The Effect of Service Quality and Service Experience on Word Of Mouth (WOM) with Perceived Value As Mediation

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ABSTRACT

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The service industry is one industry that is growing with the times, especially wedding organizer services which are currently overgrowing. Therefore, in February 2021, HASTANA (Association of wedding planning companies) was formed to unite and bring together worldwide wedding organizer companies. Indonesia. This study investigates the factors influencing word of mouth on consumers who use wedding organizers. This study uses word of mouth as the dependent variable that affects service quality, service experience, and perceived value as mediating variables. This research is categorized as explanatory research. Respondents in this study were consumers who had used the services of a wedding organizer, and the determination of the number of samples in this study used a purposive sampling technique with a total sample of 200 respondents. The data collection method used questionnaires, and the data were analyzed using SEM-PLS. The findings of this study indicate that service quality, service experience, and perceived value significantly affect word of mouth. Perceived value also plays a role in mediating the relationship between service quality, service experience, and word of mouth.

Introduction

The service industry in Indonesia is considered to be developing. A researcher from the Institute for Development of Economics and Finance (Indef), Andry Satrio Nugroho, said that Indonesia's economy has turned to the service sector. In fact, in the last five years, the growth of the service sector has been much higher than in the industrial sector. Judging from the data on company services, which in 2019 grew 10.25 percent, health services and social activities grew 8.68 percent, education services grew 6.29 percent, financial services and insurance grew 6.60 percent, and other services grew 10.55 percent. Therefore the competition in it is becoming increasingly competitive. One of the service industries that has experienced considerable growth is the wedding organizer (WO) service industry. From the point of view of the name
alone, we can define that a wedding organizer is a service that provides service offerings and processes all forms of activities related to the needs of a wedding moment. This wedding organizer business emerged from ideas and opportunities that could be exploited from the familiar modern lifestyle.

The wedding organizing industry has been stuck and stopped since the Covid 19 outbreak in 2020 due to government regulations that did not allow holding events that invited the masses. Still, in early 2021 the wedding organizer industry began to rise with health protocols. Intimate weddings with outdoor locations are in great demand because of good air circulation. Wedding organizers must be able to determine the right marketing strategy so that their business can survive and the company's main goals can be achieved. Phenomena related to challenges and problems that need to be studied more deeply by wedding organizers related to the marketing field are promotional strategies. Currently, the promotion that wedding organizers most widely used is a promotional strategy through social media platforms using advertisements, especially with the lockdown, which limits clients from meeting directly with the wedding organizer, so optimizing promotions on social media is expected to use wedding services. Organizers can increase, but the number of uses of wedding organizer services has remained the same. Therefore, there are still problems related to promotional strategies for wedding organizers.

Promotional strategies are essential for service companies because consumers know, are interested, and ultimately use these services. One of the effective promotional strategies that wedding organizers can use is a word-of-mouth marketing strategy. Anderson (1998) considers word of mouth (WOM) a satisfaction function. Silverman (2001) in his book defines word of mouth (WOM) as a form of communication between customers, friends, family, and advisors about a product and commitment to the product. Word of Mouth is a communication process that provides recommendations, either individually or in groups, for a product or service that aims to provide personal information (Kotler and Keller, 2012). Companies need to understand several aspects so that word of mouth can be created among consumers. One aspect that needs to be considered is the aspect of service quality. Sangadji and Sopiah, (2013) define service quality as the expected level of excellence and control over the status of excellence to meet customer desires. The use of products and services is closely related to the service and experience felt, as Dichter (1996) said. Service experience is a marketing concept that involves the emotions and feelings of customers by creating a positive experience and should not be forgotten so that customers feel satisfied and loyal to a particular product. Based on the description above, it provides a gap for researchers to form a new conceptual model, which consists of variables that can affect word of mouth (WOM). In this case, it is service quality and service experience on the object of the wedding organizer.
This research also makes the perceived value variable a mediating variable to close the research gap. Perceived value is important due to service and experience when using products and services. Roig et al., (2006) Said that value is obtained from service and what the customer feels and cannot be determined objectively by the seller. Only customers can see whether a product or service has value. Research from Li Yan & Huping, (2020) says that service quality has a very positive effect on perceived value. According to research Roy et al., (2019) and Liu & Lee, (2016), service quality affects word of mouth (WOM). Different results are shown from Shihab, (2016) that service quality has no effect on word of mouth, as well as research (Bangsawan et al., 2017) that service experience has no effect on Word of Mouth (WOM). The growth of wedding organizers in Malang is growing, supported by the results of initial observations by researchers using a questionnaire instrument. Preliminary research shows that the people of Malang are already familiar with the existence of wedding organizers, and many have used their services. The researcher finally chose a wedding organizer in the city of Malang who was a legal entity and had entered the HASTANA association as the object of research because of the ease of digging up information and data. There are several factors that are why a wedding organizer can have its place in the minds of clients, for example, how a wedding organizer provides service quality and a positive service experience in the eyes of consumers. The consumer's perceived value will be good when this is fulfilled properly. Indirectly, consumers will recommend colleagues and family to use the services of the wedding organizer (word of mouth).

