The Effect of Service Quality on Word-of-Mouth in Hotel Industry: The Mediating Role of Overall Satisfaction

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Abstract
This study focused on domestic tourists at 4-5 stars hotel located in Phuket, Thailand, and investigated the relationship of service quality that Lodging Quality Index (LQI) with the positive word-of-mouth (WOM) through overall satisfaction. The results outline five dimensions of service quality: tangibility, reliability, responsiveness, confidence, and communication. The results showed that the communication has a positive impact on overall satisfaction. In Addition, the overall satisfaction directly mediates the effect of communication to WOM. The conclusion and implication of the finding are further discussed in the paper.

Key Words: Service Quality, Word-of-Mouth, Satisfaction, Hotel, Mediating

JEL Classification: M 13
1. Introduction

The key performance indicator for hotel business has been become by service quality. According to Zeithaml, Berry, and Parasuraman (1996), service quality has become a great differentiator and the most powerful competitive advantage which many leading service. Service of hotel include restaurants, rooms, clubs, are no longer considered as extravagance facilities. Among many people these services are basic element of lifestyle. Achieving competitive advantages have been imperative for the success in hotel industry. When the lodging industry has become more increasing competition, the hotel needs to retain the customers with service quality.

Customer satisfaction has been important to the lodging industry (Sim, Mak, & Jones, 2006). High service quality and improving customer satisfaction are widely realized as important factors leading to the success of hotel (Mosahab, Mahamad, & Ramayah, 2010). If customers are satisfied, they are more likely to positive word-of-mouth.

The relationship between overall satisfaction and positive word-of-mouth has been researched for many years. This study extended that research to examine the antecedent effects of overall satisfaction as well as the effect of service quality on overall satisfaction and positive word-of-mouth, and how it relate to positive word-of-mouth.

This study focused to elevate research in hotel satisfaction by investigating the role of service quality in overall satisfaction mediated to positive word-of-mouth. The overall objective of this study was to examine the level of customer satisfaction and major factors contributing to customer satisfaction. Specifically, the significance of hotel satisfaction is scrutinized with suggestions on how to target various customer segments for hotel. The research findings are expected to offer valuable insights, implications, and applications to hotel practitioners, government officers, and academic researchers.

2. Literature Review

In recent years, there has been an increasing amount of literature on Service quality. Numerous discussions and theories of service quality have been suggested by scholars and researchers. Based on the role of service quality in the overall satisfaction and positive word-of-mouth, the literature review presents related to them in this section. The proposed research model is shown in figure 1. The researcher attempts to achieve by capturing a small number of service quality (tangibility, reliability, responsiveness, confidence, and communication). It would be easy and straightforward to predict the overall satisfaction and positive word-of-mouth.
Service quality was an increasingly important element that differentiates competing services (Kotler & Keller, 2012). The delivery of high quality service is one of the most important and most difficult tasks that any service organization faces. Problems in service quality measurement arise from a lack of clear and measurable parameters for the determination of quality. It is not the case with product quality since products have specific and measurable indicators like durability, number of defective products and similar, which make it relatively easy to determine the level of quality. But even though the number of research on service quality is huge, there is no agreement about what service quality is and how it should be measured. Assessment of quality in service industries, become more complicated as it is not a function of statistical measures of quality, including physical defects or managerial judgments (Ojerinde, 2011).

The original of “SERVQUAL” These models have gone a long way to unravel the undertones associated with service quality. There were ten dimensions: tangibles, reliability, responsiveness, competence, courtesy, credibility, security, access, communication, and understanding. Service quality could be defined through ten dimensions (Zeithaml, Parasuraman, & Berry, 1990). Many researches in tourism and hospitality were reduced to five: tangibles, reliability, responsiveness, assurance and empathy and have used either the five dimensions SERVQUAL instrument (Fu & Parks, 2001; Mola & Jusoh, 2011; Soonsan, 2015). Even through service quality was complicated and multi-dimension (Getty & Getty, 2003). Services quality are not homogeneous and made a distinction between whether or not individuals or organizations are receiving service (Babakus & Boller, 1992). For example, service quality measured customer satisfaction in recreation and sport complex. Howat, Absher, Crilley, and Milne (1996) identified “CERM CSQ” that was fours components: core services, staff quality, general facility, and secondary services. A broader perspective has been adopted by Kim and Kim (1995) who argues that service quality in sport complex in South Korea should develop to “QUESC”. The “QUESC” was 11 factors: ambiance, employee attitude, employee reliability, information available,
program offered, personal considerations, price, privilege, ease of mind, stimulation, and convenience. According to Tsitskari, Vernadakis, Tzetzis, Aggeloussis, and Costa (2009) points out six factors: show time, staff, comfort, sport venue, luxury, and information, to construct the customer expectation at basketball.

