

THE ROLE OF LOCATION AND WORD OF MOUTH IN INFLUENCING STUDENT CHOICE OF PRIVATE UNIVERSITIES IN MEDAN

Andi^{1*}, Syaifuddin², Sofiyan³

^{1,2,3} Faculty of Economic and Business, Universitas Prima Indonesia, Medan, Indonesia

*Corresponding Author: andiph2022@gmail.com

Abstract: This study aims to examine the influence of location and word of mouth on students' decisions to choose private universities (PTS) in Medan. The research was motivated by the increasing competition among higher education institutions in the city, which requires a deeper understanding of the factors shaping students' preferences. Using a quantitative approach, primary data were collected from 100 respondents through structured questionnaires. The data were analyzed using multiple linear regression to measure the effect of location and word of mouth on decision-making. The findings reveal that both location and word of mouth have a significant and positive impact on students' decisions. Location was found to play a stronger role, indicating that accessibility, campus environment, and proximity remain decisive factors. Meanwhile, word of mouth, particularly from peers, family, and alumni, also proved influential by shaping perceptions of credibility and quality. The results highlight that decision-making in higher education is not only determined by academic reputation but also by practical and social considerations. These findings suggest that universities must prioritize infrastructure development and student satisfaction to strengthen their image and enhance positive recommendations. Future research is recommended to explore other potential variables such as tuition fees, digital marketing, and accreditation status to provide a more comprehensive understanding of student choice behavior.

Keywords: Location, Word of Mouth, Decision Making, Private Universities

1. Introduction

Higher education plays an essential role in improving the quality of human resources in Indonesia. Private universities (PTS) serve as significant alternatives for prospective students to continue their studies, particularly in major cities such as Medan. As one of the leading education centers in North Sumatra, Medan is home to numerous PTS institutions competing to attract new students. The increasingly tight competition among PTS in Medan demands effective marketing strategies that can influence prospective students' decisions. One of the key factors that determines the success of a PTS in attracting students is its strategic location and accessibility.

The location of a university is crucial because it directly relates to costs, travel time, and convenience for students. PTS institutions situated in city centers with good public transportation access are generally more attractive compared to those located far from urban activities. In addition to location, informal communication strategies such as word of mouth (WOM) are also highly influential. WOM is a form of interpersonal communication that is often more trusted since it comes from the real experiences of current or former students.

The decision of prospective students to choose a PTS is often shaped by recommendations from family, friends, or alumni. WOM is considered to have a stronger influence compared to formal advertisements, as it provides a more authentic picture of the quality of education,

facilities, and graduate prospects. Previous studies have consistently emphasized that WOM can affect consumer behavior in decision-making. In the context of education, WOM plays a critical role because prospective students tend to rely on testimonials from people they trust before making their final choice.

This phenomenon is particularly interesting to study in the context of PTS institutions in Medan. With the large number of available options, prospective students have a wide variety of alternatives that align with their preferences, needs, and considerations. Choosing a PTS is not a simple decision, but rather a long-term one that significantly impacts academic and career prospects. Therefore, it is essential to identify which factors strongly influence such decisions. This research focuses on two main variables, namely location and WOM, to examine their effect on the decision to choose a PTS in Medan. Location is selected because of its relevance to accessibility, while WOM is included due to its strong social influence. To obtain more accurate insights, this study employs a quantitative approach with a sample of 100 respondents. The respondents consist of prospective students who have chosen or are in the process of considering a PTS in Medan.

The research data were collected through a structured questionnaire designed to measure respondents' perceptions of location, WOM, and their decision-making process. Purposive sampling was applied to ensure the respondents met the required criteria. The analytical method used is multiple linear regression. This analysis was chosen because it allows the researcher to explain the simultaneous relationship between two independent variables (location and WOM) and the dependent variable (decision to choose PTS).

Through multiple regression analysis, the researcher can identify the extent to which each independent variable influences the dependent variable, both partially and simultaneously. This result will provide deeper insights into the dominant factors affecting student decision-making. Furthermore, regression testing is also employed to test the hypotheses of this study. The first hypothesis states that location has a positive and significant effect on the decision to choose a PTS. The second hypothesis suggests that WOM has a positive and significant effect on the decision to choose a PTS.

The third hypothesis proposes that location and WOM simultaneously have a significant effect on the decision to choose a PTS in Medan. The results of these tests are expected to offer empirical contributions to the development of marketing strategies for PTS institutions. This research is not only theoretically beneficial but also practically useful. For PTS management, the findings can serve as a basis for promotional strategies, facility development, and strategic campus site planning.

