO has a fairly high distribution of e-WOM on various platforms such as Tokopedia, Shopee, Google Review, and social media. The large number of positive reviews, accompanied by the company's quick response to negative reviews, provides a credible and easily accessible source of information for potential consumers. The spread of public opinion shows that e-WOM has great potential in shaping consumer perceptions and helping them assess product quality more objectively.

Previous studies have also shown similar results, where social media marketing and e-WOM have been proven to have a positive and significant effect on purchasing decisions, as found by Putra & Vipraprastha (2022), Rohana & Pudjoprastyono (2024), Anggrainy & Supriyono (2024), Sari & Purwanto (2022), and Kristiawan & Keni (2020).

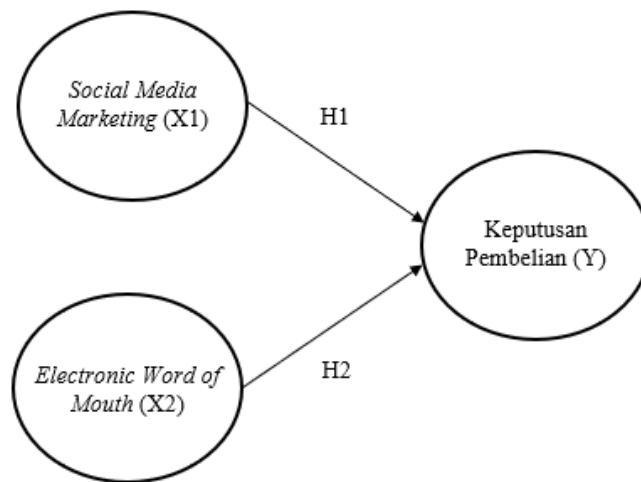
Based on this urgency, this study aims to analyze the influence of social media marketing and electronic word of mouth on the decision to purchase AZKO products in Surabaya. Theoretically, this study contributes to the development of literature in the field of digital marketing and consumer behavior. Practically, the results of this study are expected to be a reference for companies in designing more effective digital communication strategies to increase purchasing decisions amid an increasingly dynamic competitive landscape.

## METHOD

This quantitative research involved AZKO product consumers in Surabaya as the research population. The sample was determined using non-probability sampling with purposive sampling technique. Through this approach, the required sample criteria were determined, namely consumers who had purchased AZKO products, resided in Surabaya, were at least 20 years old, and had seen AZKO's social media accounts and AZKO product reviews. The sample size was determined by referring to Hair et al. (2019), namely the formula  $n \times (5-10)$  indicators. Data were collected through the distribution of online questionnaires to 110 respondents using a Likert scale as a measuring tool. Data analysis was performed using the Partial Least Squares (PLS) technique using the SmartPLS application.

The variables used in this study consisted of:

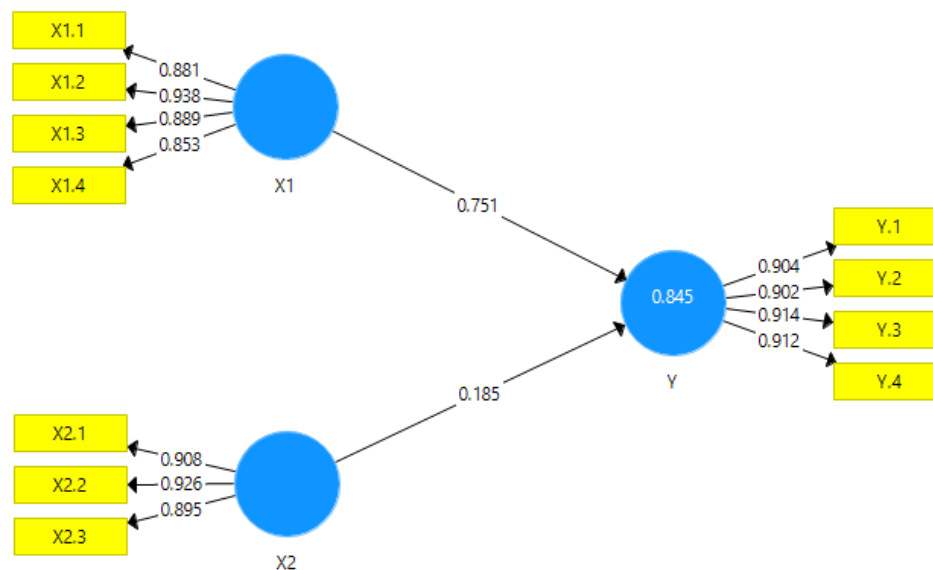
- Social Media Marketing (X1): Content creation, content sharing, connecting, community building (Gunelius, 2011)
- Electronic Word of Mouth (X2): Intensity, valence of opinion, content (Goyette et al., 2010)
- Purchase Decision (Y): Loyalty to a product, habit of purchasing a product, willingness to give recommendations to others, repeat purchases (Kotler & Keller, 2020)



