

Analysis of Service Quality on Electronic Word of Mouth (E-WOM) through Customer Satisfaction

Alfianor ⁽¹⁾, Bagus Teja Harmoko ⁽²⁾, Roberto T Sanjaya ⁽³⁾

¹Faculty of Master Degree, Master of Marketing Management, Mercubuana University

²Jalan Meruya Selatan No. 1, Joglo, Jakarta Barat

³Daerah Khusus Ibu Kota Jakarta, Indonesia, 11650

Abstract:- The purpose of this study is 1) Analyzing service quality affects the electronic word of mouth (E-WOM) on customers 2) Analyzing service quality has an effect on customer satisfaction 3) Analyzing customer satisfaction influences electronic word of mouth (E-WOM) on customer 4) Analyzing service quality influences electronic word of mouth (E-WOM) through customer satisfaction. The type of research used is Explanatory Research, with a total sample of 100 respondents. The data analysis technique used in this study is path analysis. The results of the analysis can be seen that service quality has an effect on electronic word of mouth (E-WOM) on customers. Quality of service affects customer satisfaction. While service quality has an effect on electronic word of mouth (E-WOM) through customer satisfaction.

Keywords:- Service Quality, Electronic Word of Mouth (E-WOM) and Customer Satisfaction.

I. INTRODUCTION

Every company has a goal to realize its long-term growth and survival. In a global era characterized by increasingly sharp and complex competition and high levels of acceleration, companies are required to have the ability to develop strategic choices so they are able to adapt to dynamic environments. Seeing this fact, the market must be managed with systematic efforts to benefit from the ever-expanding market performance, (Narver dan Slater, 2012:21).

Strategies are needed in order to overcome various critical activities of the company and face future conditions that tend to be uncertain and difficult to predict. With strategy means the company seeks to dig deeper into the potential to maximize the final results to be achieved and at the same time develop the ability to adapt to very rapid environmental changes. In other words, the strategy is a unified, comprehensive and integrated plan that links the excellence of the company's strategy with environmental challenges and is designed to ensure that the company's main goals can be achieved through proper implementation by the company in this case in the banking business.

Based on the results of Edelman's survey (2014) about the level of trust and credibility, placing the banking industry and payment system in the top position with a score of 52%. This survey was conducted online on 27,000 respondents spread across 27 countries. The Edelman Trust

Barometer survey uses 16 specific attributes that can build a level of trust that can be grouped into 5 performance groups based on priority levels, namely engagement, integrity, products and services, purpose and operations.

No.	Informasion	%
1	Banks	52%
2	Credit Cards/ Payments	52%
3	Financial Services Industry Overall	48%
4	Insurance	47%
5	Financial Advisory/ Asset Management	47%

Table 1:- Level of Trust in the Financial Services Industry by Sector (Sumber : www.edelman.com)

In the 2013 World Bank publications, financial inclusion was calculated from the number of Indonesians who had access to financial institutions and aged over 15 years, only around 20%. Whereas access to financial services is an important aspect in efforts to alleviate poverty.

According to the 2013 Indonesian Banking Booklet (BPI), one of the causes of the difficulty of public access to financial services includes the emergence of crises and financial deregulation. The economic crisis has forced investors to withdraw funds from developing countries so that large bank closures occur. Furthermore, the deregulation era encouraged competition to be tighter, forcing banks to increase efficiency so that they became very selective in choosing customers and closing their branch offices in regions that were considered less profitable.

Since the implementation of the ASEAN Economic Community (AEC) in 2015, it has tightened the competition map of the banking industry in the Asian region. The Indonesian banking industry is making improvements and strengthening aspects that are important keys in determining the degree of banking competition in the ASEAN open market. Strengthening bank resilience and competitiveness pursued by Bank Indonesia through structuring bank ownership structures with Bank Indonesia Regulation Number 14/24 / PBI / 2012 and adjusting business activities and expanding bank office network based on capital with Bank Indonesia Regulation Number 14/18 / PBI / 2012 . If it is related to the conditions of banking competition that occur in Indonesia, especially in Quarter III-2016, it can be seen that the growth of credit and savings of the community has

slowed. Credit to Private Sector (in Rupiah) decreased to 13.8% (yoy) while Deposits and Credit Growth (in Rupiah) also fell to 11.6% (yoy). Slowing credit growth occurred in all types of credit and in almost all sectors: Consumer loans declined to 10% (yoy), working capital loans declined to 10.4% (yoy) where investment credit declined to 17% (yoy) (Hamidah, 2017).

