The Impact of Perceived Value on Customer Satisfaction, Loyalty, Recommendation and Repurchase. An Empirical Study of Spa Industry in Indonesia

Rini Setiowati and Andradea Putri

Abstract—The authors investigate the impact of five dimensions of perceived value that effect customer satisfaction and customer loyalty in Indonesia. The research focuses on spas located in Jakarta, the capital city of Indonesia. To measure customer perceived value, a multi-dimensional constructs from previous research was employed, we also examine the behavioral loyalty by measuring the willingness of spa customers to recommend and repurchase spa services. We hypothesize and find that there is a positive relationship between five dimensions of perceived value and customer satisfaction. Furthermore, perceived value is also identified as one of indicators of customer loyalty that leads to customer recommendation and repurchase.

Keywords—Customer Loyalty, Customer Satisfaction, Perceived Value, Spa Industry.

I. INTRODUCTION

Customer loyalty is critical for business to gain competitive advantage. It is much less expensive to retain current visitors than it is to seek new ones [11]. Loyal customers can bring enormous benefits to a company. They allow a continuous stream of profit, reduce marketing and operating cost, increase referral, and are immune to competitors’ promotion efforts [10]. Therefore, customer loyalty should be overemphasized in today’s highly competitive business world [45]. In order to survive in the service industry, company should pay more attention on customer loyalty. The success of the company’s strategy depends on the company’s ability to fulfill its promises to customers. Moreover, it is important for company to identifying product or service attributes from dissatisfying ones, because brand switching is more likely occur as a result of dissatisfaction. Satisfaction, as an independent variable is considered to be linked to consumer loyalty and repurchase behavior [7]. Satisfaction also reflects the degree to one believes that an experience evokes positive feelings [36]. In addition, satisfaction is an overall affective response due to the use of product or service. When customer satisfied with the service in one company, the customers think that the company is able to fulfill their expectation. In regards to leisure and tourism services, repurchase and customer loyalty are often predicted solely by measuring customer satisfaction, and service quality [19]. In addition, the effect of perceived value on repurchase was completely mediated through customer satisfaction. In the leisure industry satisfaction is the important role to keep loyal customer, when a company has a good reputation, it will affect company’s perceived value.

In this research, the authors attempt to prove that customer loyalty plays as an important role in competition in the Spa industry by applying the perceived value in five dimensions that lead to customer satisfaction, loyalty, recommendation and repurchase.

Spa Industry in Indonesia

In the recent years, spa industry has an important role in the advancement of tourism in Indonesia. Along with the development of tourism in the world, spa has evolved into a very promising industry and become part of the lifestyle. Indonesia’s spa industry is the third fastest growing and largest in Asia after India and China. The growth of spas in Indonesia reached 7%, China 9% and India 11% in 2010. Indonesia is experiencing an exciting growth of the spa because Indonesia has a long history of spas [17]. Spa industry also contributes economic benefits to Indonesia because it can create huge employment in the tourism industry. Supposing the Spa industry continues to be developed, it could provide a major contribution to the country's economic growth.

High growth in this industry intensifies the competition among spa service providers in Indonesia and forces them to find the best strategy to improve their service qualities to enhance customer satisfaction and customer loyalty. Also, due to high fragmentation and poor professional management characterize the industry and have prevented the application of appropriate strategies toward potential markets[3].

Finally by conducting this study, the authors aiming to firstly obtain deep understanding on spa industry in Indonesia, secondly, identify the important of five dimensions of perceived value to customer satisfaction, loyalty, recommendation and repurchase, thirdly, to suggest spa...
providers better strategy to maintain customer loyalty based on the result from this study.

II. THEORY AND HYPOTHESES

A. Perceived Value

Customer perceived value is the differences between the prospective customer’s evaluation of all the benefits and all the costs of an offering and the perceived alternatives [29]. Perceived value of service comprises five dimensions: quality, emotional response, monetary price, behavioral price, reputation [18]. In this research the author attempt to find that marketers could benefit from multidimensional of perceived value by allowing them to compare the relative importance of each dimension and identifying the dimensions that being perform well or poor in an attempt to give specific direction on how to improve value [19].