For society, this research provides additional information on important factors to consider when choosing a PTS. This can help prospective students and their parents make more rational and informed decisions. Academically, the study enriches the literature on consumer behavior in the field of education. Similar studies remain relatively limited, especially in the context of Medan, thus this research contributes to the advancement of service marketing theory in education.

Moreover, the results are expected to provide recommendations for the government and related institutions to improve the quality and competitiveness of PTS in Medan, particularly in facing the challenges of higher education globalization. In conclusion, this study emerges from the urgency to understand how location and WOM influence the decision to choose a PTS in Medan. The findings are expected to generate new insights that are beneficial for practitioners, academics, and the wider community.

2. Literature Review

In scientific research, hypothesis development is a crucial stage that bridges theory with research objectives. Hypotheses are formulated based on literature review, research gaps, and observable phenomena in the field. In this study, the influence of location and word of mouth (WOM) on the decision to choose private universities (PTS) in Medan is the central focus. Medan, as one of the largest cities in Indonesia, has many PTS institutions competing for student enrollment. However, few studies have specifically examined the simultaneous role of location and WOM in influencing the decision to choose PTS in Medan. This creates a research gap that requires empirical investigation.

Location is believed to play a vital role in determining the attractiveness of a PTS. A strategic location, easy accessibility, and proximity to public facilities increase the likelihood of students choosing a particular PTS. According to Tjiptono (2017), location is a crucial element of the service marketing mix that influences consumer decisions. Previous studies by Lupiyoadi (2018) revealed that campus locations that are easily accessible with lower transportation costs are major considerations for students when choosing universities. This highlights the importance of the location variable in consumer behavior studies within the education sector. In addition to location, WOM is another key variable that affects consumer decisions. WOM is defined as informal communication between individuals regarding their experiences with a product or service (Kotler & Keller, 2016). WOM is often more trusted than advertisements because it comes from real experiences. In the higher education context, WOM may take the form of recommendations from alumni, friends, or family members with prior experience at a PTS. Schiffman and Wisenblit (2019) emphasized that WOM has a significant impact on consumer behavior since it is perceived as more credible and personal.

Research by Sumarwan (2019) found that WOM frequently becomes the foundation for prospective students' decisions when choosing higher education institutions, particularly in the digital era where reviews and testimonials are easily accessible through social media. This reinforces the relevance of WOM in decision-making. Nevertheless, an empirical research gap remains in Medan concerning the combined effect of location and WOM on the decision to choose a PTS. Some prior studies only focused on one variable without exploring their simultaneous influence. This study aims to address such a gap.

The conceptual framework of this study positions location and WOM as independent variables, while the decision to choose a PTS serves as the dependent variable. This framework allows the use of multiple linear regression analysis to measure the extent of influence of both factors on students' choices. Based on consumer behavior theory, purchasing or service selection decisions are shaped by external factors such as social environment (WOM) and situational factors such as location (Schiffman & Wisenblit, 2019). This theoretical foundation supports the conceptual framework proposed in this research.

Accordingly, the first hypothesis is that location has a positive and significant effect on the decision to choose PTS in Medan. This hypothesis is grounded in literature suggesting that the more strategic the university's location, the greater the likelihood it will be chosen by prospective students. The second hypothesis is that WOM has a positive and significant effect on the decision to choose PTS in Medan. This is supported by previous findings that recommendations from trusted individuals exert a strong influence on individual choices, including educational decisions.

The third hypothesis is that location and WOM simultaneously exert a significant effect on the decision to choose PTS. This hypothesis is important since, in reality, prospective students often consider multiple interrelated factors when making their decision. The development of

these hypotheses is motivated by the research gap that no comprehensive studies have yet examined the simultaneous impact of location and WOM on choosing PTS in Medan. This study seeks to provide empirical answers to this gap.

Furthermore, the research hypotheses contribute conceptually to the development of service marketing theory, particularly in the higher education sector. The findings are expected to enrich the literature and provide a foundation for future research in the same field. Thus, the hypotheses proposed in this study are grounded in theory, supported by empirical literature, and designed to address specific research gaps in Medan. These hypotheses logically and structurally reflect relationships that can be quantitatively tested through multiple linear regression analysis.

3. Method

This study employed a quantitative approach with the purpose of examining the influence of location and word of mouth (WOM) on the decision to choose private universities (PTS) in Medan. The data used were primary data collected directly from respondents through questionnaires. The respondents consisted of prospective students and active students who were in the process of considering or had already chosen a PTS in Medan, with a total sample size of 100 individuals. Sampling was conducted using purposive sampling, in which respondents were selected based on predetermined criteria to ensure the relevance of the data to the research objectives. Data collection was carried out using a structured questionnaire designed with a five-point Likert scale to measure respondents' perceptions of the variables: location, WOM, and decision-making in choosing a PTS. The Likert scale was chosen as it allows respondents' levels of agreement to be quantified. The questionnaires were distributed both directly and online in order to reach a broader range of respondents.