Consumer satisfaction is the main factor in assessing service quality, where consumers assess service performance received and that is felt directly on a product. Quality of service is determined by how the level of conformity between services provided with the expectations expected by service users. The higher the quality of service that is felt will be the higher the level of user / customer satisfaction, then it will have a positive impact on one's behavior or intention in addressing the service (Cronin and Taylor in Bahar et.al, 2009: 972). Consumers always assess a service received compared to what is expected or desired (Parasuraman in Hidayat, 2009).

Hidayat (2009) also mentions customer satisfaction related to what is expressed by consumers about their perceptions and expectations of services obtained. The benefits of well-managed service quality include helping service companies to differentiate themselves compared to competitors, increasing sales volume and mastering market share, strengthening relationships with consumers, enhancing company image that has an impact on customer satisfaction and company employees and can attract new consumers caused by positive Electronic word of mouth (E-WOM) appeal about the company.

This banking service user satisfaction is one of the efforts to create a good relationship between the banking company and the customer. Customer efforts to create good relations are also influenced by the development of information technology that occurs. One effort is made by providing positive information by using technological developments, where one of them is by doing Electronic Word of Mouth (E-WOM), which is a form of marketing communication about positive or negative statements made by potential customers, customers and former customers about a product or company, which is available to many people through internet media (Hennig-Theurau et al., 2004). Meanwhile, Pedersen et al. (2014) argues that Electronic Word of Mouth (E-WOM) is a development of Word of Mouth communication that utilizes the persuasive power of consumers digitally about a product. Another opinion states that Electronic Word of Mouth is a form of non-formal communication that is partly directed at customers through Internet-based technology related to the use or characteristics of an item or service (Litvin et al., In Abd-elaziz et al., 2015).

II. PROBLEM STATEMENT

The problems in this study are;

- Does service quality affect customer satisfaction
- Does customer satisfaction affect electronic word of mouth (E-WOM) on customers

- Does service quality affect electronic word of mouth (E-WOM) on customer?
- Does service quality have a significant effect on electronic word of mouth (E-WOM) through customer satisfaction?

III. THEORY

Social media is one of the most effective tools in marketing activities. In fact, many large companies have started managing social media that they have with professionals. Kaplan and Haenlein (2010) state that through social media, companies can promote products and form communities or online groups for consumers who like the brand used. The existence of the community or online group has led to electronic social interactions among community members which in turn has encouraged increased conversation or encouraged the increase of electronic word of mouth (e-electronic word of mouth (E-WOM)) among its users. E-electronic word of mouth (E-WOM) is a positive or negative statement made by potential customers, actual customers and former customers about products or companies through the internet (Henning-Thurau et al., 2004). Goldsmith (2008) states that e-electronic word of mouth (E-WOM) is social communication on the internet where web explorers send and receive information related to products online. Cheung and Lee (2012) state that the most significant factors in driving e-electronic word of mouth (E-WOM) are a sense of belonging, reputation, and willingness to help. Henning-Thurau, et al., (2004) states that the driving factor arises e-electronic word of mouth (E-WOM) is the platform assistance, venting negative feeling, concern for other consumer, extraversion/ positive self enhancement, social benefit, economic incentives, helping the company, advice seeking.

Consumers always try to fulfill their wants and needs as well as possible. To be able to meet increasingly diverse needs and desires, service providers must be able to offer quality products to satisfy their customers. Further consumer satisfaction can also have an impact on providing positive information using social media or electronic word of mouth (E-WOM) or commonly called word of mouth promotion using social media. Some marketers have a skeptical outlook and look down on this kind of promotion, because often this promotion requires opinion leaders that are hard to find.

