

# Optimizing Dorikan's Business Performance Using Word-of-Mouth Strategy

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## Abstract

The culinary business is one of the creative businesses rapidly growing in Indonesia. With the high level of competition, every business tries to offer their unique taste, unique and memorable experience. The founder established the food business, namely Dorikan, for potential customers to answer the important level of competition, demanding customers, and various desires and interests of customers. This study conducts with action research approach by applying the word-of-mouth strategy to Dorikan's business to increase Dorikan's business performance. The study results show that the word-of-mouth strategy in social media can increase the percentage of Dorikan's food business performance, such as increasing awareness by 22.2%, conversation by 72.2%, and sales by 28%. This study implies that SMEs can consider the word-of-mouth strategy that fits their target market's specific characteristics to increase the business performance.

## Keywords

Word-of-mouth, Business performance, Small and medium-sized enterprises (SMEs)

## 1. Introduction

The covid-19 pandemic remains the leading global issue in early 2022. The government conducts several programs to recover the economic sector by giving incentives and conducting vaccination to lower the virus's spread and increase society's immune. A study using the association rule in rapidminer showed that local quarantine effectively reduces the virus's spread (Sudirman, et al., 2020). However, many people are still interested in entering the culinary and food business because it offers many opportunities. According to (Kemenparekraf, 2020), the contribution of the creative economy to the GDP was around 11.9% in 2019. The culinary and food sector itself is the top three contributors. Various culinary businesses can find their uniqueness and value to offer to their target market by using the mind mapping approach (Ratnapuri et al., 2021). It is undeniable that culinary has a high number of enthusiasts and demand so that the culinary business has an excellent opportunity to enter the market and has high competitiveness. Each business uses many strategies. The problem is that many small medium-sized enterprises face difficulties increasing their business performance. SMEs also must understand their business process precisely because the business processes in creative industries are unique (Utama & Ratnapuri, 2018). Contrastingly, small things can improve sales performance in a business. One of those small things is the word-of-mouth strategy. The Dorikan, a small medium-sized enterprise (SMEs), has increased sales without incurring excessive costs by implementing the word-of-mouth strategy. This research will answer questions about the word-of-mouth strategy in increasing Dorikan's business performance, focusing on sales and customers.

### 1.1 Objectives

This research was conducted to find out the answers to:

1. Is the word-of-mouth strategy able to improve Dorikan's business performance?
2. Can implement the word-of-mouth strategy in Dorikan's business increase consumer buying desire?

## **2. Literature Review**

### **2.1 Word-of-Mouth Strategy**

(WOM) is a marketing strategy carried out through word-of-mouth. By carrying out a communication process that provides recommendations or offers to individuals or groups by providing product information personally. There are various definitions of Word-of-mouth from various existing experts. Word-of-mouth Marketing is communication about products between people considered independent of the company, and that provides the product. This communication is carried out in a medium that will be regarded as independent of the company. According to (Silverman, 2011), "This communication could be a conversation, or just a one-way testimonial. For example, speaking directly, by telephone, e-mail, list groups, or other means of communication". According (Kotler & Keller, 2016), "Word-of-mouth Communication (WOM) or word-of-mouth is a communication process in the form of providing recommendations both individually and in groups for a product or service that aims to provide personal information."

There are two type dimensions of word-of-mouth, first is positive word-of-mouth, which consumer say positively regarding to the brand, products, or services, and second is negative word-of-mouth, which consumer say negatively regarding to the object such as product, brand, or services (Andrei, 2013).

According to (Sernovitz, 2009), "there are five basic elements in word-of-mouth, namely Talkers, Topics, Tools, Talking, Tracking. " this term also adopted by (Hermawan et al., 2019) propose that word-of-mouth consists of three levels, namely Talking, Promoting, Selling. word-of-mouth consists of two types, namely Organic word-of-mouth, and Amplified Word-of-mouth (Sernovitz, 2009).

