
The Effect of Service Quality, Word Of Mouth and Hedonic Product Customization on Hedonic Customer Value and Its Impact on Customer Repurchase Intention of Rsudza Executive Polyclinic Patients

Zulfahmi, Jasman J. Ma'ruf, Syafruddin

Department of Management, Universitas Syiah Kuala, Indonesia

Abstract

The buying process has become an important part of changing consumer lives related to the constant changes in the environment. The purpose of this study is to see the effect of service quality, WOM, hedonic product customization (HPC) on Hedonic Customer Value (HCV) and Customer Repurchase Intention (CRI). The research population is the patients of the Dr. Zainoel Abidin General Hospital (RSUDZA) Executive Polyclinic that is located in Banda Aceh. Its sampling technique category is the non-probability sampling, where the number of population is unknown. The authors took a sample of 205 people, and used the convenience technique to established the respondents. The results shows that all the direct hypotheses are significant because they have the CR and P values that meet the specified requirements. The results of all indirect hypotheses tests namely the effect of service quality, WOM and HPC each on CRI through HCV, do not occur indirectly. In other words, HCV has not been able to act as a mediating variable. Thus the improvements of each independent variable, related to increase the CRI are only effective when done through direct effects rather than indirect effects using HCV as mediation. The tested model also proves the service quality provides the greatest contribution to the improvement of the CRI. This novelty can be used as a reference in solving problems related to CRI and can contribute to the realm of science especially management. The updated model can influence further research to develop more variables.

Keywords: Service Quality, Word of Mouth (WoM), Hedonic Product Customization (HPC), Hedonic Customer Value (HCV) and Customer Repurchase Intention (CRI).

1. Introduction

Purchase intention is one of the main concepts learned in the marketing literature. The study of purchase intention in marketing science is very closely related to the discipline of consumer behavior. Several studies have reported a positive correlation between purchase intention and purchase behavior (Shafiq, Raza and Zia-ur-Rehman, 2011) Purchase intention is relevant when the company face high competition in the market. Business competition is one of the big risks that must be faced by business people. Although competition becomes a serious threat to the sustainability of a business, however on the other hand competition can be a challenge for businesses to develop better products and services, in accordance with what consumers want. In other words, competition can be a drive for managers to continue to innovate

to make better deals compared to what is offered by competitors. (Guido, 2006); (Wesley, LeHew and Woodside, 2006); (Kang and Park-Poaps, 2010); (Watchravesringkan *et al.*, 2013).

In the context of service at the dr. Zainoel Abidin General Hospital (RSUDZA) located in Banda Aceh, Indonesia, there are different products that have been made with generic public service products, which are currently dominated by Government Insurance (BPJS) patients. Product customization carried out by RSUDZA is in the form of providing premium products for non BPJS private patients. The name of the service is the Executive Polyclinic. This Polyclinic runs the concept of professional services to cover cross-profession groups outside of regular services launched by the management of RSUDZA as the main referral hospital in Aceh Province. Its policies set also to meet various demands of the public for maximum and excellent service. Its concept is realized in the form of services that are confirmed as Executive Services.

So this research formulates the paradigm to set the management model that can effect the Customer Repurchase Intention (CRI) in RSUDZA Executive Polyclinic. The related to the variables namely Service Quality, Word of Mouth (WoM), Hedonic Product Customization (HPC), and Hedonic Customer Value (HCV).

2. Literature Review

Customer Repurchase intention (CRI)

Repurchase intention is consumer's desire and action to repurchase a product, because of the satisfaction received in accordance with what is desired from a product. A brand that is already embedded in the customer's heart will cause the customer Continue buying or repurchasing. Marketers generally want customers who can be created maintained forever. Remembering the changes that occur all the time, fine changes in customers such as tastes and psychological aspects, social and cultural customers who have an impact on the repurchase decision process. (Keller, 2012). Decision making about a purchase is influenced by the group in the procedure for selecting a brand known to the product. Brand selection based on brand cohesiveness group (Younus, Rasheed and Zia, 2015). Research conducted by (Jayachandran, Hewett and Kaufman, 2004) explained that knowledge about products by consumers plays an integral role during product purchasing decisions.