B. Customer Satisfaction

Satisfaction reflects the degree to one believe that an experience evokes positive feelings. Therefore, satisfaction is an overall affective response due to use of product or service. Satisfaction can be seen as customer’s fulfillment response. It is based on customer’s judgment about a product or service feature, or the product or services itself, it provides a pleasurable level of consumption related fulfillment [33]. Furthermore, satisfaction is customer’s evaluation of a product or service in terms of whether that product or service has met customer’s needs and expectation [42].

C. Perceived Value and Satisfaction

The significant of service quality and customer satisfaction has been widely discussed in the literature [7]-[21]-[5]. Reference [28] shows the effect of perceived value on repurchase intention was completely mediated to customer satisfaction. Given the results from previous studies that link several dimensions of perceived value and customer satisfaction, we believe that:

H1: Behavioral price affects customer satisfaction.
H2: Monetary price affects customer satisfaction.
H3: Emotional response.
H4: Quality affects customer satisfaction.
H5: Reputation affects customer satisfaction.

D. Customer Loyalty

Loyalty can be defined as a increasing of service quality consistently in the future, thus causing repetitive same brand purchasing despite situational influences and marketing efforts having the potential to cause switching behavior [34]. There are several benefits generated by potential loyal customers that influence sales growth. Long time customers tend to not seek other company and to be less price sensitive. In addition, long time customers tend to feel satisfied in their relationship with the company and less likely to switch to the competitors, it makes difficult for other companies to enter the market to [32]. All the aspect above could affect sales increase of volume in the company.

E. Satisfaction and Loyalty

The relationship between loyalty and satisfaction is well established [16]. First, satisfaction is the main driver of consumer loyalty. In addition, satisfaction positively affects loyalty, willingness to recommend, and word of mouth. Second, satisfaction and loyalty relationship happen when consumer satisfaction positively influences consumer loyalty, it is not sufficient to form loyalty. These research findings strengthen authors’ argument that customer satisfaction in spa industry would serve as an antecedent of customer loyalty, thus;

H6: Satisfaction affects customer loyalty.

F. Loyalty and Customer Recommendation

Reference [40] states that recommendation is one of the unique dialogues taking place. Recommendation is the best metric at predicting not only customer’s recommending behavior, but also their purchasing behavior [9]. The link between customer recommendation and customer loyalty deserves more attention. The image of the company is part of reputation it is an antecedent to customer loyalty [40]. Furthermore, reputation also led to the positive recommendation, [46] showed that a high reputation increase the likelihood of customers would provide recommendation.

G. Loyalty and Repurchase

The majority of consumer’s purchases are potential repeat purchases [26]. Two forms of repurchase are identified: The intention to re-buy (repurchase), and the intention to engage in positive word of mouth and recommendation (referral) [41]. There is a relationship between loyalty and repurchase that stated by [23]. Loyalty is customer’s commitment to rebuy a preferred product or service consistently in the future, it cause repetitive same brand or same brand-set purchasing. In addition, loyalty described as an attitude rather than a behavior. Behavioral loyalty is solely viewed as repurchase of the product or service [16]. Thus:

H7: Customer loyalty affects customer recommendation.
H8: Customer loyalty affects repurchase

H. Conceptual Framework

Based on conceptualization and hypotheses development stated earlier, we synthesized two previous studies conducted by Anuwuchanont and Mechinda (2009) and Brunner, Stocklin and Opwis (2008). There is a link between the first study and the second study, theoretically, if the two models are combined, it will give the authors a complete picture of the process of customer satisfaction and customer loyalty. With some modifications from these two previous studies, this research, as depicted in figure 1., proposes that five dimensions of perceived value, namely quality, emotional response, monetary price, behavioral price and reputation affect customer satisfaction, customer satisfaction affects customer loyalty, customer loyalty affects customer recommendation and repurchase.
III. Method