Service quality can be viewed from many different perspectives. Lodging industry needs to consider various multidimensional of the service quality (Mohsin & Lockyer, 2010). From the various decision, hotel managers should support and operate the work in the way of quality in order to increase quality and customer satisfaction (Mohsin, Hussain, & Khan, 2011), and can be made the huge benefit back to the hotel (Cronin, Brady, & Hult, 2000). The first systematic study of service quality in hotel was reported by Knutson, Stevens, Wullaert, Patton, and Yokoyama (1990) that “LODGSERV” was 26 indicators. According to Wong Ooi Mei, Dean, and White (1999) was develop “HOLSERV” that tangibles, reliability, responsiveness, assurance, and empathy measured service quality in hotel. In another major study, Getty and Getty (2003) found that Lodging Quality Index (LQI) was five components: tangibles, reliability, responsiveness, confidence, and communication.

In the lodging industry, several studies have investigated hotel attributes that customers may find important when evaluating the performed service quality. The LQI instrument was specifically the dimensions of service quality within the lodging industry (Getty and Getty, 2003). The dimensions were adjusted instrument that were limited by the other dimensions and better reflected the unique nature of the lodging industry. The service quality difference on individual quality dimension can be used as the basis for evaluating the relative performances of each hotel. The LQI was produced a quality perception scale that can be modified to the individual lodging and can be examined to pinpoint potential problem area. Moreover, LQI will offer exact customer feedback in order to monitor quality attempts throughout the organization.

What we know about service quality is largely based upon empirical studies that investigate how service quality related to overall satisfaction and customer loyalty (Seth, Deshmukh, & Vrat, 2005). Specifically, lodging industry have to create customer satisfaction that linking to return and loyalty (Carev, 2008). It should be noted that according to some authors, service quality is related to as satisfaction and that they have a causal ordering. Service quality has been accepted as an antecedent of customer satisfaction (Oliver, 1999; Rowley, 1998). Establishing a link between service quality and customer satisfaction is an important task for researchers and practitioners, subsequently it is evidence for the value of service quality research. Furthermore, the relationships between specific service quality dimensions and overall satisfaction are not yet clear in the lodging industry, due to the different service quality models used and the different contexts of the published studies (Lee, Lee, & Yoo, 2000). In numerous researches, it has been found that quality of service affected the customer satisfaction. For example, in the study of Theodorakis and Alexandris (2008) found that tangibles, responsiveness and
reliability dimensions were determined as the moderate estimators of the positive word-of-mouth. This view is supported by Al-Rousan and Mohamed (2010) who writes that service quality related to customer satisfaction and loyalty. This indicates a need to understand the various perceptions of service quality that exist among overall satisfaction.

Hypothesis H1a: Tangibility has a positive effect on the overall Satisfaction
Hypothesis H1b: Reliability has a positive effect on the overall Satisfaction
Hypothesis H1c: Responsiveness has a positive effect on the overall Satisfaction
Hypothesis H1d: Confidence has a positive effect on the overall Satisfaction
Hypothesis H1e: Communication has a positive effect on the overall Satisfaction

Customer satisfaction has previously been found to mediate the effect of service quality on a range of customer loyalty and positive word-of-mouth. There are many researches which support relationship between satisfaction and positive word-of-mouth. A recent study by Williams and Soutar (2009) involved customer satisfaction is another important construct for the word of mouth. In an investigation into overall satisfaction, Su, Hsu, and Swanson (2017) found that satisfaction fully mediated the effect of service quality on positive word-of-mouth. Therefore, this present study puts forth the following hypothesis:

Hypothesis H2: Overall satisfaction has a positive effect on the word-of-mouth

3. Methodology

A survey questionnaire was developed with key measures related to service quality, overall satisfaction, and positive word-of-mouth based on past literature, as well as demographic profiles. Items are primarily measured on 7-point Likert scales. In summary, the following are the four main sections of the survey instrument: 1) service quality: tangibility, reliability, responsiveness, confidence, and communication, 2) overall satisfaction, 30 positive word-of-mouth, and 4) demographics: gender, age, status, education level, occupation, and salary.

