

The Mediating Role of WOM (Word of Mouth) Between Antecedents and Purchase Intention Among Hotel Guests in Sarawak, Malaysia

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Abstract

Word-of-mouth (WOM) is interpreted as inter-consumer communication regarding their personal experience of a product or service. WOM Marketing has become an important communication tool to promote brands and products. The objective of this study is to investigate the influence of WOM on purchase intention as well as to examine WOM as the mediating effect in associating the antecedents (service quality, trust, utilitarian value, and hedonic value) and purchase intention among Sarawak's hotel guests. Studies have proven that WOM to be rather persuasive compared to advertising in transferring positive or negative information and is set to be one of the most relevant and important strategies to promote hotel's products. This cross-sectional paper, using self-administered questionnaires, is one of the few papers to examine the prominent factors on word of mouth and purchase intention in the context of Sarawak hotel industry. The targeted population sample consisted of 400 respondents who stayed in the hotels in Kuching. Quantitative study, random sampling method, descriptive and inferential statistics were used in the data collection and analysis, of which SPSS version 23 and PROCESS Model 4 were utilized. The results indicated that there was a significant mediating effect between all the four antecedents and purchase intention.

Keywords: Word of mouth; WOM; Antecedents; Mediator; Purchase intention; Hotel.



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1. Introduction

WOM has become a method to gain competitive advantage due to the reduced consumer trust towards organizations and their advertising. Typically, WOM has been recognized as an effective medium for the dissemination of information (Khan *et al.*, 2015a), and as it is a human social process, (Khan *et al.*, 2015b) mentioned that interpersonal relationships and strong bonds between people would lead to WOM behavior as people communicate and interact with each other, and in doing so, influence each other.

Most recently, researchers acknowledged that WOM plays an important role in consumer purchase intention. WOM enables consumers to spread information and more importantly, their own views to other people - potential or current purchasers, towards particular brands and products (Khan *et al.*, 2015a). In the context of hospitality, in a study by Abdalla *et al.* (2014) 29.9% of international tourists stated that they were affected by the information given by their friends about the targeted country. This circumstance is known as WOM, in which the communication provides great reliability to individuals who receive the message, and hence, WOM communication obtains prestige (Abdalla *et al.*, 2014) Thus, WOM affects consumer's final decision-making on the products or services that they are interested with.

2. Literature Review

Zeithaml (1988) defined quality as excellence or superiority, and by extension, perceived quality can be explained as consumers' decisions regarding the excellence or superiority of a product or service. By having good service quality from the hotel visited, it will enhance guest satisfaction, which indirectly increases the WOM activities among consumers. This is supported by a study done by Gildin (2003). Who stated that products with better quality will produce more positive WOM that attract more customers purchase and this leads to Hypothesis 1 (H₁); WOM has a significant mediating effect between service quality and purchase intention.

Trust has a direct influence on behavioral constructs, especially on consumer's tendency whether to select the self-same service provider (Singh and Sirdeshmukh, 2000). In fact, a few empirical findings have discovered that trust is related to WOM; the higher the levels of trust, the larger the propensity for consumers to provide beneficial WOM to people around them. As part of the hospitality industry, hotels should gain as much trust as possible from the guests to increase customers' positive WOM intentions. This finding will be tested in Hypothesis 2 (H₂); WOM has significant mediating effect between trust and purchase intention.

Past studies (Anderson, 1998) demonstrated that utilitarian value will influence customer satisfaction and their willingness to spread positive WOM to the other consumers. It is for this reason that hotels should meet the utilitarian value of the guest because their satisfaction translates to the production of positive word of mouth for their hotel and its services. Besides that, when consumer has high utilitarian value, the purchase intention is expected to be higher, as well as the loyalty towards the brand (Babin *et al.*, 2005; Hu and Chuang, 2012). Henceforth, this study proposes Hypothesis 3 (H_3); - WOM has a significant mediating effect between utilitarian value and purchase intention.

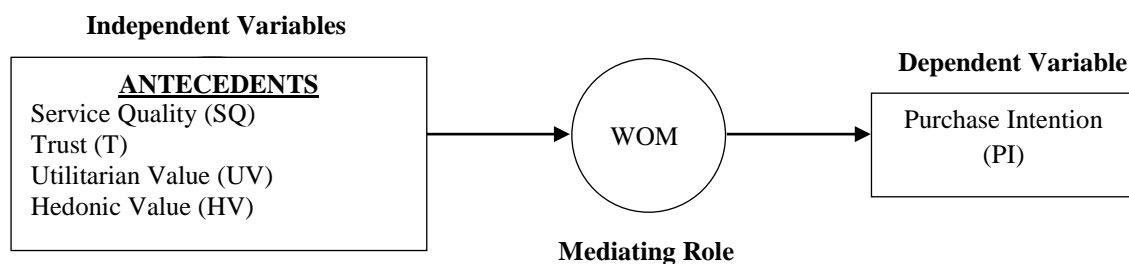
On the other hand, hedonic value is a perceived value concerned with positive WOM, customer loyalty, satisfaction and emotional value together with the consumer's general shopping experience (Jones *et al.*, 2006). Most consumers perceive hedonic value as their perceived fun and the feeling of enjoying when they go for shopping (Sarkar, 2011). When customers are seeking for and expecting their shopping experience to be more joyful and excited, it forms hedonic value (Yusof *et al.*, 2012). The consumer's final decision-making process involves the components of hedonic value as it plays a strategic role in achieving customer satisfaction (Kesari and Atulkar, 2016) and leads to the effectiveness of WOM. This will be investigated further in Hypothesis 4 (H_4); WOM has a significant mediating effect between hedonic value and purchase intention.