A. Participant and Procedure

Data were collected from 150 female respondents who live in Jakarta and surrounding areas (Bogor, Depok, Tangerang, and Bekasi). We surveyed only female respondents because we believe that they have more experience in spa service. The questionnaires were distributed in several places like malls (Senayan city, Plaza Senayan and Pondok Indah Mall), University (Bina Nusantara University), and Spas (Tea Spa, Gaya spa, Zen Spa and Bale-Bale Spa). The time frame to distribute the questionnaire was in May 21st - 28th 2012. Prior to this, a pre-test was conducted to 30 respondents to measure respondents’ level of understanding to the questioner language and also to examine their responses and feedbacks.

A. Measures

With regard to the measurements employed for five dimensions of perceived value construct; behavioral price, monetary price, emotional response, quality, and reputation, we used modification items from Anuwichanot and Mechinda (2009). Behavioral price was measured by using 4 items, monetary price by using 3 items, emotional response by 4 items, quality by using 4 items, reputation by using 4 items. Meanwhile, to measure customer satisfaction, customer loyalty, customer recommendation and repurchase, we modified constructs from Brunner, Stocklin, and Opwis[] (2008). Satisfaction was assessed by using 8 items, customer loyalty by using 3 questions, customer recommendation by using 3 items, and finally repurchase by using 3 items. All questions were measured with six-point Likert rating scale (with 1= strongly disagree, 2=disagree, 3= somewhat disagree, 4= somewhat agree, 5= agree, and 6 = strongly agree).

To obtain respondent profiles, the respondents were asked demographic questions such as age, education level, occupation, residency, monthly income, and average monthly spending, as well as five behavioral questions related to their experience with spa service. The respondents were asked the most frequently visited spa, the name of the spa they selected here was used to answer questions related to perceived value, satisfaction, loyalty, recommendation and repurchase.

Using the survey data, descriptive statistics procedures in SPSS 17.00 were utilized for validating the outcome of the questionnaire. Cronbach alpha was used to validate consistency of the measurement we used in the questionnaire, where as Confirmatory Factor Analysis (CFA) was employed to identify the degree of construct validity. CFA focuses on the Kaiser Meyer Olkin (KMO) to measure of sampling and component matrix.

In addition, regression analysis was employed with the intention of building regression model or to predict equation relating to the dependent variable to one or more independent variables. To be specific, multiple regression analysis was applied to analyze the data with single dependent variable and more than one independent variable/s. In this research, multiple regressions were employed for behavioral price, monetary price, emotional response, quality, and reputation as dependent variables to satisfaction as the independent variable. Furthermore, simple regression analysis was applied to test the relationship between satisfaction as independent variable to loyalty as dependent variable, loyalty as independent variable to customer recommendation as dependent variable, and finally loyalty as independent variable to repurchase as dependent variable.

IV. Results

The authors tested the reliability for each variable used in this study includes: Behavioral Price, Monetary Price, Emotional Response, Quality, Reputation, Satisfaction, Customer Loyalty, Recommendation and Repurchase. The Cronbach’s alpha value for those variables was 0.9. All the variables had KMO value more than 0.5.

The results from multiple regressions indicated that behavioral price affects customer satisfaction. By looking at the result, of a significant testing the partial regression result H1 was accepted with sig. value of 0.015, behavioral price was verified in affecting satisfaction. Based on the formula, if one unit increases of behavioral price, it will increase satisfaction by 0.182 or 18.2%. Hypotheses testing for H2
showed a significant value of 0.041, therefore H2 was accepted which indicates that monetary price positively affects customer satisfaction.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>R</th>
<th>Sig. Level</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>11: Behavioral price affects customer satisfaction</td>
<td>0.776</td>
<td>0.000</td>
<td>Accepted</td>
</tr>
<tr>
<td>12: Monetary price affects customer satisfaction</td>
<td>0.776</td>
<td>0.000</td>
<td>Accepted</td>
</tr>
<tr>
<td>13: Emotional response affects customer satisfaction</td>
<td>0.776</td>
<td>0.000</td>
<td>Accepted</td>
</tr>
<tr>
<td>14: Quality affects customer satisfaction</td>
<td>0.776</td>
<td>0.000</td>
<td>Accepted</td>
</tr>
<tr>
<td>15: Reputation affects customer satisfaction</td>
<td>0.776</td>
<td>0.000</td>
<td>Accepted</td>
</tr>
<tr>
<td>16: Satisfaction affects customer loyalty</td>
<td>0.363</td>
<td>0.000</td>
<td>Accepted</td>
</tr>
<tr>
<td>17: Customer loyalty affects customer recommendation</td>
<td>0.672</td>
<td>0.000</td>
<td>Accepted</td>
</tr>
<tr>
<td>18: Customer loyalty affects reputation</td>
<td>0.681</td>
<td>0.000</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