Hedonic Customer Value (HCV)

The concept of hedonic values felt by consumers. The value of consumer perception is considered as one of the main aspects of retail differentiation because it defines consumers' trust and desire, their expectations after shopping and during consumption of the product purchased. Creation and delivery of value to consumers is a part of the marketing strategy in the company's retail market (Rintamäki *et al.*, 2006); (Turel, Serenko and Bontis, 2010). Depending on the situation, the importance of knowledge about perceived value is emphasized by the researcher being encouraged to analyze the initial possibility of that value and conceptualization. (Asni *et al.*, 2018)

Service Quality

Quality of service is something to do with fulfillment of expectations / needs of customers, where service Approved quality. Products and services can be provided (Service)

according to customer needs and expectations. In this case, quality is related to good service, namely the attitude or way of employees in meeting customers or society satisfactorily. (Lupiyoadi, 2013). The definition of service quality is centered on efforts to meet the needs and desires of customers and the accuracy of delivery to balance customer expectations. (Ambartiasari, Lubis and Chan, 2017).

If the service received exceeds customer expectations, the quality of service is perceived as the ideal quality. Conversely, if the service received is lower than expected, the perceived quality of service is poor. Thus, whether or not service quality depends on the ability of service providers to consistently meet the expectations of their customers. (Rahmalia and Chan, 2019)

Word of Mouth (WOM)

Word of mouth (WOM) communication is increasingly done by consumers who want to recommend to other potential customers, advice in the form of this information in the marketing world is referred to as WOM. (Hidayati, Suharyono and Kumadji, 2013) defined WOM as information about a target object directly through the communication media. WOM is a marketing strategy to make customers talk (do the talking), promote (do the promotion) and sell (do the selling) shortened to TAPS (Talking, Promoting and Selling) and become the basic reference of WOM research first marketing in Indonesia.

Hedonic Product Customization (HPC)

“Product customization is very popular for clothing outlets, where buyers can design clothes from online templates, using various colors, fabrics, and shapes to create their own unique products”. (Overby and Lee, 2006). Customization and personalization describe two very different practices, but they are not completely related. Customization can come in various forms, from fast food restaurants to online shops that allow visitors to design their own clothing.

Research paradigm

The paradigm or relationship between concepts (variables) in this study can be illustrated in Figure 1 below.

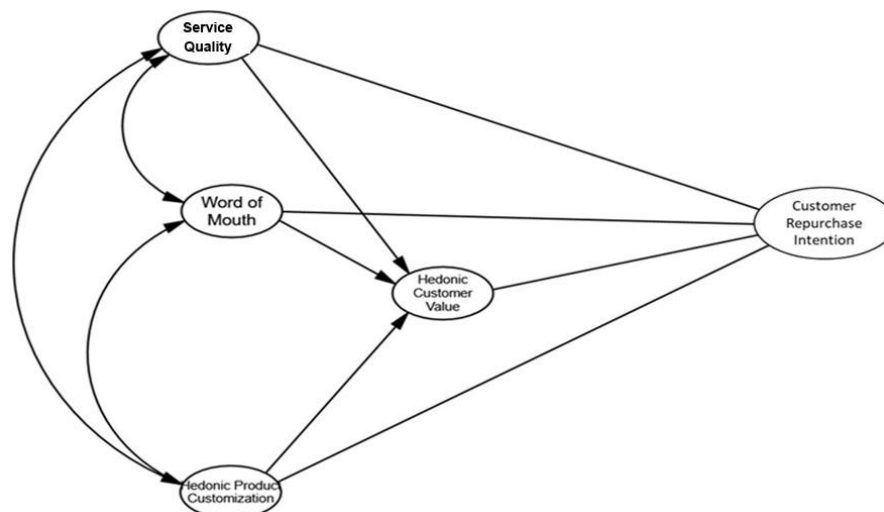


Figure 1 Research Paradigm

Hypothesis

Based on the phenomena and from the theoretical basis previously stated, then some alternative hypotheses can be stated as follows:

H1: Service Quality affects CRI

H2: WOM affects CRI

H3: HPC affects CRI

H4: Service Quality affects HCV

H5: WOM affects HCV

H6: HPC affects HCV

H7: HCV affects CRI

H8: Service Quality affects CRI through HCV

H9: WOM affects CRI through HCV

H10: HPC affects CRI through HCV

3. Research Method

Location and Research Object

The location of the study conducted was at the RSUDZA Executive Polyclinic, located in Banda Aceh, Indonesia. The research variables are the quality of service, WOM, HPC, HCV and CRI of patients at the RSUDZA Executive Polyclinic.

Sampling

The population is all patients in the RSUDZA Executive Polyclinic. Its sampling technique category is the non probability sampling, where the population is unknown. The authors took a sample of 205 people, and used the convenience technique to established the respondents.

Data analysis method

Data obtained in the field was processed by the structural equation model (SEM) technique, which is a multivariate statistical analysis technique to be able to analyze not only the influence between variables, but also the relationship of variables with their respective indicators. The criteria for accepting H_a are Critical Ratio (CR) > 1.96 and Probability value (P) < 0.05.

4. Result And Discussion

Loading Factor with measurement test

Testing the validity of the loading factor can be seen in the following figure and table:

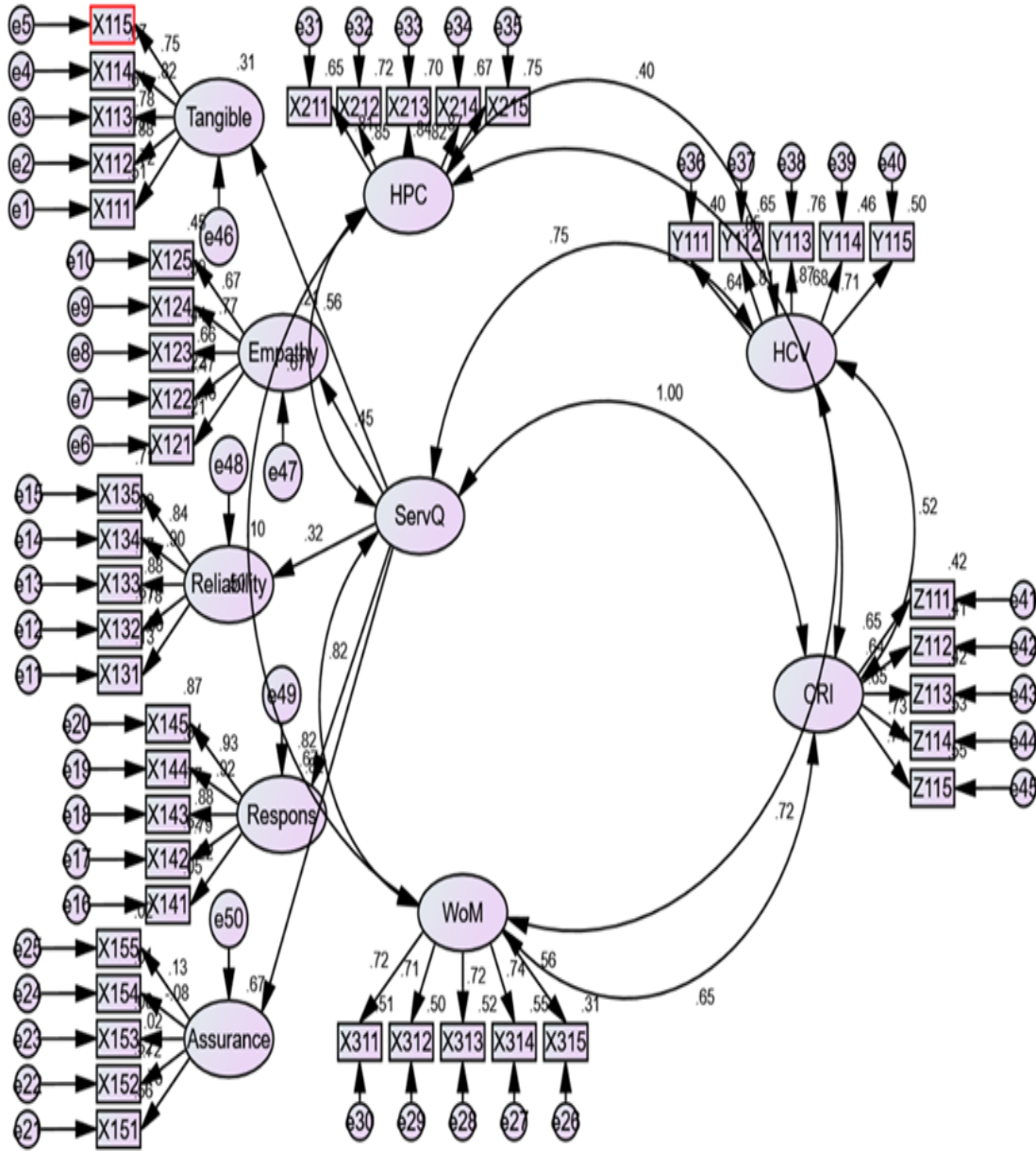


Figure 2 Loading Factor

Measurement test result indicates that several indicators of the research variable have a loading factor value below 0.5. The following table is the result of a net measurement test which can be included in the next structural test.