IV. METHODOLOGY

The type of research used is Explanatory Research, as explained by Singarimbun and Effendi (2006: 67), explanatory research is a study that explains the causal relationship between variables through testing hypotheses that have been formulated, so that the contribution of independent variables to the dependent variable can be determined. and the direction of the relationship that occurs.

The type of research used is quantitative research method where the type of research is explanatory research. This study aims to find out between 5 independent variables of service quality, namely Reliability (X1), Response Power

(X2), Guarantee (X3), Empathy (X4), Physical Evidence (X5) on the dependent variable, customer satisfaction and Electronic word of mouth (E-WOM). The data analysis technique uses path analysis. The purpose of using path analysis is to find the effect of exogenous variables on endogenous variables combined or partially and to decompose the correlation between variables by looking at the direct effect, indirect influence, total influence and the influence of other factors.

V. RESULT AND DISCUSSION

➤ *Path coefficient effect of Service Quality on Electronic Word Of Mouth (E-WOM)*

The results of testing the effect of the quality of service on Electronic Word Of Mouth (E-WOM) can be seen in Table2.

Exogenous Variable	Endogenous variable	Beta	t	Probability	Decision
Service Quality	<i>Electronic Word Of Mouth (E-WOM)</i>	0,772	12,009	0,000	Significant
Coefficient of Determination (R ²) : 0,595 = 59,5% N= 100					

Table 2:- Service Quality Coefficient Test Results for Electronic Word Of Mouth (E-WOM)

➤ *Path Coefficient of Customer Satisfaction with Electronic Word Of Mouth (E-WOM)*

The results of testing the effect of Customer Satisfaction on Electronic Word Of Mouth (E-WOM) can be seen in Table 3.

Exogenous Variable	Endogenous variable	Beta	t	Probability	Decision
Satisfaction	Electronic Word Of Mouth (E-WOM)	0,701	9,734	0,000	Significant
Coefficient of Determination (R ²) : 0,492= 49,2% N= 100					

Table 3:- Path Coefficient of Effect of Bank Customer Satisfaction on Electronic Word Of Mouth (E-WOM)

➤ *Path coefficient of influence of service quality on customer satisfaction*

The results of testing the effect of service quality on Customer Satisfaction can be seen in Table 4.

Exogenous Variable	Endogenous variable	Beta	t	Probability	Decision
Service Quality	Satisfaction	0,667	8,855	0,000	Significant
N= 100					

Table 4:- Service quality coefficient path to customer satisfaction

➤ *Hypothesis Test Results*

Based on the results of data analysis that has been done, the path can be obtained as shown in Figure 1 below:

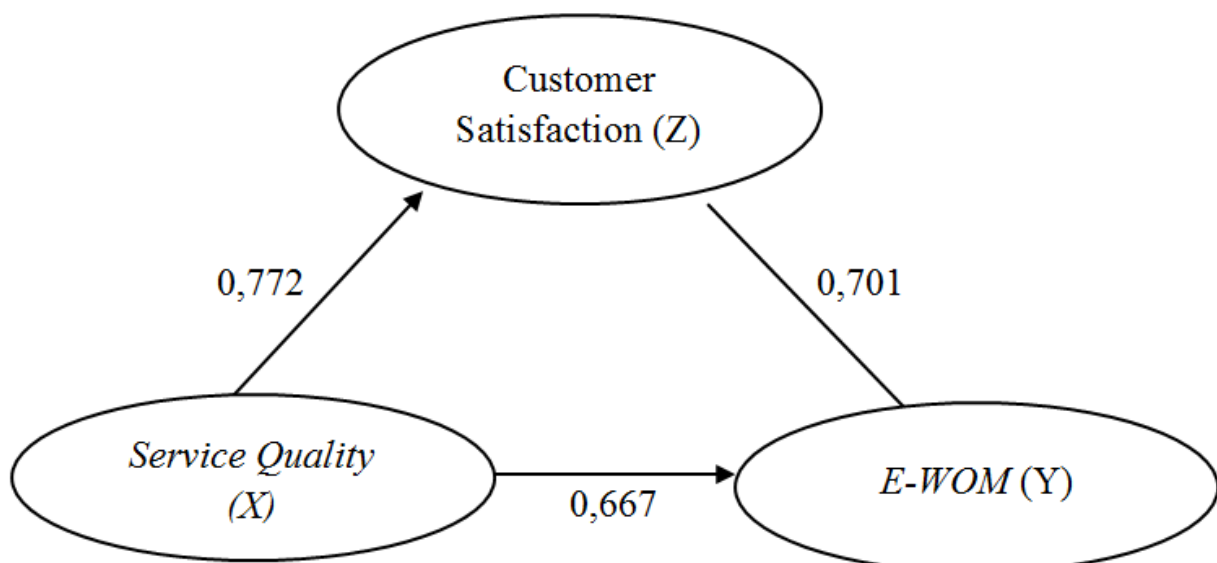


Fig 1:- Variable Path Analysis Results Diagram influences the quality of service on Electronic Word Of Mouth (E-WOM) through Customer Satisfaction

Figure 1 shows the overall path analysis diagram. The variable coefficient of service quality on Electronic Word Of Mouth (E-WOM) is 0.667 The regression coefficient of Customer Satisfaction variable r on Electronic Word Of Mouth (E-WOM) that is equal to 0.701, and the variable

coefficient of service quality on Customer Satisfaction is equal to 0.667. Direct influence, indirect influence and total influence between research variables have been presented briefly in the following table:

Variable	Endogenous variable.	Direct Effect	Indirect Effect	Total Effect	t	Sig.	Satisfaction
Kualitas pelayanan	Electronic Word Of Mouth (E-WOM)	0,772	0	0,772	12,009	0,000	Significant
Electronic Word Of Mouth (E-WOM)	Kepuasan	0,701	0	0,701	0,492	0,000	Significant
Kualitas pelayanan	Kepuasan	0,438	(0,701x0,438)=0,307	0,745	7,8415	0,000	Significant

Table 5:- Recapitulation of Direct, Indirect Effects and Total Influence

The accuracy of the hypothesis model of this study is measured by the relationship of the coefficient of determination (R²) in the two equations. The model results are as follows:

$$\begin{aligned}
 R^2 &= 1 - (1 - R^2_1) (1 - R^2_2) \\
 &= 1 - (1 - 0,595) (1 - 0,214) \\
 &= 1 - (0,602) (0,786) \\
 &= 1 - 0,4731 \\
 &= 0,526 \text{ atau } 52,6\%
 \end{aligned}$$

The results of the calculation of the model accuracy of 52.6% explained that the contribution of the model to explain the structural relationship of the three variables studied was 52.6%. While the remaining 47.31% is explained by other variables not found in this research model.

VI. CONCLUSION

Based on the results of research and discussion that has been done, the conclusions of the research results can be described as follows: 1) Quality of service has an effect on electronic word of mouth (E-WOM) on customers, meaning better service quality which includes responsiveness, empathy, assurance, reliability and physical evidence, the electronic word of mouth (E-WOM) for customers will be better.. 2) Quality of service has an effect on customer satisfaction, meaning that service quality is better which includes responsiveness, empathy, assurance, reliability and physical evidence so that customer satisfaction will be higher. 3) Customer satisfaction has an effect on electronic word of mouth (E-WOM) on customers, meaning that with increasing customer satisfaction in this case regarding employee service according to expectations, decisions match expectations and perceptions according to customer desires, electronic word of mouth (e -Electronic Word Of Mouth (E-WOM) for customers is getting better. 4) Service quality influences electronic word of mouth (E-WOM) through customer satisfaction, meaning that with better quality of service, customer satisfaction will be formed so that customers will conduct positive electronic word of mouth (E-WOM).

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