The scale items for service quality were adapted from Getty and Getty (2003) after a survey of lodging quality index. Each item was checked for its face validity and relevance through several rounds of iterations. The original questionnaire was prepared in English and then translated into Thai. The translation process took several rounds of back translations and parallel translations with the assistance of tourism practitioners and academic researchers who were familiar with both languages. The research data were collected during the August to October 2016 with a target sample size of 300, based on the suggestion that the ratio between the number of items and the sample size should be at least one to five. Also, the scale development should be considered. The aim of scale development is to create a valid measure of an underlying construct. It can be very helpful to do some preliminary pilot testing on moderately sized samples of convenience before launching a major scale development project. Thus,
the pilot test with 50 people was conducted with satisfactory results. During the full-scale survey, trained student interviewers contacted travelers at a predetermined popular tourist attraction in Phuket, Thailand. A total 400 Tourists were asked to participate in a study. The respondents’ demographic profile was shown in table 1.

Table 1: Respondents’ Demographic Profile

<table>
<thead>
<tr>
<th>Gender</th>
<th>No.</th>
<th>Percent</th>
<th>Education levels</th>
<th>No.</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>181</td>
<td>45.2</td>
<td>Below bachelor’s degree</td>
<td>65</td>
<td>16.2</td>
</tr>
<tr>
<td>Female</td>
<td>219</td>
<td>54.8</td>
<td>Bachelor’s degree</td>
<td>183</td>
<td>45.8</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
<td>Above bachelor’s degree</td>
<td>148</td>
<td>37.0</td>
</tr>
<tr>
<td>16-25 years</td>
<td>85</td>
<td>21.2</td>
<td>Occupation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>26-40 years</td>
<td>208</td>
<td>52.0</td>
<td>Government officer</td>
<td>116</td>
<td>29.0</td>
</tr>
<tr>
<td>Above 40 years</td>
<td>107</td>
<td>26.8</td>
<td>Business owner</td>
<td>114</td>
<td>28.5</td>
</tr>
<tr>
<td>Status</td>
<td></td>
<td></td>
<td>Private officer</td>
<td>113</td>
<td>28.3</td>
</tr>
<tr>
<td>Single</td>
<td>159</td>
<td>39.8</td>
<td>Others</td>
<td>49</td>
<td>12.2</td>
</tr>
<tr>
<td>Married</td>
<td>186</td>
<td>46.4</td>
<td>Salary</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Divorce</td>
<td>43</td>
<td>10.8</td>
<td>Average (Thai Bath)</td>
<td>31,895.169</td>
<td></td>
</tr>
</tbody>
</table>

Table 1 shows the Respondents’ demographic profile of the research sample. Among respondents, 54.8% are females and 45.2 are males, while 52.0% are between 26 and 40 years old. In regard to status, 46.4% are married, follow by single (39.8) and divorce (10.8). A bachelor’s degree represents the largest education level group (45.8%). In the matter of occupation, 29.0% are government officer, 28.5% are business owner, 28.3% are private officer, and 12.2% are others respectively. The average of salary is 31,895.169 Thai Bath.

4. Results and Discussion

4.1 Measurement Model

The first step of analysis need to conducted a confirmatory factor analysis (CFA) to ensure the distinctiveness of the constructs rates by same source, namely the service quality (i.e., tangibility, reliability, responsiveness, confidence, and communication), overall satisfaction, and positive word-of-mouth. As shown the table 2, factor loadings and Cronbach’s alphas are satisfactory with loadings ranging from 0.660 to 0.975 and alphas from 0.744 to 0.923. The measurement model provided an adequate fit to the data ($X^2 = 906.152$, $df = 356$, $p < 0.01$; RMSEA = 0.064, CFI = 0.934, TLI = 0.925, SRMR = 0.037). Although the Chi-square statistic was significant, all of other fit indices were appropriate. Additionally, there are quite a number of reasons, including correlations among variables, why the Chi-square statistic may become significant. In this aspect, Hair, Anderson, Babin, and Anderson (2010) proposed using relative/normed Chi-square ($X^2/df$) as an alternative statistic. It has
been proposed that a ratio less than 3 indicates as acceptable fit. Here, the relative $X^2/df$ was $2.54$ ($X^2 = 906.152$, $df = 356$), suggesting that the hypothesized model fit the data moderately well.