This WOM phenomenon can be seen in hospitality industry as well. As a matter of fact, the hospitality industry is closely related with WOM recommendations, due to the intangibility of the products or services provided, in which it is the personal experience that constitutes the basis of the consumer's evaluation on the service given. According to Keller and Fay (2012), the value of WOM communication cannot be underemphasized, on which the reputations built is probably the most powerful and persuasive form of communication in the marketing world and it can either give a boost on the market or damage an organization's reputation. WOM has been considered as one of the most influential and effective communication tools and become even more important as the hospitality industry aims to tackle the power of long-term customer relationships among the customers as well as tourists (Abubakar A., M. and Ilkan, 2016).

In order to find out whether WOM affects consumers' purchase intention, this research would determine the relationship between these two variables. This leads to the last Hypothesis, H_5 , where WOM is significantly associated with purchase intention.

There have been previous studies regarding WOM in hospitality industry, such as see Yasvari *et al.* (2012) in Iran, Khan *et al.* (2015b) in Pakistan, and Abdalla *et al.* (2014) in Brazil, but there is a limited and known studies done in the South East Asia. In addition, the antecedents and consequences of WOM intention on the hotel guests in Sarawak is yet to be found and this study will provide its specific Eastern context findings. The antecedents include service quality, trust, utilitarian value and hedonic value, and how these ultimately affect the purchase intention of the guests in hotels in Kuching, Sarawak as illustrated at Figure 1. Based on some previous studies, Theory of Planned Behavior (TPB) was used to measure consumer purchase intention. Thus, this study uses TPB model to explain if an individual's performance of a certain behavior is determined by his or her intent to perform that behavior.

Figure-1. The Research Framework



3. Methodology/Materials

This study was conducted among hotel guests in 16 hotels - 3, 4 and 5 stars - in Kuching, Sarawak, with prior approval given by the hotels' managers. A total of 400 set of questionnaires were obtained from the hotels that participated in this study. The data was collected by distributing questionnaires to the research sample.

The questionnaire distribution was carried out through hand delivery from June to July 2016. The number of sample is higher than 129 respondents, a valid number to represent the population, which was calculated using G*Power 3.1.9.2 (with the 4 indicators with effect size f^2 0.15 and output of parameter of actual power at 0.95). No issues with validity and reliability were found with all constructs; the items for each constructs scored factor loadings of above 0.40 (Hair *et al.*, 1998), exceeded the benchmark value of Kaiser-Meyer-Olkin (KMO) of 0.7, and in Bartlett's test of Sphericity, value below 0.05 indicated correlation matrix was significantly different from an identity of matrix (Hair *et al.*, 1998). Research instrument were adopted from past literature, all of which has good reliability value, with the Cronbach alpha \geq 0.70 (Nunnally, 1978), as seen in Table 1.

Table-1. The Research Instruments

No	Instruments	Number of Items	Sources	Cronbach Alpha (α)
1	Service Quality	9	Babin <i>et al.</i> (2005)	0.70
2	Trust	6	Kassim and Abdulla (2006)	0.71
3	Utilitarian Value	8	Babin <i>et al.</i> (2005)	0.85
4	Hedonic Value	9	Babin <i>et al.</i> (2005)	0.90
5	Word-of-Mouth	8	(Jalivand and Samiei, 2012)	0.80
6	Purchase Intention	6	(Jalivand and Samiei, 2012)	0.82

4. Results and Findings

4.1. Demographic Data

In this study, there were five demographic variables, which include gender, marital status, age, education level, and race. In Table 2, the details of the demographic variables, including the percentages and frequencies of each of the variables are shown.

Table2. Respondents' Demographic Criteria Breakdown

Criteria	Frequency (N)	Percentage (%)
Gender		
Male	199	49.75
Female	201	50.25
Total	400	100
Marital Status		
Single	287	71.80
Married	108	27.00
Other	5	1.30
Total	400	100
Age		
Below 20	6	1.50
21 – 30	260	65.00
31 – 40	97	24.30
41 – 50	36	9.00
51 and above	1	0.30
Total	400	100.00
Education Level		
Secondary School	56	14.00
Diploma	102	25.50
Degree	178	44.50
Postgraduate Degree	58	14.50
Other	6	1.50
Total:	400	100.00
Race		
Malay	106	26.50
Chinese	192	48.00
Dayak	76	19.00
Other	26	6.50
Total:	400	100.00

4.2. Hypothesis Testing & Discussion

In order to examine the indirect effect among the variables, bootstrapping method was utilized as it is one of the valid and more powerful methods to test the indirect effect (MacKinnon *et al.*, 2004; MacKinnon, 2008). Based on Preacher and Hayes (2004) PROCESS models through SPSS macros, Model 4 were utilized to determine the significant value. With 95% bootstrapped confidence intervals, it is a must to have the bootstrap lower limit value (LL) and upper limit value (UL) to be more than zero or positive value (> 0 / + value) to conclude that the indirect effect is significant (Preacher and Hayes, 2004).

