

THE EFFECT OF WORD OF MOUTH AND PRODUCT QUALITY ON CUSTOMER LOYALTY WITH PURCHASE DECISIONS AS A MEDIATION VARIABLE ON CONSUMERS OF 'RICO' TEMPE CHIPS IN KARANGTENGAH VILLAGE, PRANDON, NGAWI

Ananda Putri Kusuma Ayu¹⁾, Apriyanti²⁾, Dian Citaningtyas Ari Kadi³⁾.

¹Management Program, Faculty of Economics and Business, Universitas PGRI Madiun
email: anandaputrikusumaayu@gmail.com

²Management Program, Faculty of Economics and Business, Universitas PGRI Madiun
email: kelip.apriyanti@unipma.ac.id

³Management Program, Faculty of Economics and Business, Universitas PGRI Madiun
email: diancitaningtyas@unipma.ac.id

Abstract

This study examines the effects of word of mouth and product quality on customer loyalty through purchasing decisions among consumers of “RICO” Tempe Chips in Karangtengah Prandon Village, Ngawi. A quantitative research approach was employed, involving consumers whose population size was unknown. A total of 384 respondents were selected using the Lemeshow formula and a non-probability sampling technique. Data were collected through questionnaires and analyzed using path analysis and the Sobel test with SPSS. The findings show that word of mouth positively and significantly affects purchasing decisions, with a standardized coefficient of 0.348, a t-value of 6.680, and a significance level of 0.000. Product quality also has a positive and significant effect on purchasing decisions, with a coefficient of 0.521, a t-value of 7.670, and a significance level of 0.000. Furthermore, word of mouth positively and significantly affects customer loyalty, with a coefficient of 0.207, a t-value of 5.219, and a significance level of 0.000. Product quality significantly affects customer loyalty, with a coefficient of 0.497, a t-value of 6.735, and a significance level of 0.000. Purchasing decisions have the strongest positive effect on customer loyalty, with a coefficient of 0.591, a t-value of 9.759, and a significance level of 0.000. The Sobel test confirms purchasing decisions as an intervening variable.

Keywords: *Word of Mouth; Product Quality; Purchasing Decision; Customer Loyalty.*

A. INTRODUCTION

The development of the food and beverage business sector in Indonesia has created increasingly broad opportunities for business actors, including micro, small, and medium enterprises (MSMEs). This condition has also encouraged the growth of various processed food products in different regions. Ngawi Regency is one of the areas with active businesses in the

culinary and processed food sectors, including tempe chips. Amid increasingly intense competition, business actors are not only required to maintain the existence of their products but also need to encourage purchasing decisions and build customer loyalty.

Keripik Tempe “RICO” is one of the products operating within the tempe chip production center in Karangtengah Prandon Village, Ngawi. The product is characterized by a savory taste, crispy texture, good-quality raw materials, and hygienic packaging equipped with product identification. These characteristics can shape consumers’ perceptions of product quality. In addition, existing customers, social environments, and consumers’ experiences in consuming the product contribute to the dissemination of information about Keripik Tempe “RICO”.

Word of mouth is one source of information that can influence potential consumers’ confidence before making a purchase. In the case of Keripik Tempe “RICO”, information concerning taste, crispiness, and consumption experiences can be communicated by customers to friends, family members, and members of their social environment. Such information is also disseminated through social activities when the product is brought to or served at community gatherings. This condition indicates that consumers’ experiences can become a source of recommendations that may encourage purchasing decisions. Previous research conducted by Hidayat (2023) found that word of mouth has an influence on purchasing decisions, supporting the importance of interpersonal recommendations in consumers’ purchasing processes.

In addition to word of mouth, product quality is an important consideration for consumers when determining their purchasing choices. Consumers tend to consider whether the benefits and characteristics of a product correspond to their expectations before spending money on a purchase. For Keripik Tempe “RICO”, product quality is reflected in aspects such as the raw materials used, savory taste, product identification on the packaging, and hygienic packaging. Previous research by Sari (2023) and Syaifuddin (2024) demonstrated that product quality influences purchasing decisions. Sari (2023) found an influence of product quality on the purchasing decision for

Cressida T-shirts, while Syaifuddin (2024) reported a similar relationship in the context of PT Elco Indonesia Sejahtera.