### **2.2 Consumer Behaviour**

Consumer behavior is actions taken by individuals, groups or organizations related to the decision-making process in obtaining, using, economic goods or services that can be influenced by the environment (Mangkunegara, 2005). Other researchers define consumer behavior as the study of the processes involved when individuals or groups select, purchase, use, or dispose of items, services, ideas, or experiences to meet needs and desires (Solomon, 2019). Consumer influence by two factors, which are external factor and internal factor, external factor such as social group, social media, subculture, and social class. For internal factors such as perception, cognitive, motivation, personality, lifestyles, and values (Solomon, 2019),

### **2.3 Customer Experience**

Nowadays, the customer experience has become a central topic among researchers and practitioners. They start to switch their mindset that product-oriented become customer-oriented, and these phenomena are called new economy (Pine & Gilmore, 1998). According to (Chen & Lin, 2018), "customer experience is a cognitive recognition or perception that stimulates customer motivation. Such recognition or perception can increase the value of products and services."

### **2.4 Customer Satisfaction and WOM**

In general, the experience that consumers feel continuously will be stored in the consumer's memory and will have an impact on the satisfaction and loyalty of the customer therefore companies need to be able to create a positive experience for their target market continuously to produce high brand loyalty (Reichheld & Teal, 2001). Research that conducts by (Babin et al., 2005) showed that customer satisfaction has a positive effect on WOM interest.

## **3. Methods**

This research uses the action research method, where the author applies a word-of-mouth strategy to Dorikan sales. Five basic elements must be possessed when carrying out a word-of-mouth strategy, namely Talkers, Topics, Tools, Talking, and Tracking. Success in the word-of-mouth strategy can be measured into three levels: talking, promoting, and selling. This level can be identified by distributing surveys or conducting personal interactions with consumers regarding the actions taken and obtained sources. Continued success in word-of-mouth can be calculated by calculating the percentage increase in sales after the strategy is slowly carried out with full target and planning.

## **4. Data Collection**

The data was collected using primary data where the author distributes questionnaires to Dorikan consumers and has direct conversations with several consumers. The questionnaire itself consist of three parts, The first part is about the main source of knowing Dorikan's products and brands, the second part is about promotional actions and word-of-mouth by consumers, and the third part is directly related to the initial source of knowing the product and why they decided to make a purchase.

## 5. Results and Discussion

### 5.1 Numerical Results

Based on a survey that has been researchers conducted on consumers related to the word-of-mouth actions, the following are the results of the percentage of consumer behavior regarding word-of-mouth:

Table 1. Percentage of consumer behavior regarding to the word-of-mouth

Category	Result
Percentage of consumers who know Dorikan products from word-of-mouth	22,2% of the total consumers who filled out the questionnaire
Percentage of consumers doing promotions or talking about Dorikan products directly	72,2% of the total consumers who filled out the questionnaire

22% of consumers know about Dorikan's products from word-of-mouth strategy. 72.2% of consumers have done promotions or had direct conversations with people around consumers. The following is sales data related to Dorikan consumers and the results of increased sales due to word-of-mouth actions:

Table 2. Sales data of Dorikan consumers

Total Consumers	Total Products Sold	Total Consumers from WOM Strategy	Total Products Sold from WOM Strategy	Percentage Increase from WOM
62	108	9	30	28%

From a total of 68 consumers, 30 consumers come from the results of word-of-mouth actions. From the total 108 portions of Dorikan products sold, there were 30 portions of Dorikan products sold, which came from word-of-mouth actions. There was an increase of 28% due to word-of-mouth strategy on dorikan sales.

### 5.2 Graphical Results

The following is the answer data from a survey related to the word-of-mouth actions by consumers:

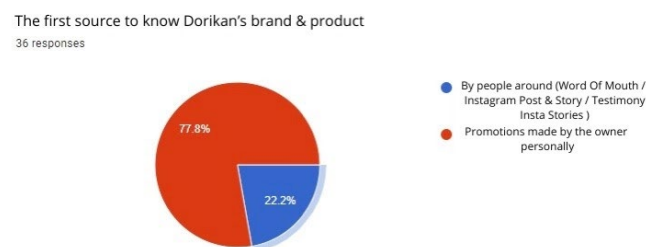


Figure 1. Consumers survey part. 1

Based on a survey given to consumers who have consumed Dorikan products, figure 1 represents that as many as 22.2% of Dorikan consumers know about Dorikan's products and business through people around them without any personal intervention from the owner. This data is only obtained for Dorikan consumers, not including potential consumers who have never consumed Dorikan.

Have you ever talked about or promoted Dorikan's products directly?