Literature Review

Wedding Organizer

A wedding organizer is an institution or agency that specifically serves services in the field of marriage, which personally helps the bride and groom prepare everything related to the sacred event of their wedding so that it runs smoothly as desired (Sumarsono, 2007). Kristin and Lisanti (2014), in their research, suggest that a wedding organizer is a service that provides special personal services that aim to help the bride and groom and their families from planning to implementation.

Service Quality

Thio (2001) states that service is an intangible experience received by visitors and a tangible product from a purchased product. Meanwhile, quality is a measure that measures the hospitality business's ability to meet its consumers' needs. This means that the hospitality business is instilled a consumer-oriented attitude by listening to the “voice of consumers” (what consumers want). Quality service products are things that can satisfy consumers. So the definition of service quality can be interpreted as an effort to fulfill the needs and desires of consumers and the accuracy of delivery in balancing consumer expectations (Tjiptono, 2008).

Service Experience

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Biedenbach and Marell (2010) state that service experience is created through direct customer interaction with service providers. Meyer and Schwager (2007) mention that the service experience establishes a customer's cognitive, emotional, and behavioral reactions to the service in question, leading to a high memory level. They further state, “Direct contact generally occurs in the purchase, use, and service process and is usually initiated by the customer. Indirect contact most often involves unplanned encounters with representatives of a company's products, services, or brands and takes the form of recommendations or word of mouth criticism, advertisements, news reports, reviews, and so on.” (Meyer and Schwager, 2007). Schmitt (2002) mentions that as a form of application of approaches that companies can take to provide experiences to their consumers. The five dimensions include Sense, Feeling, Thinking, acting, and Relating.

Perceived Value

Perceived value is the result or benefit received by the customer related to the total cost (Gordon and McDougall, 2000). Simply put, value is the difference between the benefits and costs received by the customer. According to Roig et al., (2006), there are two crucial characteristics of customer value. First, the value attached to the use of the product. Second, value can be perceived by the customer and cannot be determined objectively by the seller. Only customers can see if a product or service has value. According to Tam (2004), the value of the service received can be increased by providing better service or by reducing the customer's perception of the cost of using the service. The concept of value, according to Mardikawati and Farida (2013), there are 4, namely (1) cost, namely the total money spent to obtain and use the service, (2) exchange rate, the value received by customers related to the brand and the convenience obtained when using the service, (3) aesthetics, the value in which consumers feel happy and comfortable with a service, (4) relative function, namely how a service is used, and can generate profits for consumers.

Word of Mouth (WOM)

According to the description above, the most crucial thing from WOM is communication, where the term communication comes from the Latin word communication which means the same. Kotler and Keller (2012) state that Word of Mouth Communication (WOM) is a communication process in the form of providing recommendations individually and in groups for products in the form of goods and services that aim to provide personal information. Research conducted by Harrison (2001) showed that WOM is seven times more effective than advertising in magazines and newspapers, four times more effective than personal selling, and two times more effective than advertising on the radio. Positive WOM from residents of housing that is spread to family, friends, and the community will be more effective for the company as a form of imaging the company's services to its employees. This will also directly impact the organization, especially the recruitment process for employees who are
primarily from outside the region to attract potential employees who have the potential to enter as company employees.