Purchasing decisions are subsequently related to the formation of customer loyalty. Consumers who obtain experiences that meet their expectations after purchasing and using a product may have a greater tendency to repurchase the product. In the case of Keripik Tempe “RICO”, the development of the number of buyers is described as fluctuating and influenced by several conditions, including changes in the prices of raw materials such as soybeans and cooking oil, changes in consumers’ purchasing power, and competition among business actors. These conditions make purchasing decisions and customer loyalty important aspects to consider for business sustainability. Previous studies have demonstrated relationships among the variables examined in this research. Chaska (2024) and Amrullah (2024) reported relationships between purchasing decisions and customer loyalty. In addition, Prayitno (2026) examined the relationship between service quality and word of mouth on customer loyalty, with purchasing decisions functioning as an intervening variable. Aliyyah (2025) also examined the relationship between electronic word of mouth and loyalty through purchasing decisions as a mediating variable.

Based on these considerations, research examining the relationship between word of mouth, product quality, purchasing decisions, and customer loyalty among consumers of Keripik Tempe “RICO” is relevant. This study specifically examines the effects of word of mouth and product quality on purchasing decisions and customer loyalty, as well as the role of purchasing decisions as a mediating variable in the relationship between word of mouth, product quality, and customer loyalty. The research focuses on consumers of Keripik Tempe “RICO” in Karangtengah Prandon Village, Ngawi, in accordance with the research limitations established in the thesis.

Based on this research focus, the study aims to obtain empirical evidence regarding the effects of word of mouth and product quality on purchasing decisions, the effects of both variables on customer loyalty, the effect of purchasing decisions on customer loyalty, and the role of purchasing

decisions as a mediating variable in the relationship between word of mouth, product quality, and customer loyalty. These research objectives follow the research structure established in the thesis.

1. Grand Theory

The theoretical foundation of this study is the *Theory of Planned Behavior* (TPB), which explains that behavior is influenced by intention, attitude, subjective norms, and perceived behavioral control (Ajzen, 2005). In this study, *word of mouth* and product quality represent factors that can influence consumers' purchasing decisions. These decisions may subsequently encourage repeated purchases and customer loyalty. Thus, TPB provides a theoretical basis for explaining the relationship among *word of mouth*, product quality, purchasing decisions, and customer loyalty.

2. Literature Review

Word of Mouth

Word of mouth (WOM) is the communication of information, recommendations, and experiences about a product from one consumer to another. WOM can influence consumers' purchasing considerations through information from friends, family, or other consumers. In this study, WOM relates to consumers' experiences and recommendations regarding Keripik Tempe "RICO", measured through *talker, topic, tools, taking part, and tracking* (Maulana, 2025).

Product Quality

Product quality refers to a product's ability to meet consumer needs and expectations (Kotler & Keller, 2021). For Keripik Tempe "RICO", product quality is reflected in taste, crispiness, raw materials, and hygienic packaging. These aspects become consumers' considerations before making a purchase.

Purchasing Decision

A purchasing decision is the process of evaluating alternatives before selecting a product (Sangadji & Sopiah, 2020). In this study, it refers to consumers' decision to purchase Keripik Tempe "RICO" based on their needs, product characteristics, information, and recommendations.

Customer Loyalty

Customer loyalty refers to consumers' willingness to repurchase and maintain a relationship with a product. Loyalty can be reflected through repeated purchases, recommendations, and resistance to competing products (Griffin, 2017). In this study, loyalty is reflected in consumers' intention to repurchase and recommend Keripik Tempe "RICO".

B. METHOD

1. Research Design

This study employed a quantitative approach to examine the relationships among *word of mouth*, product quality, purchasing decisions, and customer loyalty among consumers of Keripik Tempe "RICO" in Karangtengah Prandon Village, Ngawi. The analysis used *path analysis* to examine the direct relationships among the research constructs and the *Sobel test* to identify indirect effects through the intervening variable. Data processing was conducted using SPSS software.

2. Population and Sample

The population consisted of all consumers of Keripik Tempe "RICO" in Karangtengah Prandon Village, Ngawi, whose exact number was unknown. The sample size was determined using the formula proposed by Lemeshow et al. (1990) because the population size was unknown. With a 95% confidence level, a maximum estimated proportion of 50%, and a 5% margin of error, the calculation produced a minimum sample size of 384.15 respondents, which was rounded to 384 respondents.

The sampling technique employed was *non-probability sampling*. According to Sugiyono (2023), this technique does not provide every member of the population with an equal probability of being selected. Respondents were selected according to two criteria: (1) they were at least 18 years old and (2) they had purchased Keripik Tempe “RICO” at least twice.