36 responses

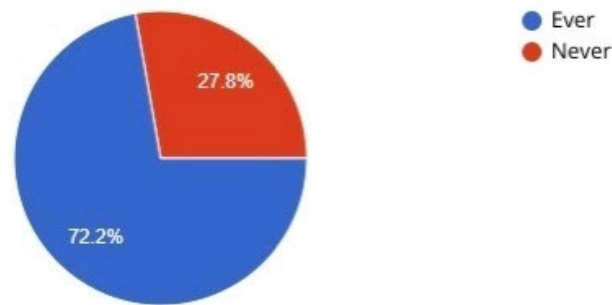


Figure 2. Consumers survey part.2

Based on the survey results distributed to consumers as represented in figure 2, 72.2% of Dorikan consumers have promoted Dorikan products to friends around them.

### 5.3 Proposed Improvements

Based on the data that has been conveyed above, it can be said that the behavior of word-of-mouth affects sales, and consumer interest in doing word-of-mouth is influenced by the product provided. To provide maximum results, Dorikan needs to maintain product quality and even improve product quality so that consumers can feel satisfied. This result also supports the previous study that a startup company should develop product that fit the market and consumer needs to maximize the business performance (Alvin et al., 2021).

The atmosphere is good and happy so that consumers want to do word-of-mouth voluntarily to the people around. Because the products owned by Dorikan are limited while consumers have various tastes and desires, products from Dorikan must be further developed to meet every consumer desire. Therefore, Dorikan can reach more consumers because of the desires and needs answered and fulfilled by Dorikan products. Dorikan also needs to appreciate loyal consumers in taking the word-of-mouth actions, especially to consumers who do resale, by maintaining relationships by providing discounts or giving gifts so that word-of-mouth relationships and activities will continue to be established. For consumers who are doing promotions, Dorikan will conduct unique interactions so that consumers who are doing promotions can feel valued and satisfied with the existing services.

The payment itself also play significant role to the customer because they have several payment methods especially in the pandemic era which many of customer prefer contactless touch including payment (Kurnianingrum & Luckieta, 2021).

### 5.4 Validation

Based on the five essential elements in Word-of-mouth, namely:

1. Talkers (Speakers). Elements of talkers in the Dorikan business are friends from the religious community and friends inner circle the owner who likes and always support Dorikan products.
2. Topics. Topics elements in Dorikan's business are about the product itself, namely product testimonials, how delicious the product is, how unique the content is shared, the product development and innovations released by Dorikan products.

3. Tools. The tools elements in Dorikan's business are Dorikan's original products and Dorikan's social media such as Instagram and WhatsApp Business. The social media choose because the target market of Dorikan mostly is generation Z which they are heavily social media users and social media also can be used as effective shopping online channel (Karmagatri et al., 2019) and increase the innovation of business and co-creation process in internal company to increase the overall business performance (Astuty & Nugraha, 2020).

4. Talking Part. The talking part element in Dorikan's business is friends around the owner who have become Dorikan's consumers. When Dorikan consumers gather in a joint conversation with people who are not yet Dorikan consumers, their participation by Dorikan consumers will occur because the topics presented do not come from alone.

5. Tracking (Supervision). The tracking element in Dorikan's business is to follow up on marketing strategies to the circle of potential customers and maintain product quality and Dorikan's good image. Thus, the possibility of potential consumers interested and deciding to buy Dorikan products will be high.

Based on two types of Word-of-mouth, namely organic Word-of-mouth (Natural talk of the company's positive qualities.) and amplified Word-of-mouth (Intentional talk), Dorikan categorize in the Organic Word-of-mouth type, where consumers who come from friends around naturally talk about the positive qualities of Dorikan products to their friends and circle groups.

Based on three levels of word-of-mouth, namely:

1. **Talking.** At level 1, namely the talking level, consumers and potential consumers have discussed Dorikan's products and business. 22.2% of Dorikan consumers know about Dorikan's products and business through people around them without any intervention by the owner personally.

2. **Promoting.** At level 2, namely promoting, Dorikan consumers have promoted to their friends and groups. 72.2% of Dorikan consumers have promoted Dorikan products to friends around them. Promotions are carried out not only verbally, but non-verbally using Instagram social media, which are spread on Instagram Stories by showing the purchase of products or food that consumers have consumed.