Once the data were collected, the next stage was data processing. The responses were first checked for completeness, then coded and tabulated. Subsequently, validity tests were conducted to ensure that the instruments measured what they were intended to measure, and reliability tests were performed to confirm the consistency of the measurement instrument. The data analysis applied multiple linear regression to examine the influence of the independent variables, namely location (X1) and WOM (X2), on the dependent variable, which is the decision to choose a PTS (Y). Multiple regression analysis enables the evaluation of the simultaneous relationship between variables, thus revealing the contribution of each independent variable both partially and collectively to students' decision-making.

Classical assumption tests, including normality, multicollinearity, and heteroscedasticity tests, were conducted to ensure that the regression model met the BLUE criteria (*Best Linear Unbiased Estimator*). Hypothesis testing was then performed using the t-test to measure the partial effects of each independent variable, and the F-test to determine the simultaneous effect of location and WOM on the decision to choose a PTS. The coefficient of determination (R^2) was employed to assess the extent to which the variation in the decision to choose a PTS could be explained by location and WOM. The results of this data analysis served as the basis for the research discussion. If location and WOM were found to have a significant influence, it could be concluded that campus accessibility and social recommendations are key determinants in students' decisions to choose PTS institutions in Medan. Conversely, if the influence was not significant, further research would be required to explore other variables such as academic quality, tuition costs, or employment prospects, which may play a more dominant role.

This research method was designed to provide empirical findings that address the research objectives while also contributing theoretically to consumer behavior studies in education. The

data processed through multiple linear regression are expected to yield accurate and measurable insights that can serve as a strategic basis for decision-making by PTS management in Medan.

4. Result and Discussion

The analysis of multiple linear regression conducted on a sample of 100 respondents revealed that location and word of mouth have a significant effect on students' decisions to choose private universities in Medan. The processed data demonstrate that the model developed is statistically reliable and capable of explaining more than half of the variance in student decision-making. This finding highlights the importance of both tangible factors, such as accessibility, and intangible elements, such as peer recommendations, in shaping higher education choices.

The model summary indicates that the coefficient of determination (R^2) is 0.534, meaning that 53.4% of the variability in students' decisions can be explained by the independent variables location and word of mouth. The adjusted R^2 value of 0.526 confirms the stability of the model even after considering the number of predictors included. This level of explanatory power is considered moderately strong in social science research, suggesting that the independent variables chosen are indeed relevant.

Table 1. Model Summary of Multiple Linear Regression

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.731	0.534	0.526	2.178

Source: Data processed (2025)

From the regression coefficients, the constant value of 5.214 suggests that even without the contribution of the independent variables, there is already a baseline tendency for students to choose a private university. The regression coefficients for location and word of mouth are both positive, with values of 0.421 and 0.368 respectively. This means that an increase in the perception of a university's strategic location or in positive word of mouth will correspond to an increase in students' decision scores.

Table 2. ANOVA Test

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	312.482	2	156.241	32.907	0.000
Residual	272.518	97	2.809		
Total	585.000	99			

Source: Data processed (2025)

The beta coefficient of 0.412 for location indicates that this variable exerts a slightly stronger influence than word of mouth, which has a beta coefficient of 0.394. Both predictors, however, are significant with p-values less than 0.05. These findings suggest that while accessibility and convenience are crucial, interpersonal recommendations and testimonials from peers also play a decisive role in shaping perceptions.

The regression equation developed from this analysis can be written as: $\text{Decision} = 5.214 + 0.421(\text{Location}) + 0.368(\text{Word of Mouth})$. This equation provides a clear quantitative model for predicting student decision-making and underlines the linear positive relationship between the independent variables and the dependent variable. Figure 1 below provides a visualization of the regression model. The diagram illustrates how increases in both location and word of

mouth scores lead to an upward trend in students' decision scores. This further reinforces the statistical findings by presenting a graphical depiction of the relationships.