3. Research Variables and Operationalization

This study involved two independent variables, one intervening variable, and one dependent variable. The independent variables consisted of *word of mouth* (X1) and product quality (X2), purchasing decisions (Z) served as the intervening variable, and customer loyalty (Y) served as the dependent variable. This classification follows the research design presented in the thesis (Sugiyono, 2023). The measurement of each variable was based on indicators specified in the research instrument. *Word of mouth* was measured using five indicators: *talker*, *topic*, *tools*, *tarling part*, and *tracking*. These indicators were adopted from the framework cited in the thesis, namely Priansa as cited in Maulana (2025).

Product quality was measured using eight indicators: product performance (*performance*), additional features (*features*), reliability (*reliability*), conformity to specifications (*conformance to specification*), durability (*durability*), serviceability (*serviceability*), aesthetics (*aesthetics*), and perceived quality (*perceived quality*) (Tjiptono, 2021). Purchasing decisions were measured through indicators concerning the decision to purchase after obtaining product information, purchasing based on a preferred brand, purchasing according to needs and wants, and purchasing based on recommendations from others (Kotler, 2019). Customer loyalty was measured through four indicators: repeat purchases, purchases across the product line, positive recommendations to others, and resistance to competitors (Griffin, 2017). All indicators were measured using a four-point Likert scale: 1 = strongly disagree, 2 = disagree, 3 = agree, and 4 = strongly agree.

4. Data Collection

Data were collected using a questionnaire distributed to respondents who met the predetermined sampling criteria. The questionnaire served as the primary instrument for obtaining respondents' perceptions regarding *word of mouth*, product quality, purchasing decisions, and customer loyalty. Questionnaire-based data collection follows the method described by Sugiyono (2023), in which respondents are provided with a set of written questions or statements to answer.

5. Data Analysis

Data analysis was conducted in several stages. Instrument testing consisted of validity and reliability tests. The validity test was used to assess whether each questionnaire item appropriately measured the intended research construct, while the reliability test assessed the consistency of the research instrument. The thesis reports that all questionnaire items met the validity criterion, with the calculated *r* values exceeding the applicable critical value.

The reliability test used *Cronbach's Alpha*. Based on the reliability output reported in the research instrument, the *Cronbach's Alpha* values were 0.942 for *word of mouth*, 0.958 for product quality, 0.843 for purchasing decisions, and 0.952 for customer loyalty. Before conducting *path analysis*, classical assumption tests were performed, including normality, multicollinearity, heteroscedasticity, and autocorrelation tests. These tests were used to assess the suitability of the regression models underlying the path analysis. The normality test was conducted using the One-Sample Kolmogorov-Smirnov test, multicollinearity was assessed using *Tolerance* and *Variance Inflation Factor* (VIF), heteroscedasticity was examined using the Glejser method, and autocorrelation was assessed using the Durbin-Watson statistic. The procedures follow the analytical framework used in the thesis (Sugiyono, 2023). Subsequently, *path analysis* was employed to examine the direct relationships among the variables. The first model tested the effects of *word of mouth* and product quality on purchasing decisions. The second model tested

the effects of *word of mouth*, product quality, and purchasing decisions on customer loyalty. In this research model, purchasing decisions functioned as the intervening variable.

Indirect effects were examined using the *Sobel test*. This test was used to determine the significance of the role of purchasing decisions as a mediator in the relationship between the independent variables and customer loyalty. Partial hypothesis testing was conducted using the *t*-test at a 5% significance level, while the explanatory power of each model was assessed using the coefficient of determination (R^2).

C. RESULTS AND DISCUSSION

1. Path Analysis Results

Path analysis was conducted using two models to examine the effects of *word of mouth* and product quality on purchasing decisions and customer loyalty. The results are presented in Table 1.

Table 1. Path Analysis Results

Variable Relationship	Beta	t	Sig.
<i>Word of Mouth</i> → Purchasing Decision	0.348	6.680	0.000
Product Quality → Purchasing Decision	0.521	7.670	0.000
<i>Word of Mouth</i> → Customer Loyalty	0.207	5.219	0.000
Product Quality → Customer Loyalty	0.497	6.735	0.000
Purchasing Decision → Customer Loyalty	0.591	9.759	0.000

Source: Processed data, 2026.

As shown in Table 1, all structural paths were statistically significant, with significance values of 0.000, which were below the 0.05 threshold. *Word of mouth* had a positive and significant effect on purchasing decisions, with a standardized coefficient of 0.348. Product quality also exerted a positive and significant influence on purchasing decisions, with a beta coefficient of 0.521. Furthermore, *word of mouth* and product quality positively and significantly affected

customer loyalty, with beta coefficients of 0.207 and 0.497, respectively. Purchasing decisions had the strongest positive and significant effect on customer loyalty, with a beta coefficient of 0.591.