Table 1. Loading Factor

No	Indicator		Variable	Estimate
1	X111	<---	Tangible	.717
2	X112	<---	Tangible	.877
3	X113	<---	Tangible	.778
4	X114	<---	Tangible	.820
5	X115	<---	Tangible	.745
6	X123	<---	Empathy	.684
7	X124	<---	Empathy	.836
8	X125	<---	Empathy	.687
9	X132	<---	Reliability	.774
10	X133	<---	Reliability	.873
11	X134	<---	Reliability	.912
12	X135	<---	Reliability	.843
13	X142	<---	Responses	.787
14	X143	<---	Responses	.876
15	X144	<---	Responses	.915
16	X145	<---	Responses	.933
17	X151	<---	Assurance	.755
18	X152	<---	Assurance	.718
19	X315	<---	WoM	.560
20	X314	<---	WoM	.740
21	X313	<---	WoM	.724
22	X312	<---	WoM	.709
23	X311	<---	WoM	.717
24	X211	<---	HPC	.803
25	X212	<---	HPC	.845
26	X213	<---	HPC	.840
27	X214	<---	HPC	.820
28	X215	<---	HPC	.872
29	Y111	<---	HCV	.634
30	Y112	<---	HCV	.804
31	Y113	<---	HCV	.873
32	Y114	<---	HCV	.681
33	Y115	<---	HCV	.711

Table 1 shows the loading factors of all the indicators in the model, and have met the requirement for further processing because they have a loading factor > 0.5.

Table 2. Goodness of Fit Criteria

Size Index Criteria	Cut-off Value	Analysis Results	Model Evaluation
Chi Square	Expected to be small	1264,630	Good
CMIN / DF	CMIN / DF <2	1,964	Good
GFI	≥ 0.90	.181	Good
AGFI	≥ 0.90	.137	Good
RMSEA	<0.08	0.066	Good

Structural Analysis for Direct Effect Hypothesis

The results of structural test have produced the information needed to answer hypotheses that have been built before, whether proven or not. Figure 3 below illustrates the influence between variables:

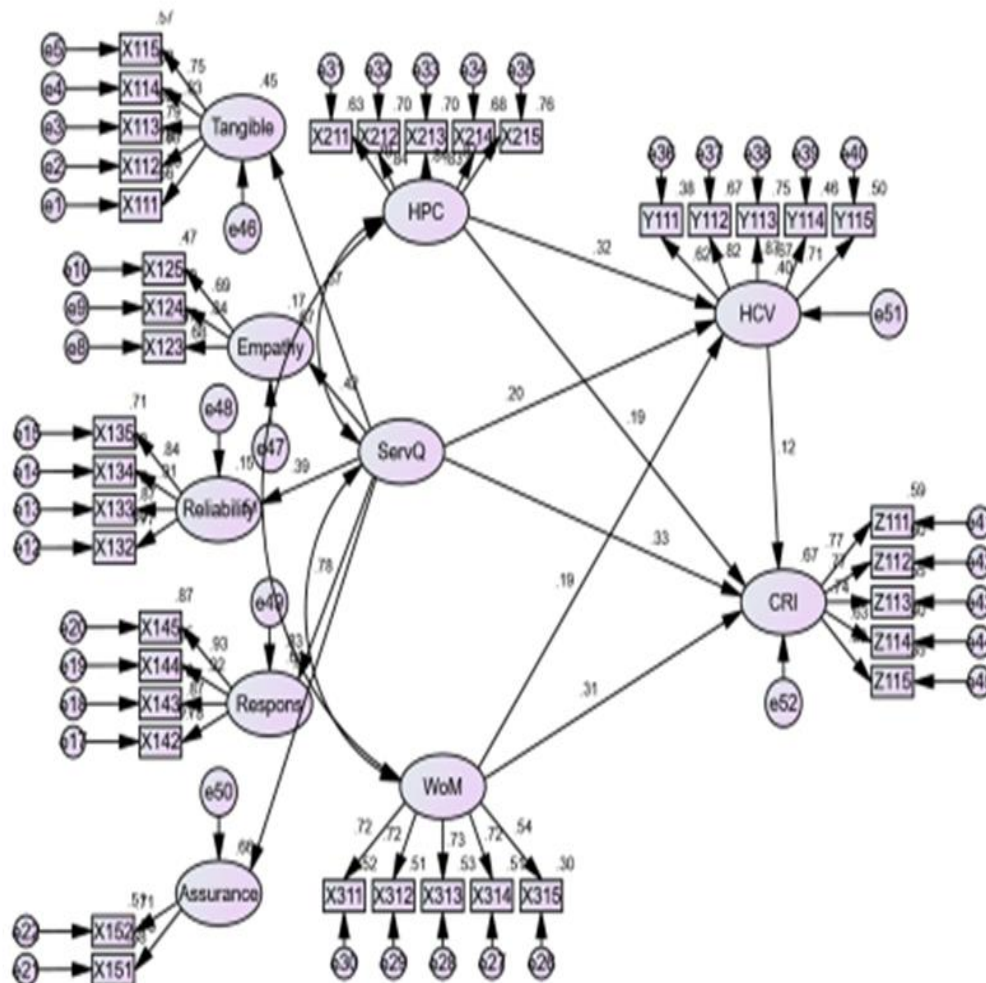


Figure 3. Structural Equation Model

Based on Figure 3, it explains the influence of each variable, namely service quality, WOM, HPC, HCV and CRI. An overview of all hypotheses testing together with the results

can be seen in the following Table 3:

Table 3. Direct Hypothesis Conclusion

No	Hypothesis	CR Cut off > 1.96	P value Cut off < 0.05	Information
1	There is an effect of service quality on HCV	8.120	***	accepted
2	There is an influence of HPC on HCV	7.103	***	accepted
3	There is the effect of WOM on HCV	7.741	***	accepted
4	There is an effect of HCV on CRI	3.415	***	accepted
5	There is an effect of HPC on CRI	3.641	***	accepted
6	There is an Effect of Service Quality on CRI	6.200	***	accepted
7	There is the effect of WOM on CRI	6.109	***	accepted

The 7 direct hypotheses are accepted because of they have a Critical Ratio (CR) value > 1.96 and a P value < 0.05, so they meet the minimum requirements of the hypothesis accepted. In other words, the independent variables that are service quality, WOM, and HPC have influences to increase the dependent variable, namely CRI as long as the independent variable can be improved by the management of RSUDZA Executive Polyclinic.