The means, standard deviations, and correlations among variables are shown in table 3. The service quality was not significantly related to overall satisfaction and positive word-of-mouth. As hypothesized, the overall satisfaction was positive related to positive word-of-mouth.

### Table 2: Constructs

<table>
<thead>
<tr>
<th>Construct</th>
<th>Item</th>
<th>Standard loading</th>
<th>Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tangibility</strong></td>
<td>The front desk of hotel was visually appealing.</td>
<td>0.721</td>
<td>.923</td>
</tr>
<tr>
<td></td>
<td>The employees of hotel had clean, neat uniform</td>
<td>0.745</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The atmosphere of hotel’s restaurant was inviting.</td>
<td>0.774</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The hotel's shops were pleasant and attractive.</td>
<td>0.774</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The outdoor surroundings of hotel were visually attractive.</td>
<td>0.809</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The hotel was bright and well lighted.</td>
<td>0.824</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The hotel’s interior and exterior were well maintained.</td>
<td>0.795</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The hotel was clean</td>
<td>0.788</td>
<td></td>
</tr>
<tr>
<td><strong>Reliability</strong></td>
<td>My reservation was handle efficiently</td>
<td>0.834</td>
<td>.903</td>
</tr>
<tr>
<td></td>
<td>My guestroom was ready as promised</td>
<td>0.810</td>
<td></td>
</tr>
<tr>
<td></td>
<td>TV, radio, A/C, lights, and other mechanical equipment worked properly.</td>
<td>0.859</td>
<td></td>
</tr>
<tr>
<td></td>
<td>I got what I paid for.</td>
<td>0.845</td>
<td></td>
</tr>
<tr>
<td><strong>Responsiveness</strong></td>
<td>Hotel’s employees responded promptly to my requests.</td>
<td>0.819</td>
<td>.862</td>
</tr>
<tr>
<td></td>
<td>Informativ e literature about the hotel was provides.</td>
<td>0.798</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Hotel’s employees were willing to answer my questions.</td>
<td>0.685</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Hotel’s employees responded quickly to solve my problems.</td>
<td>0.744</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Room service of hotel was prompt.</td>
<td>0.721</td>
<td></td>
</tr>
<tr>
<td><strong>Confidence</strong></td>
<td>Hotel’s employees knew about local places of interest.</td>
<td>0.809</td>
<td>.908</td>
</tr>
<tr>
<td></td>
<td>Hotel’s employee treated me with respect.</td>
<td>0.789</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Hotel’s employees were polite when answering my questions.</td>
<td>0.855</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The hotel provided a safe environment.</td>
<td>0.830</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The hotel’s facilities were conveniently located.</td>
<td>0.792</td>
<td></td>
</tr>
<tr>
<td><strong>Communication</strong></td>
<td>I received undivided attention at the front desk.</td>
<td>0.850</td>
<td>.901</td>
</tr>
<tr>
<td></td>
<td>Reservationists tried to find out my particular needs.</td>
<td>0.877</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Hotel’s employees anticipated my needs.</td>
<td>0.825</td>
<td></td>
</tr>
<tr>
<td><strong>Overall satisfaction</strong></td>
<td>When hotel promises to provide a service, it does so.</td>
<td>0.660</td>
<td>.744</td>
</tr>
<tr>
<td></td>
<td>Hotel shows dependability in handling service problems.</td>
<td>0.910</td>
<td></td>
</tr>
<tr>
<td><strong>Positive word-of-mouth</strong></td>
<td>I will recommend this hotel to friends, family, and relatives.</td>
<td>0.975</td>
<td>.928</td>
</tr>
<tr>
<td></td>
<td>I will say positively service regarding this hotel to friends, family, and relatives.</td>
<td>0.853</td>
<td></td>
</tr>
</tbody>
</table>

$X^2 = 906.152$, $df = 356$, $p < 0.01$; RMSEA = 0.064, CFI = 0.934, TLI = 0.925, SRMR = 0.037
Table 3: Correlation Matrix