These findings indicate that product quality had a relatively stronger influence on purchasing decisions than *word of mouth*. Regarding customer loyalty, purchasing decisions exhibited the largest standardized coefficient. This suggests that consumers' experiences and decisions to purchase the product are closely associated with the development of customer loyalty.

2. Coefficient of Determination

The explanatory power of the research models was evaluated using the coefficient of determination, as presented in Table 2.

Table 2. Coefficient of Determination

Model	R	R Square	Adjusted R Square
Model 1: Purchasing Decision	0.908	0.825	0.824
Model 2: Customer Loyalty	0.932	0.869	0.867

Source: Processed data, 2026.

The first model shows that *word of mouth* and product quality explained 82.5% of the variance in purchasing decisions. Meanwhile, the second model indicates that *word of mouth*, product quality, and purchasing decisions explained 86.9% of the variance in customer loyalty. The remaining 17.5% and 13.1%, respectively, were attributable to factors not included in the research models.

3. Indirect Effects

Indirect effects were examined using the *Sobel test*. The test produced a *t*-value of 4.605 for the indirect effect of *word of mouth* on customer loyalty through purchasing decisions and a *t*-value of 5.544 for the indirect effect of product quality on customer loyalty through purchasing

decisions. These results indicate that purchasing decisions functioned as an intervening variable in both relationships.

The findings demonstrate that *word of mouth* and product quality were not only directly associated with customer loyalty but also indirectly related to loyalty through the purchasing decision process. Therefore, purchasing decisions played an important role in explaining the mechanism through which marketing-related factors were associated with customer loyalty.

4. Discussion

Overall, the findings indicate that *word of mouth*, product quality, and purchasing decisions were positively and significantly related within the proposed research model. Recommendations and information shared among consumers, together with favorable perceptions of product quality, were associated with stronger purchasing decisions. These purchasing decisions were subsequently related to customer loyalty.

The positive effect of *word of mouth* on purchasing decisions is consistent with previous studies reported in the thesis, including Hidayat (2023) and Zed (2025), which found that interpersonal recommendations and consumer communication could influence purchasing decisions. Similarly, the significant relationship between product quality and purchasing decisions supports the findings of Sari (2023), Syaifuddin (2024), and Satriawan (2024), who reported that consumers' perceptions of product quality contribute to their purchasing decisions.

The positive relationship between purchasing decisions and customer loyalty is also in line with the findings of Chaska (2024) and Amrullah (2024), which suggested that consumers' purchasing decisions are associated with subsequent loyalty. Moreover, the mediating role of purchasing decisions is consistent with studies such as Prayitno (2026) and Aliyyah (2025), which examined purchasing decisions as an intervening or mediating variable in relationships involving *word of mouth* and customer loyalty.

In the context of Keripik Tempe “RICO”, product quality showed a larger standardized coefficient than *word of mouth* in explaining purchasing decisions, whereas purchasing decisions had the strongest coefficient in explaining customer loyalty. These findings suggest that maintaining product quality while encouraging positive consumer communication may support customer loyalty both directly and indirectly through stronger purchasing decisions.

D. CONCLUSIONS

Based on the research findings, *word of mouth* and product quality have positive and significant effects on the purchasing decisions of Keripik Tempe “RICO” consumers. Both variables also have positive and significant effects on customer loyalty. In addition, purchasing decisions have a positive and significant effect on customer loyalty.

The indirect effect analysis shows that purchasing decisions function as an intervening variable in the relationship between *word of mouth* and product quality and customer loyalty. Therefore, strengthening positive communication among consumers and maintaining product quality may support the development of customer loyalty, both directly and through purchasing decisions. The findings also indicate that purchasing decisions have the strongest relative influence on customer loyalty within the research model.

E. SUGGESTIONS

Based on the research findings, the management of Keripik Tempe “RICO” is advised to maintain and improve product quality, particularly in terms of taste, crispiness, raw materials, and packaging hygiene. Developing additional flavor variations and implementing more active promotional activities may also help expand the consumer base and strengthen *word of mouth*.

For future researchers, the study may be expanded by incorporating other variables that could influence purchasing decisions or customer loyalty, such as price, service quality, packaging, and *brand image*. Future studies may also consider different respondent characteristics or research

settings to provide broader insights into the factors associated with purchasing decisions and customer loyalty.

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