Structural Analysis for Indirect Effect Hypothesis

The following is the indirect hypotheses conclusions that are the effect of service quality, WOM, and HPC on HCV and on the CRI at the RSUDZA Executive Polyclinic through HCV as shown in Table 4 below:

Table 4. Indirect Hypothesis Conclusion

No	Indirect Hypothesis	P value < 0.05	Beta	Information	The Role of Mediation
1	The Effect of Service Quality on CRI through HCV	0.353	2.4%	rejected	There is no mediating role
2	Effect of WOM on CRI through HCV	.387	2.3%	rejected	There is no mediating role
3	Effect of HPC on CRI through HCV	0.366	3.8%	rejected	There is no mediating role

It can be seen that the p values of two tailed bootstrapping from the three tests are 0.353, 0.387, and $0.366 > 0.05$, so the three indirect effects are not significant. Because the indirect effects are not significant, in other words, HCV has not been able to act as a mediating variable on the Effect of Service Quality, WOM and HPC on CRI.

5. Conclusion

From the test conducted to the research model, it explains that.

1. The test result of the Effect of Service Quality on HCV shows a CR value 8.120 and a probability value meets the significance requirement. Thus it states that the effect of Service Quality on HCV is significant.
2. The test result of the Effect of HPC on HCV shows the CR and probability values meet the significance requirements. The CR value is greater than 1.96 and the probability value is smaller than 0.05. Thus it figures that the Effect of HPC on HCV is significant. The Effect coefficient is 32.4%.
3. The test result of the Effect of WOM on HCV shows the value of CR and probability obtained are eligible for H5 acceptance, namely a CR value greater than 1.96 and a probability smaller than 0.05. Thus it defines that the effect of WOM on HCV is significant.
4. The Effect of HPC on CRI has met the requirements for the acceptance of H_a , which is greater than 1.96 and a probability smaller than 0.05.
5. Testing the Effect of Service Quality on CRI has meet the requirement for H1 acceptance, thus it states that the Effect of Service Quality on CRI is significant.
6. Testing the Effect of WOM on CRI is eligible for H2 acceptance, thus it reveals that the effect of WOM on CRI is significant.
7. Testing the Effect of HCV on CRI is eligible for H7 acceptance, thus it illustrates that the Effect of HCV on CRI is significant.
8. The three indirect effect hypotheses tested, which are the Effect of Service Quality on CRI through HCV, the Effect of WOM on CRI through HCV, and the Effect of HPC on CRI through HCV, do not meet the requirements of significance, so the all three are categorized insignificant.

So the suggestions based on the conclusion can be made are:

1. From the four determinant variables of CRI, namely, Service Quality, WOM, HPC and HCV, all contribute significantly. The four variables are maintained by this RSUDZA Executive Polyclinic management. However, it is seen that service quality provides the greatest contribution to the improvement of the CRI. This finding can be used as a reference in solving problems related to CRI.
2. Furthermore, if we look in more detail, it turns out that the dimension which is also very instrumental in increasing the level of service quality among RSUDZA Executive Polyclinic customers is the Reliability which is considered to be very close to the expectations of patients at this RSUDZA. This means that in the eyes of the patients all medical officers who served in RSUDZA have standard paramedic workers who can carry out their duties properly and reliably, because this indicator is perceived best by respondents compared to other indicators.
3. There were three mediation tests conducted on this model, namely the Effect of Service

Quality on CRI through HCV, the Effect of WOM on CRI through HCV and the Effect of HPC on CRI through HCV. But unfortunately none showed a significant effect. In other words, the research model built figured the HCV has not been able to play its role as a variable that can mediate the effect of independent variables on independent variable in this study.