**Conceptual Framework of the Research**

This research investigates four main constructs consisting of two independent variables (service quality and service experience) and one dependent variable (word of mouth). In addition, this study also adds one mediating variable (perceived value). For more details, see Figure 1 below:

**Figure 1: Research Framework and Hypothesis**

The results of this study support the results of previous research, namely Berry and Zenthaml in Lupiyoadi (2006) argue that "the success of the company in providing quality services can be determined by the service quality approach that Parasuraman has developed. Liu and Lee, (2016) in their research also said that with good service quality, WOM and willingness to recommend to other users increased.

**H1**: Service quality has a significant effect on word of mouth (WOM)

The results of this study support several previous studies, namely Meyer and Schwager (2007), which state that experience creates cognitive, emotional, and behavioral reactions in customers to the service in question, which leads to high levels of memory. Research (Siqueira et al., 2019) says that customer experience positively affects word of mouth in the service industry. López and Sicilia, (2014) also said that the Internet Experience affects Word of Mouth (WOM). Supported by research Cassidy & Wymer, (2016), Student Experience (SRE) affects Word of Mouth (WOM).

**H2**: Service experience has a significant effect on word of mouth (WOM)

The results of this study support previous research, namely research from Li Yan & Huping, (2020) and Taheri et al., (2021), saying that service quality has a very positive
effect on perceived value, supported by research conducted Liu & Lee, (2016) that service quality has a positive effect on price perception in service companies. It is also supported by research Yu & Fang, (2009) that product quality and service quality are important in determining a person's perceived value.

H3: Service quality has a significant effect on perceived value

Positive feelings, according to Helkkula and Kelleher (2010), suggest that CSE (Customers Service Experience) influences the Perceived Value of iPhone customers in the UK, and is also supported by Jin's research, Jin (2013) that Experience Quality influences Perceived Value. Roy et al., (2019) in his research also suggested that service experience affects Perceived Value

H4: Service experience has a significant effect on perceived value


H5: Perceived value has a significant effect on word of mouth

This study supports the results of research conducted by Roy et al., (2019), which suggests that service quality has the greatest impact on student engagement in WOM referral behavior. Researcher Hsiao Yun et al., (2014) that Service Quality has an effect on Perceived Value in hospitals, research Abdolvand & Norouzi, (2012) suggests that CPV (Customers Perceived Value) can positively increase Word of Mouth (WOM).

H6: The effect of service quality on word of mouth (WOM) is mediated by perceived value

The results of this study support the results of research conducted by Jin and Naehyun (2013) that experience quality influences perceived value. (Abdolvand and Norouzi, 2012) argued that CPV (Customers Perceived Value) affects Word of Mouth (WOM). Supported by Roy et al., (2019), research also suggests that experience influences word of mouth (WOM) by mediating perceived value in financial consulting services.

H7: The effect of service experience on word of mouth (WOM) is mediated by perceived value

Method

The method used in sampling is non-probability sampling. Non-probability sampling is a sampling design where elements in the population do not have equal opportunities for each component or member of the people to be selected as samples (Sekaran and Bougie, 2013). In this study, the researcher used a purposive sampling technique, a limited design for specific people who can provide the necessary
information because only those with the knowledge meet the criteria set by the study. The considerations in taking the sample are as follows:

1. The respondent is someone who has used the services of a wedding organizer in the last five years in the city of Malang.
2. Respondents are 18 years old. The age of 18 years is the limit for a person to get an adult predicate in the eyes of the law in Indonesia. A person's age will influence decision-making patterns and emotions that influence buying behavior.