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
<th>(4)</th>
<th>(5)</th>
<th>(6)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Tangibility</td>
<td>5.98</td>
<td>.835</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Reliability</td>
<td>5.95</td>
<td>.959</td>
<td></td>
<td></td>
<td>**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Responsiveness</td>
<td>6.02</td>
<td>.795</td>
<td>**</td>
<td>**</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Confidence</td>
<td>5.99</td>
<td>.835</td>
<td>**</td>
<td></td>
<td>**</td>
<td>**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Communication</td>
<td>5.90</td>
<td>.981</td>
<td>**</td>
<td>**</td>
<td>**</td>
<td>**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Overall</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>satisfaction</td>
<td>5.17</td>
<td>1.298</td>
<td></td>
<td>-.046</td>
<td>-.061</td>
<td>-.078</td>
<td>-.069</td>
<td>.001</td>
</tr>
<tr>
<td>7. Positive</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>word-of-mouth</td>
<td>4.98</td>
<td>1.530</td>
<td></td>
<td>-.047</td>
<td>.012</td>
<td>-.051</td>
<td>.005</td>
<td>.661</td>
</tr>
</tbody>
</table>

** Sig at 0.01 level

4.2 Hypotheses Testing

Figure 2 shows the results of path estimate analysis. The measurement model provided an adequate fit to the data ($\chi^2 = 1023.768$, $df = 418$, $p < 0.01$; RMSEA = 0.062, CFI = 0.933, TLI = 0.925, SRMR = 0.037). The research hypotheses raised in previous sections are proven, and the results are statistically significant. $H_{1a}$, $H_{1b}$, $H_{1c}$ and $H_{1d}$ show that information gain was not significantly related to the overall satisfaction. While, $H_{1e}$ was significantly related to overall satisfaction ($\beta = 0.257$, $t$-value = 2.254, $p < 0.05$). Furthermore, $H_2$ indicates that the overall satisfaction positive impacts on positive word-of-mouth ($\beta = 0.846$, $t$-value = 39.369, $p < 0.05$). In addition, the overall satisfaction directly mediates the effect of communication to positive word-of-mouth. In table 4 presents the resulting standardized parameter estimates and variables for hypotheses $H_{1a}$ to $H_2$.

Figure 2: Path Estimate
Table 4: Standardize Structural Estimates and Hypotheses Tests

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Path</th>
<th>Estimate</th>
<th>t-value</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>$H_{1a}$</td>
<td>Tangibility $\rightarrow$ Overall satisfaction</td>
<td>-0.046</td>
<td>-0.349</td>
<td>Not Support</td>
</tr>
<tr>
<td>$H_{1b}$</td>
<td>Reliability $\rightarrow$ Overall satisfaction</td>
<td>-0.087</td>
<td>-0.493</td>
<td>Not Support</td>
</tr>
<tr>
<td>$H_{1c}$</td>
<td>Responsiveness $\rightarrow$ Overall satisfaction</td>
<td>0.169</td>
<td>0.536</td>
<td>Not Support</td>
</tr>
<tr>
<td>$H_{1d}$</td>
<td>Confidence $\rightarrow$ Overall satisfaction</td>
<td>-0.318</td>
<td>-1.519</td>
<td>Not Support</td>
</tr>
<tr>
<td>$H_{1e}$</td>
<td>Communication $\rightarrow$ Overall satisfaction</td>
<td>0.257</td>
<td>2.254</td>
<td>Support</td>
</tr>
<tr>
<td>$H_{2}$</td>
<td>Overall satisfaction $\rightarrow$ Word-of-mouth</td>
<td>0.846</td>
<td>39.369</td>
<td>Support</td>
</tr>
</tbody>
</table>

5. Conclusions and Recommendations

The linkage between service quality, overall satisfaction, and positive word-of-mouth suggests that by identifying the service quality may improve quality to hotel. Hotel manager can better understand the role of service quality and design characteristics to enhance the hotel to the desirable customer segments. The present study adds insight into the scant literature by showing that tourist perceptions demonstrate different of interest in service quality in hotel. The results suggest that the likelihood of communication is higher than any factors. This suggests that hotel managers should target perceive communication of service quality if they intend to produce growth in hotel effectively and efficiently. In summary, this study illustrates the significance of hotel and how various tourist segments may be differentiated based on service quality. It also supports to generate direct customer satisfaction, which could affect to positive word-of-mouth. The communication can be considered as auxiliary for increasing the customer’s satisfaction and positive word-of-mouth. Consequently, future study could be conducted on qualitative method that involve in-depth interview hotel manager and customer, in order to assess other possible dimensions and characteristics that can more completely illustrate service quality dimension.

References