Figures 3,4 and 5 prove that Dorikan's consumers have been promoted through Instagram Stories.

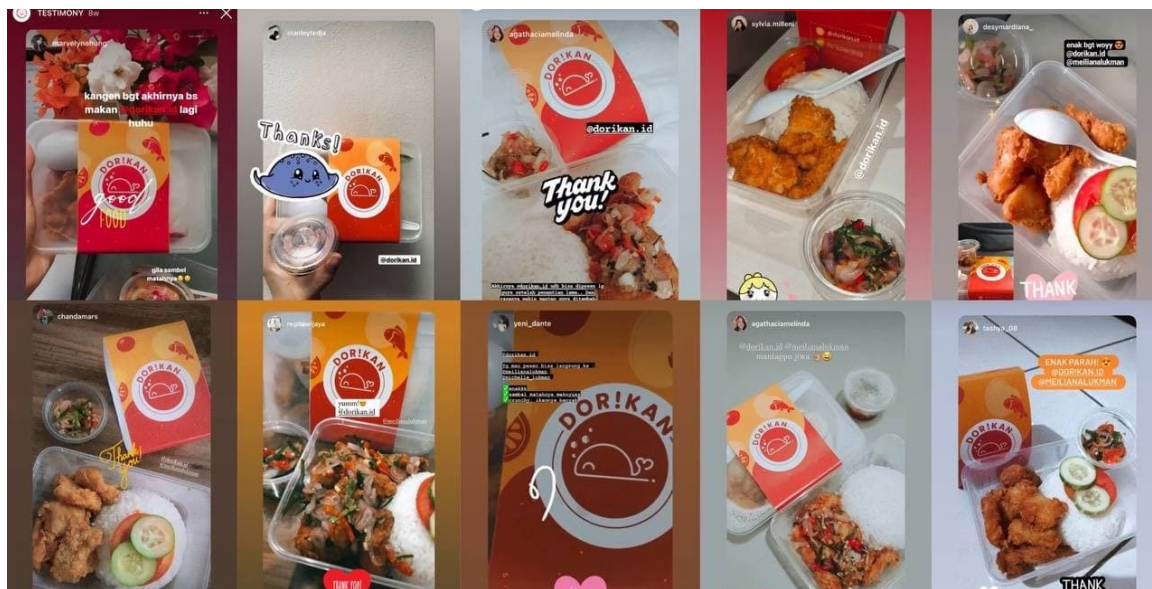


Figure 3. Promoted by consumers on Instagram Stories



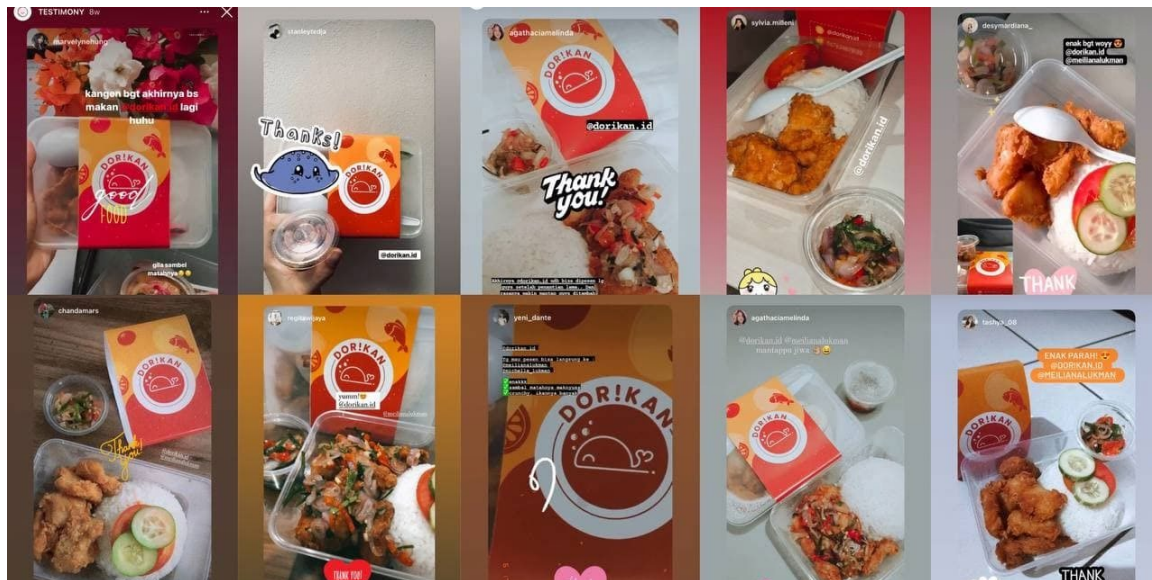


Figure 4. Promoted by consumers on Instagram Stories

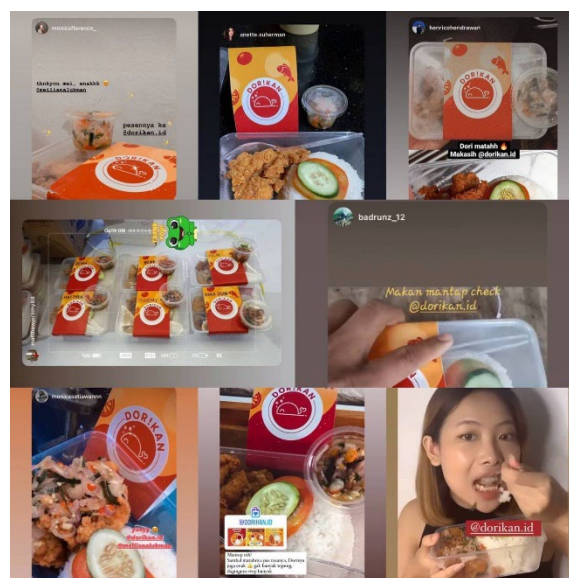


Figure 5. Promoted by consumers on Instagram Stories

3. **Selling.** At level 3, namely Selling, Dorikan consumers have made sales to friends around, which has caused these friends to become consumers of Dorikan products. During the seven months of Dorikan's operation, Dorikan has obtained 62 customers with 108 orders. Dorikan has succeeded in carrying out a word-of-mouth strategy at the selling level by bringing sales results for as many as nine consumers with 30 sales portions. This can be proven through direct interaction by the owner with the consumer regarding the source of information obtained for the purchase made.

The implementation of the word-of-mouth strategy has increased sales by 28% of the total sales of Dorikan products. The word-of-mouth strategy has succeeded in influencing consumer actions in making purchases which are influenced by internal factors, namely self-interest, namely personal interests, and external factors, namely role models and references. The implementation of the word-of-mouth strategy has succeeded in increasing consumer purchasing power and influencing the sales performance of the Dorikan food business. The following are the pictures of Dorikan's product in figure 6.



Figure 6. Dorikan's Product