The method of data analysis uses SEM (Structural Equation Modeling) based on Partial Least Square (PLS) that using SmartPLS 3.3.3 software application. All indicators used to measure the variables in this study were adopted from several previous studies. Indicators of the Service Quality variable were adopted from Parasuraman et al. (1998), Cronin and Taylor (1992), which consist of 5 indicators. Service experience is measured using five indicators referring to the research of Schmitt (2002). The perceived value variable was measured using four indicators adopted from Gallarza et al. (2016) and Alrwashdeh et al. (2020). The word of mouth variable was measured using three indicators adopted from Babin (2014).

Result and Discussion

Statistical tests were conducted to measure the validity and reliability of this study. Table 1 indicates that the scale, magnitude, and statistical fit have been accepted. The average variance extracted (AVE) values of all latent variables show a score of 0.755 for the Service quality variable, 0.738 for the Service experience variable, 0.781 for the Perceived value variable, and 0.667 for the Word of mouth variable. The Cronbach alpha value for the reliability criterion is quite high; Service quality has the highest Cronbach alpha value. Sequentially, the Cronbach alpha coefficient values for the four variables used in this study range from 0.75 to 0.975. They are acceptable.

<table>
<thead>
<tr>
<th>Variabel</th>
<th>Cronbach's Alpha</th>
<th>Composite Reliability</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Quality</td>
<td>0.975</td>
<td>0.977</td>
<td>0.755</td>
</tr>
<tr>
<td>Service Experience</td>
<td>0.973</td>
<td>0.975</td>
<td>0.738</td>
</tr>
<tr>
<td>Perceived value</td>
<td>0.906</td>
<td>0.934</td>
<td>0.781</td>
</tr>
<tr>
<td>Word of mouth</td>
<td>0.75</td>
<td>0.857</td>
<td>0.667</td>
</tr>
</tbody>
</table>

Source: Primary data processed, 2022

The composite reliability (CR) values were 0.977, 0.975, 0.934, and 0.857 (above 0.80). It can be concluded that all constructs are reliable, both according to composite reliability and Cronbach's alpha. The calculation result of Goodness of Fit (GoF) is 0.6730 or 67.3%. This shows that the model obtained is already well used in making predictions. This means that the model has a high ability to explain empirical data.
### Table 2 Hypothesis Testing Results

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Relationship between Variables</th>
<th>Path coefficient</th>
<th>t-statistics</th>
<th>p-values</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Service Quality → Word of Mouth</td>
<td>0.336</td>
<td>2.996</td>
<td>0.003</td>
<td>Significant</td>
</tr>
<tr>
<td>H2</td>
<td>Service experience → Word of Mouth</td>
<td>0.438</td>
<td>3.463</td>
<td>0.001</td>
<td>Significant</td>
</tr>
<tr>
<td>H3</td>
<td>Service Quality → Perceived Value</td>
<td>0.251</td>
<td>2.318</td>
<td>0.021</td>
<td>Significant</td>
</tr>
<tr>
<td>H4</td>
<td>Experience → Perceived Value</td>
<td>0.203</td>
<td>2.196</td>
<td>0.029</td>
<td>Significant</td>
</tr>
<tr>
<td>H5</td>
<td>Perceived Value → Word of Mouth</td>
<td>0.412</td>
<td>4.198</td>
<td>0.000</td>
<td>Significant</td>
</tr>
<tr>
<td>H6</td>
<td>Service Quality → Perceived Value</td>
<td>0.151</td>
<td>2.336</td>
<td>0.020</td>
<td>Significant</td>
</tr>
<tr>
<td>H7</td>
<td>Experience → Perceived Value → Word of Mouth</td>
<td>0.181</td>
<td>2.499</td>
<td>0.013</td>
<td>Significant</td>
</tr>
</tbody>
</table>