**Figure 1.** Research Model  
Source: Output from Smart PLS, By Author (2025)

Data analysis was performed using the Partial Least Squares (PLS) technique with the SmartPLS application. This technique was chosen because it is capable of testing the relationship between variables simultaneously and is suitable for research models involving several latent constructs and reflective indicators.

## RESULTS AND DISCUSSION



**Figure 2.** Outer Model  
Source: Output from Smart PLS, By Author (2025)

The factor loading values for all parameters of the three variables, namely Social Media Marketing (X1), Electronic Word of Mouth (X2), and Purchase Decision (Y), exceeded 0.50. Therefore, all parameters in this study are considered to have sufficient convergent validity, thus having good validity.

**Table 1.** Average Variant Extracted (AVE)

	<b>AVE</b>
<b><i>Social Media Marketing (X1)</i></b>	0,794
<b><i>Electronic Word of Mouth (X2)</i></b>	0,828
<b>Keputusan Pembelian (Y)</b>	0,824

Source: Output from Smart PLS, By Author (2025)

Based on Table 4.11, all variables have an AVE value above 0.5. This indicates that all variables have met the standards and are considered valid. The table shows that the AVE value for the Social Media Marketing (X1) variable is 0.794, Electronic Word of Mouth (X2) is 0.828, and Purchase Decision (Y) is 0.824. Thus, the three variables in this study have a good level of validity.

**Table 2.** Reliability Test

	<b>Cronbach's Alpha</b>	<b>Composite Reliability</b>
<b><i>Social Media Marketing (X1)</i></b>	0,913	0,939
<b><i>Electronic Word of Mouth (X2)</i></b>	0,896	0,935
<b>Purchase Decision (Y)</b>	0,929	0,949

Source: Output from Smart PLS, By Author (2025)

The reliability test is used to determine the level of consistency or how reliable a construct is, so that it can be relied upon for research. Based on Table 1, the Composite Reliability test results show that the Social Media Marketing (X1) variable has a value of 0.939, Electronic Word of Mouth (X2) 0.935, and Purchase Decision (Y) 0.949. All variables in this study have a Composite Reliability value of more than 0.70. Furthermore, Cronbach's Alpha for each related variable has a value of more than 0.6. Therefore, all constructs in this study are considered reliable.

**Table 3.** R-Square

	<b>R-Square</b>
<b>Purchase Decision</b>	0,845

Source: Output from Smart PLS, By Author (2025)

Based on Table 3, the R-Square value ( $R^2$ ) is 0.845, which indicates that the purchase decision variable can be explained by the variables in the model by 84.5%, while the remaining 15.5% is influenced by other factors not included in this study. This R-Square value is in the strong category, which means that the model's ability to explain purchasing decisions is very good.

**Table 4.** Path Coefficients

	<b>Original Sample (O)</b>	<b>Sample Mean (M)</b>	<b>Standard Deviation (STDEV)</b>	<b>T- Statistics / STDEV</b>	<b>P- Values</b>	<b>Description</b>
<i>Social Media Marketing -&gt; Purchase Decision</i>	0.751	0.750	0.085	8.822	0.000	H1 Accepted
<i>Electronic Word of Mouth -&gt; Purchase Decision</i>	0.185	0.182	0.089	2.084	0.038	H2 Accepted

Source: Output from Smart PLS, By Author (2025)

The results of the hypothesis testing that has been carried out and concluded that Social Media Marketing has a positive effect on the purchase decision of AZKO products in Surabaya, with a path coefficient value of 0.751 and a T-Statistic value of 8.822 > 1.96 (T-table value from  $Z\alpha = 0.05$ ), or p-values of 0.000 < 0.05, thus indicating a significant positive result for. Furthermore, Electronic Word of Mouth (e-WOM) has a positive effect on the purchase decision of AZKO products in Surabaya, with a path coefficient value of 0.185 and a T-Statistic value of 2.084 > 1.96 (T-table value of  $Z\alpha = 0.05$ ), or p-values of 0.038 < 0.05, thus indicating a positive significant result.