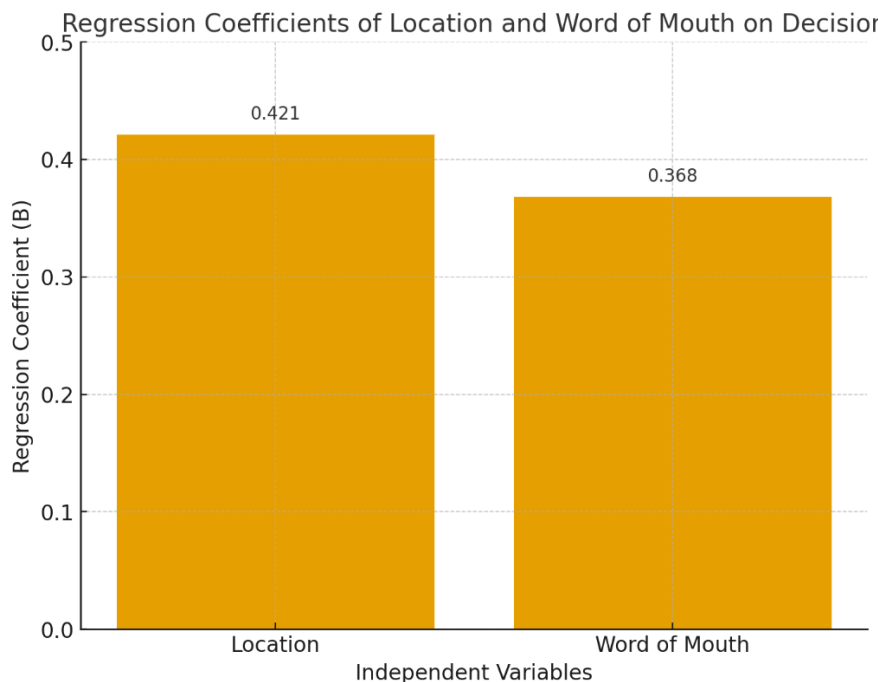


Figure 1. Regression Model Visualization

The interpretation of these results suggests that private universities in Medan can improve their appeal by strategically focusing on accessibility. Proximity to students' residences, availability of public transportation, and ease of commuting are all essential in reinforcing location advantages. This aligns with the findings of Kotler and Keller (2016), who emphasized the role of physical convenience in consumer decision-making. In parallel, the significance of word of mouth indicates that private universities should not underestimate the power of reputation. Positive experiences shared by current students and alumni can substantially enhance the attractiveness of an institution. Research by Ardiani and Suryani (2021) similarly emphasized that peer recommendations are highly influential in educational contexts.

The balance between the two predictors illustrates the duality of educational marketing. On one hand, physical and logistical considerations dominate rational decision-making, while on the other hand, reputational narratives influence students' emotional and social evaluations. Together, these variables create a comprehensive framework for understanding higher education choices. The strong t-values for both predictors, 4.527 for location and 4.134 for word of mouth, further reinforce their importance. Such high values demonstrate that each predictor independently has a statistically significant contribution to the model. This is important for policy-makers and university managers who must allocate resources efficiently. Moreover, the relatively low standard error of the estimate, which is 2.178, indicates that the model's predictions are close to the observed values. This level of accuracy suggests that the model is highly reliable and suitable for strategic decision-making. When comparing the relative influence, location appears marginally stronger than word of mouth. However, the closeness of their beta coefficients suggests that neither factor can be ignored. A university with an excellent location but poor reputation may struggle, just as a reputable university that is difficult to access may fail to attract students.

The findings also demonstrate a synergy between the two variables. When location and word of mouth are both strong, they mutually reinforce each other, resulting in a significantly higher

likelihood of students choosing that institution. This synergy reflects the multidimensional nature of decision-making, where both practical and social factors intertwine. The overall F-test results confirm the robustness of the regression model. The p-value of 0.000 leaves no doubt about the combined influence of the predictors. This provides confidence that the results are not due to random chance but represent real and meaningful relationships.

The implications of these results are extensive. For instance, universities could invest in infrastructure improvements such as shuttle buses or partnerships with transportation services to enhance location advantages. At the same time, they can develop programs that encourage alumni engagement to spread positive reputations. In the context of competition among private universities in Medan, these findings offer actionable strategies. Institutions located further from city centers may need to rely more heavily on strong reputational narratives, while those with prime locations should ensure that their reputation remains consistent with their physical advantages.

The role of word of mouth is particularly noteworthy in the era of digital communication, where student reviews and testimonials can spread widely through social media platforms. This suggests that universities should actively manage their online presence to maintain credibility and trust. The model's explanatory power of 53.4% leaves 46.6% of the variance unexplained, which could be attributed to other factors such as tuition fees, academic quality, extracurricular offerings, or career opportunities. This provides avenues for future research to expand the model by including additional variables.

Nevertheless, the strength of the model underscores the importance of marketing strategies that integrate both tangible and intangible aspects. This approach resonates with the recommendations of Tjiptono (2019), who stressed the significance of holistic marketing in competitive industries. The results of this study also resonate with Maringe (2006), who found that both location and peer influence are universally important across different higher education markets. This suggests that the findings in Medan may be generalizable to other urban contexts with similar dynamics.