Source: Primary data processed, 2022

Based on the analysis results in table 2, it is known that the effect of service quality on word of mouth has a t-statistic value greater than the t-table value (2.966 > 1.96). It can be concluded that the service quality variable significantly affects word of mouth, so H1 is accepted. The effect of service experience on word of mouth has a t-statistic value greater than the t-table value (3.463 > 1.96). It can be concluded that the service experience variable significantly affects word of mouth, so H2 is accepted. The effect of the service quality variable on perceived value has a t-statistic value greater than the t-table value (2.318 > 1.96). It can be concluded that the service quality variable significantly affects perceived value, so that H3 is accepted. The effect of service experience on perceived value has a t-statistic value greater than the t-table value (2.196 > 1.96). It can be concluded that the service experience variable significantly affects perceived value, so that H4 is accepted. The perceived influence on word of mouth has a t-statistic value greater than the t-table value (4.198 > 1.96). It can be concluded that the perceived value variable significantly affects word of mouth, so H5 is accepted. The effect of service quality on word of mouth through perceived value has a t-statistic value greater than the t-table value (2.336 > 1.96). It can be concluded that the service quality variable significantly affects word of mouth through perceived value, so H6 is accepted. The effect of service experience on word of mouth through perceived value has a t-statistic value greater than the t-table value (2.499 > 1.96). It can be concluded that the ad linkage variable significantly affects ad avoidance through distraction by advertisements so that H7 is accepted.
Discussion

Service quality has a significant effect on word of mouth (wom)

This study resulted in the finding that service quality has a positive influence on word of mouth. This means that the direction of a positive relationship indicates that the better the service quality, the word of mouth will also increase. The results of the descriptive analysis show that tangibles are the most dominant indicator for determining word of mouth. This indicates that consumers first see the physical aspects of the wedding organizer. The better the infrastructure, such as decorations and equipment owned by the wedding organizer, the more consumers will give positive word of mouth. Word of mouth can be in direct conversation, via telephone, social media, or other means of communication. This strategy is simple and does not require high costs, but it has a fairly large effectiveness if applied in service businesses such as wedding organizers.

The results of this study support the results of previous research, namely Berry and Zenthamil in Lupiyoadi (2006) argue that "the success of the company in providing quality services can be determined by the service quality approach that Parasuraman has developed. Liu and Lee, (2016) in their research also said that with good service quality, WOM and willingness to recommend to other users increased.

Service experience has a significant effect on word of mouth (wom)

This study resulted in the finding that service experience has a positive influence on word of mouth. This means that the direction of a positive relationship indicates that the better the service experience, the more word of mouth will also increase. The first thing that consumers judge when using the service is the perceived and subjective experience. Therefore, the wedding organizer must create a memorable and enjoyable experience for consumers physically and emotionally.

The results of this study support several previous studies, namely Meyer and Schwager (2007), which state that experience creates cognitive, emotional, and behavioral reactions in customers to the service in question, which leads to high levels of memory. Research Siqueira et al., (2019) says that customer experience positively affects word of mouth in the service industry. López and Sicilia, (2014) also said that the Internet Experience affects Word of Mouth (WOM). Supported by research Cassidy & Wymer, (2016), Student Experience (SRE) affects Word of Mouth (WOM).

Service quality has a significant effect on perceived value

This study resulted in the finding that service quality has a positive effect on perceived value. This means that the direction of the positive relationship shows that better service quality will further increase the perceived value. The results of the descriptive analysis show that the tangibles indicator is the most dominant in service quality. This indicates that consumers first see the service from the physical aspect.
The better the infrastructure, such as decorations and equipment owned by the wedding organizer, the more consumers will provide a positive perceived value.

The results of this study support previous research, namely research from Li Yan & Huping, (2020) and Taheri et al., (2021), saying that service quality has a very positive effect on perceived value, supported by research conducted Liu & Lee, (2016) that service quality has a positive effect on price perception in service companies. It is also supported by research Yu & Fang, (2009) that product quality and service quality are important in determining a person's perceived value.

**Service experience has a significant effect on perceived value**

This study resulted in findings that service experience has a positive influence on perceived value. This means that the direction of a positive relationship indicates that the better the service experience, the more perceived value will also increase. The results of the descriptive analysis show that the act indicator is the most dominant in-service experience. This means that consumers are very concerned about the image and reputation of a wedding organizer because when consumers use a wedding organizer that has a good image and reputation, the perceived value also increases.