### The Influence of Social Media Marketing on Purchasing Decisions

Based on the results of the study, it was found that Social Media Marketing has a positive and significant effect on the purchase decision of AZKO products in Surabaya and is acceptable. This shows that the implementation of marketing strategies through social media by AZKO directly increases consumers' tendency to make purchases. Consistent and targeted digital marketing activities provide information and experiences that facilitate consumers in the evaluation and decision-making process.

This influence can be seen from the contributions of the four complementary Social Media Marketing indicators. Content creation is reflected in AZKO's ability to produce content that is informative, interesting, and relevant to the needs of the target market, thereby building a positive perception of the product. Content sharing emphasizes how easily shareable content expands the reach of the message and creates social proof from other users' experiences that drives purchase interest. Connecting is evident in AZKO's success in building two-way interactions with its audience through comments, messages, and quick responses, thereby increasing consumer familiarity and trust in the brand. Meanwhile, community building plays a role in forming a loyal

and active audience group, where the existence of this community strengthens recommendations and facilitates the exchange of information relevant to potential buyers. The synergy of these four indicators results in comprehensive information exposure and an interactive experience that increases consumer confidence in making purchasing decisions.

These findings are in line with the concept of social media marketing proposed by Kotler & Keller (2022), that delivering messages through visual and interactive content and audience engagement can attract attention, build relationships, and encourage purchasing behavior. Furthermore, the results of this study are consistent with the findings of Putra & Vipraprastha (2022), Rohana & Pudjoprastyono (2024), Anggrainy & Supriyono (2024), Sari & Purwanto (2022), and Kristiawan & Keni (2020), which indicate that marketing efforts through social media have a positive and significant effect on consumer purchasing decisions.

### **The Influence of Electronic Word of Mouth on Purchasing Decisions**

Based on the results of the research conducted, it was found that Electronic Word of Mouth (e-WOM) has a positive and significant effect on the purchase decision of AZKO products in Surabaya and is acceptable. These results indicate that the more active and positive the information disseminated by consumers digitally about AZKO, the higher the tendency for other consumers to make purchases. Information circulating through reviews, comments, and user experiences shared online via e- s can shape potential buyers' perceptions and beliefs about a product, thereby influencing their purchasing decisions.

This influence is evident from the role of all e-WOM indicators. The intensity indicator confirms that the more often consumers discuss or share their experiences with AZKO on digital platforms, the wider the dissemination of information that encourages potential buyers to be interested in the product. Furthermore, the valence of opinion indicator describes the direction of opinions shared by consumers, whether in the form of praise or criticism. In the context of AZKO, positive opinions spread through social media and e-commerce platforms help increase consumer confidence that the products offered have the quality and benefits that suit their needs, thereby encouraging purchasing decisions. Meanwhile, the content indicator makes an important contribution by presenting detailed and relevant information, such as user experiences, product quality, and the advantages perceived by consumers. Clear and informative review content makes it easier for potential buyers to evaluate before finally deciding to purchase AZKO products.

Electronic Word of Mouth, as a modern form of word of mouth, allows information to spread quickly and widely through electronic media such as social media, e-commerce, and community forums. These findings are in line with the theory of Goyette et al. (2010), which states that e-WOM has a direct influence on purchasing decisions because opinions shared digitally can shape consumers' perceptions and confidence levels towards a brand. The more positive opinions consumers receive, the stronger their perceptions of product quality and reliability will be, thereby encouraging them to buy.

The findings of this study are also in line with research conducted by Rohana & Pudjoprastyono (2024), Anggrainy & Supriyono (2024), Sari & Purwanto (2022), and Kristiawan & Keni (2020). These four studies state that Electronic Word of Mouth has a positive and significant effect on purchasing decisions, thereby strengthening the evidence that consumer reviews and recommendations disseminated through digital platforms can increase purchase interest and purchasing decisions.

## CONCLUSION

Based on the results of testing conducted through PLS analysis of the variables of social media marketing and electronic word of mouth (e-WOM) on the purchase decision of AZKO products in Surabaya, it was concluded that social media marketing contributes to increasing the purchase decision of AZKO products in Surabaya. This means that the better the social media marketing implemented by AZKO, the higher the purchase decision generated by AZKO. Additionally, Electronic Word of Mouth (e-WOM) also contributes to increasing purchase decisions for AZKO products in Surabaya. This means that the more positive the e-WOM formed, the higher the purchase decisions generated by AZKO..

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