As shown in Table 3, the number of lower limit and upper limit of SQ was .3409 and .5223, T was .2920 and .4337, UV was .2668 and .4176, and HV had .1594 (LL) and .3323 (UL). A value of zero (0) did not seem to appear in the 95% confidence, which means the indirect effect of service quality, trust, utilitarian value and hedonic value through word-of-mouth was true and hypothesis H₁, H₂, H₃, and H₄ was accepted.

Table-3. Direct, Indirect, and Total Effect

Variables	Observations	Mean	Median	Maximum	Minimum
SQ	.158	.427	.585	.3409	.522
T	.137	.361	.498	.2920	.434
UV	.321	.340	.660	.267	.418
HV	.484	.241	.725	.159	.332
Total	1.10	1.37	2.47		

From the finding, it can be concluded that WOM did mediate between service quality and the hotel guests' purchase intention. Since services are intangible and cannot be felt prior to purchase, people tend to rely more on WOM to get the information. This is because WOM is treated as a reliable source of information of the service which minimizes the risks of losses and improves the confidence in decision-making to purchase. In other words, if the service quality is good, positive WOM will be produced, which will later manifest in increased purchase intention (Dehghani and Tumer, 2015).

The influence of WOM as mediator on trust is considered a prominent factor because it can alter or determine the guests' intention to purchase. Therefore, the only method to gain consumer trust on certain products or services is through WOM, as WOM provides them with the knowledge and details about the products and services that they want (Abubakar A. M. and Ilkan, 2013). The more information guests obtain about a hotel's service, the more likely it is that they will trust the products or services prior to purchase. In this present study, it is revealed that individuals who have not been to the hotel would rely more on WOM from those who went to the hotel before. If they receive negative WOM, it will affect their trust on the hotel and in due course, influence their purchase intention.

The same goes with utilitarian value. Purchase intention is higher when consumers receive positive WOM information and increase their utilitarian value (Babin *et al.*, 2005; Hu and Chuang, 2012). WOM is often the main source for consumers to choose certain products or services (Abubakar A., M. and Ilkan, 2016). Hence, before proceeding to the purchasing stage, consumers will rely on WOM which mediate the influence of utilitarian value toward the hotel.

Fourth, potential consumers are likely to be engaged in positive feelings on the products or services when they are experiencing the hedonic information seeking process (Pöyry *et al.*, 2011). The hedonic seeking process is an enjoyable and positive phenomenon to the individuals (Pöyry *et al.*, 2011). Even though hedonic values would influence consumers purchase intention, if there is WOM communication in between, the influence of WOM to purchase intention will be higher. Lloyd *et al.* (2011) and Kim *et al.* (2013) stated that there is a close relationship between WOM recommendation and the need for social acceptance of consumers in terms of hedonic.

Lastly, we hypothesized that WOM is associated with purchase intention. The Pearson correlation coefficient results revealed that there is a strong positive significant association between WOM and purchase intention [$r = .655$, $n = 400$, $p = 0.01$]. When WOM becomes stronger, the source of information will become more reliable and persuasive while the chances for consumer to accept the messages will become greater. Thus, when the consumers accept the information, the purchase intention will be higher (Khan *et al.*, 2015a).

As a summary, the mediation role of WOM in relation between predictors (service quality, trust, utilitarian value and hedonic value) and purchase intention are all supported by statistical results as well as the WOM is positively associated with purchase intention.

5. Conclusion

The results of this study could provide a better understanding of all the variables which include service quality, trust, utilitarian value, hedonic value, purchase intention as well as word of mouth as a mediator. The research fills the gap in the lack of such study in the Asian context. It is hoped that future studies be conducted to enhance and further push the knowledge on the subject matter. Apart from that, this study provided an insight to the hotel industry for them to better know their guests by understanding how WOM acts as mediating role between the antecedents and purchase intention. This informative knowledge will help hotels to enhance its competitive capabilities as well as competitive advantage among the market by ensuring their service leave a lasting and positive impression to their guests. In return, they would be able to promote the hotels via WOM.

5.1. Limitations of the Study

One of the limitations of this study is the lack of information in the Asian perspective regarding the mediating role of WOM between the antecedents and purchase intentions among hotel guests. Furthermore, as this study is based on statistical data to derive the conclusion on WOM issue, future study should integrate qualitative method of study to provide a better understanding on any relationship pattern of finding on WOM issue, which might lead to the discovery of new variables that are much more reliable for future studies. Finally, by conducting a longitudinal study, a more comprehensive and robust data could be collected that would lead to a stronger case for the hypotheses.

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