References

- 1) Ambartiasari, G., Lubis, A. R. and Chan, S. (2017) ‘Pengaruh Kualitas Pelayanan, Kepercayaan Dan Fasilitas Kampus Terhadap Kepuasan Dan Dampaknya Kepada Loyalitas Mahasiswa Politeknik Indonesia Venezuela’, *Jurnal Manajemen Inovasi*, 8(3), pp. 12–23.
- 2) Asni, K. *et al.* (2018) ‘Analysis on Internet Banking Services in Indonesia: Impact of Customer Value to Converting Intention’, in *Proceedings of the 1st Aceh Global Conference (AGC 2018)*. Banda Aceh: Atlantis Press, pp. 498–505. doi: <https://doi.org/10.2991/agc-18.2019.73>.
- 3) Guido, G. (2006) ‘Shopping motives, Big Five factors, and the hedonic/utilitarian shopping value: An integration and factorial study’, *Innovative Marketing*, 2(2), pp. 57–67.
- 4) Hidayati, H. A., Suharyono and Kumadji, S. (2013) ‘Faktor - Faktor Yang Membentuk Komunikasi Word Of Mouth Dan Pengaruhnya Terhadap Keputusan Pembelian (Studi Pada Konsumen Ketan Legenda Batu)’, *Jurnal Administrasi Bisnis*, 6(1), pp. 1–8.
- 5) Jayachandran, S., Hewett, K. and Kaufman, P. (2004) ‘Customer Response Capability in a Sense-and-Respond Era: The Role of Customer Knowledge Process’, *Journal of the Academy of Marketing Science*, 32(3), pp. 219–233.
- 6) Kang, J. and Park-Poaps, H. (2010) ‘Hedonic and utilitarian shopping motivations of fashion leadership’, *Journal of Fashion Marketing and Management*, 14(2), pp. 312–328.
- 7) Keller, K. L. (2012) *Strategic Brand Management: Building, Measuring, and Managing Brand Equity, 4th Edition*. 4th edn. London: Pearson.
- 8) Lupiyoadi, R. (2013) *Manajemen Pemasaran Jasa Berbasis Kompetensi*. 3rd edn. Jakarta: Salemba Empat.
- 9) Overby, J. W. and Lee, E.-J. (2006) ‘The effects of utilitarian and hedonic online shopping value on consumer preference and intentions’, *Journal of Business Research*, 59(10–11), pp. 1160–1166. doi: <https://doi.org/10.1016/j.jbusres.2006.03.008>.
- 10) Rahmalia, P. and Chan, S. (2019) ‘Pengaruh Service Quality Dan E-Service Quality Terhadap Customer Satisfaction Yang Dimediasi Oleh Perceived Value Pada Pelanggan PT TIKI Jalur Nugraha Ekakurir (JNE) Di Kota Banda Aceh’, *Jurnal Manajemen Inovasi*, 10(1), pp. 66–76.
- 11) Rintamäki, T. *et al.* (2006) ‘Decomposing the value of department store shopping into utilitarian, hedonic and social dimensions: Evidence from Finland’, *International Journal of Retail & Distribution Management*, 34(1), pp. 6–24. doi: <https://doi.org/10.1108/09590550610642792>.

- 12) Shafiq, R., Raza, I. and Zia-ur-Rehman, M. (2011) 'Analysis of the factors affecting customers' purchase intention: The mediating role of perceived value', *African Journal of Business Management*, 5(20), pp. 8041–8049. doi: 10.5897/AJBM10.1088.
- 13) Turel, O., Serenko, A. and Bontis, N. (2010) 'User acceptance of hedonic digital artifacts: A theory of consumption values perspective', *Information & Management*, 47(1), pp. 53–59.
- 14) Watchravesringkan, K. *et al.* (2013) 'Modeling Entrepreneurial Career Intentions among Undergraduates: An Examination of the Moderating Role of Entrepreneurial Knowledge and Skills', *Family and Consumer Sciences Research Journal*, 41(3), pp. 325–342. doi: 10.1111/fcsr.12014.
- 15) Wesley, S., LeHew, M. and Woodside, A. G. (2006) 'Consumer decision-making styles and mall shopping behavior: Building theory using exploratory data analysis and the comparative method', *Journal of Business Research*, 59(5), pp. 535–548. doi: <https://doi.org/10.1016/j.jbusres.2006.01.005>.
- 16) Younus, S., Rasheed, F. and Zia, A. (2015) 'Identifying the Factors Affecting Customer Purchase Intention', *Global Journal of Management and Business Research: Administration and Management*, 15(2).