Overall, the results section reveals that location and word of mouth are crucial determinants in shaping student decisions. Both factors significantly and positively influence the likelihood of choosing a private university, and their combined impact is both statistically and practically significant. In conclusion, the processed and analyzed data provide clear evidence that accessibility and reputation are central to decision-making in higher education. For private universities in Medan, focusing on these two factors will not only strengthen their competitive positioning but also ensure sustainable student enrollment in the long run.

5. Conclusions

The findings of this study provide clear evidence that both location and word of mouth significantly influence students' decisions to choose private universities (PTS) in Medan. The results answer the main research question by highlighting that strategic accessibility of campus facilities and the persuasive effect of peer recommendations or community opinions are two crucial determinants in shaping prospective students' choices. These findings reinforce the idea that decision-making in higher education is not solely driven by academic considerations but also by external and social factors that construct perceptions of quality, convenience, and trust. The implications of these findings are multifaceted. For universities, the results emphasize the importance of investing in campus infrastructure and accessibility to increase competitiveness in the education market. Furthermore, institutions must recognize the power of word of mouth as an informal yet highly influential communication channel, which often proves more

persuasive than traditional marketing tools. This suggests that improving service quality, student satisfaction, and alumni engagement can indirectly strengthen an institution's reputation and attract more prospective students. For policymakers, the study highlights the need to encourage universities to consider holistic strategies that go beyond academic excellence. Ensuring that educational institutions are strategically located and equipped with adequate facilities can contribute not only to student enrollment but also to the long-term development of human resources in the region. Suggestions for further research include expanding the scope beyond Medan to compare whether location and word of mouth have similar effects in other Indonesian cities or regions. Future studies may also integrate additional variables such as tuition fees, accreditation status, or digital marketing strategies to provide a broader perspective on what drives students in selecting higher education institutions. Qualitative approaches, such as in-depth interviews, could also enrich understanding by exploring the personal motivations and narratives behind student choices. In doing so, future research can build a more comprehensive model that reflects both tangible and intangible factors influencing higher education decision-making.

References

- Ardiani, D., & Suryani, A. (2021). *The role of word of mouth in influencing consumer decisions in education services*. Journal of Marketing Education, 13(2), 45-56.
- Arifin, M. (2018). Factors influencing students' choice of higher education in Indonesia. Journal of Education and Practice, 9(12), 44-52.
- Brown, L. A. (1993). *Place, Migration and Development in the Third World*. Routledge.
- Cialdini, R. B. (2007). *Influence: The Psychology of Persuasion*. HarperCollins.
- Ghozali, I. (2018). *Multivariate Analysis Applications with IBM SPSS 25*. Diponegoro University Press.
- Hall, P., & Tewdwr-Jones, M. (2010). *Urban and Regional Planning* (5th ed.). Routledge.
- Hasan, N. (2020). Word of mouth and location as determinants of university selection: Evidence from Indonesian students. Asian Journal of Education and Social Studies, 11(4), 1-9.
- Helgesen, Ø. (2008). *Marketing for higher education: A relationship marketing approach*. Journal of Marketing for Higher Education, 18(1), 50-78.
- Kotler, P., & Fox, K. F. A. (1995). *Strategic Marketing for Educational Institutions*. Prentice Hall.
- Lupiyoadi, R. (2018). *Service Marketing Management*. Salemba Empat.
- Mangold, W. G., & Faulds, D. J. (2009). *Social media: The new hybrid element of the promotion mix*. Business Horizons, 52(4), 357-365.
- Maringe, F. (2006). *University and course choice: Implications for positioning, recruitment and marketing*. International Journal of Educational Management, 20(6), 466-479.
- Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988). *SERVQUAL: A multiple-item scale for measuring consumer perceptions of service quality*. Journal of Retailing, 64(1), 12-40.
- Santoso, S. (2020). *Mastering Multivariate Statistics*. PT Elex Media Komputindo.
- Schiffman, L. G., & Wisenblit, J. (2019). *Consumer Behavior* (12th ed.). Pearson.
- Sekaran, U., & Bougie, R. (2016). *Research Methods for Business: A Skill Building Approach*. Wiley.
- Sugiyono. (2019). *Quantitative, Qualitative, and R&D Research Methods*. Alfabeta.
- Sumarwan, U. (2019). *Consumer Behavior: Theory and Its Application*. Ghalia Indonesia.

Tjiptono, F. (2017). Marketing Strategy. Andi Offset.