Positive feelings, according to Helkkula and Kelleher (2010), suggest that CSE (Customers Service Experience) influences the Perceived Value of iPhone customers in the UK, and is also supported by Jin's research, Jin (2013) that Experience Quality influences Perceived Value. Roy et al., (2019) in his research also suggested that Experience Quality affects Perceived Value.

**Perceived value has a significant effect on word of mouth**

This study resulted in the finding that perceived value has a positive influence on word of mouth. This means that the direction of a positive relationship indicates that the better the perceived value, the more word of mouth will also increase. The results of the descriptive analysis show that customers' value of money is the dominant indicator of perceived value, which means that consumers expect the price they pay to match what they get because wedding organizers are wedding services that are quite expensive and only used once in a lifetime. Therefore it takes very careful consideration in choosing. Consumers usually find out first by asking friends and consumers who have used wedding organizers. In this case, perceived value plays a role in word of mouth because if the perceived value is positive, word of mouth will increase. So if the consumer positively assesses the wedding organizer, the consumer will automatically provide word of mouth through direct conversation, social media, and other communication media.

The effect of service quality on word of mouth (wom) is mediated by perceived value

Based on the results of statistical analysis using the path analysis method, it can be seen that service quality positively influences word of mouth mediated by perceived value. The direction of a positive relationship can be interpreted that if the service quality perceived by consumers is good, it will create a positive perceived value to consumers. If the perceived value of consumers is good, consumers will give a positive word of mouth to others, either directly or through social media.

Part of mediation is the mediating nature of perceived value in the relationship between service quality and word of mouth. Perceived value partially mediates the relationship between service quality and word of mouth, which means that perceived value can bridge the influence of service quality on word of mouth, which means that the better the service quality, the more positive the consumer's perceived value to the wedding organizer, and when the consumer's perceived value is well, consumers will give word of mouth to other people directly or through social media. However, even so, without perceived value, good service quality will increase the word of mouth of wedding organizer consumers.

This study supports the results of research conducted by Mahadin & Akroush, (2019) if the perceived value as a mediator between service quality and WOM and then Roy et al., (2019), which suggests that service quality has the greatest impact on student engagement in WOM referral behavior. Researcher Hsiano Yun et al. (2014) that Service Quality has an effect on Perceived Value in hospitals, research Abdolvand & Norouzi, (2012) suggests that CPV (Customers Perceived Value) can positively increase Word of Mouth (WOM).

The effect of service experience on word of mouth (wom) is mediated by perceived value

Based on the results of statistical analysis using the path analysis method, it can be seen that service experience positively influences word of mouth mediated by perceived value. The direction of a positive relationship can mean that if the perceived service experience is good, it will create a positive perceived value for consumers. If the consumer's perceived value is good, consumers will give word of mouth to others directly or through social media.

The results of this study support the results of research conducted by Jin and Naehyun (2013) that experience quality influences perceived value. Abdolvand and Norouzi, (2012) argued that CPV (Customers Perceived Value) affects Word of Mouth (WOM). Supported by Roy et al., (2019), research also suggests that experience influences word of mouth (WOM) by mediating perceived value in financial consulting services.

Conclusion
Based on the statement of the influence of related variables, it can be concluded that service quality and service experience can affect word of mouth directly or through perceived value. Consumers will consider aspects of service quality and the quality of the experience they feel while using wedding organizer services and then the quality of the service whether it can provide positive feelings for consumers while using wedding organizer services, then from the quality side of the experience, and whether the service can provide value to consumers in the experience. They are perceived, which can increase consumer intentions in providing good recommendations to others about the wedding organizer services they have used.

Acknowledgment

a. Further research can be carried out in areas other than the capital city of Malang, such as Jakarta, Bandung, Surabaya, or other areas that have a wider area than the wider area, the larger the number of residents, and the estimated number of wedding organizers.
b. Further research can add other variables not used in this study, such as brand image, promotions, ia, or price variables.
c. This research in the future still needs to be enriched by increasing the number of respondents used as research samples because a larger number of research samples is expected to provide better research results.

References


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