## 6. Conclusion

The word-of-mouth strategy cannot run well without a quality product that can satisfy consumers. By having excellent quality and maintaining that quality, consumers will have a topic of discussion and will carry out conversations with people around, even do promotions and resale. In implementing this strategy, word-of-mouth has three levels of success indicators, namely talking, promoting, and selling. Dorikan has successfully entered the third level through sales made by consumers personally without any promotion or sales requests requested by the owner.

The word-of-mouth strategy has been proven to affect the percentage increase in sales of the Dorikan food business. The word-of-mouth strategy affected an increase of 28%. It can be concluded that by implementing the word-of-mouth strategy, the strategy has succeeded in increasing the sales scale of the Dorikan food business. The author recommends word-of-mouth activities by paying attention to the five essential elements in word-of-mouth. These five essential elements are a solid foundation for business owners so that consumers can feel satisfied with the products that have been offered. By having these five elements, the word-of-mouth strategy will slowly enter the success level of the word-of-mouth strategy. If consumers are satisfied, they will voluntarily offer to those around them through simple talks, promotions, or resale without spending much money on marketing.

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## Biographies

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**Iston Dwija Utama** is a faculty member of the entrepreneurship department at Bina Nusantara University. He graduated from the Master in Business Management program, passionate about entrepreneurship, marketing, and management. He has been experienced in the industry field for more than eight years and has his own business in culinary. Besides teaching, he is also active in a professional organization concerned with SMEs, namely LUNAS (Layanan UMKM Naik Kelas) as a business mentor and HIPMI.