Based on the formula, if one unit increases of monetary price, it will increase satisfaction by 0.131 or 13.1%. For H3 the result of the partial significance was lower than 0.05, which is 0.003, it makes emotional response influencing customer satisfaction and accepts the hypothesis proposed. Based on the formula, if one unit increases of emotional response, it will increase satisfaction by 0.255 or 25.5%. Furthermore, quality showed a good number of significance towards customer satisfaction, which is 0.028 (under 0.05). Quality does significantly affect customer satisfaction and made the hypothesis 3 acceptable. Based on the formula, if one unit increases of quality, it will increase satisfaction by 0.170 or 17%. Finally, for the reputation dimension, partial significant for H5 is 0.001, which indicated that the reputation was positively related to customer satisfaction. On unit increases of emotional response will increase satisfaction by 0.258 or 25.8%.

The results from simple regression showed that customer satisfaction had a positive relationship with customer loyalty; determining customer satisfaction affects customer loyalty with significance for H6 is 0.000. Furthermore, one unit increase of Satisfaction, it will increase customer loyalty by 0.432 or 43.2%. Next, Customer loyalty showed a good value of significance toward customer recommendation. One unit increase of customer loyalty, it will increase recommendation by 0.563 or 56.3%. Finally, customer loyalty was supported to positively related to repurchase. And, one unit increase of customer loyalty, it will increase repurchase by 0.494 or 49.4%. In Addition, the detailed overall hypothesis results can be viewed in table I.

V. DISCUSSION AND CONCLUSIONS

This study shows that the five dimensions of perceived value has an effect on satisfaction. Unlike the previous study conducted by Annuwichanot and Mechinda (2009) concluded that behavioral price had no effect on satisfaction. On the other hand, in this research the result identified that behavioral price positively affects satisfaction. Traffic become the main problem in Jakarta, that makes people concern about the location of Spa and other aspects like the access to the Spa and how’s the effort should be spent to go there. Moreover, the previous research focuses on Destination Spa that makes behavioral price not the main priority on customer satisfaction, that reason makes intuitive sense.

Considering the relative importance of each dimensions of perceived value, reputation dimensions become the most important factor, followed by emotional response, behavioral value, quality and monetary price respectively. The reputation of a spa provider is influence the way customer perceive it value thus influence their satisfaction.

Next, Emotional value is considered as an important dimension since all spa customers not only seek treatment but also seek sense of happiness. The results also indicate that touch components such as softness, comfortable temperature, and humidity are important sensory to please customers in spas. Sight components such as a comfortable and well organized layout, cleanliness, stylish design and warm color were also proven to be important factors to please the customers. Moreover, the findings conclude that behavioral price (convenience) has an important role to satisfaction because it is confirmed that spa customers also consider convenience as a factor in choosing spa provider.

Moreover, quality also becomes the main factor on satisfaction, a key for maintaining the quality is the consistency, especially for the experienced customers. The experienced customers may already have familiarity and impression toward spa service providers, thus what really matter is a cumulative satisfaction. Cumulative satisfaction can be consistent of general ratio toward service delivered, price and overall service provided.

The lower result for the dimension is monetary price; it proves that most people are less price sensitive on the price toward spa service as long as the price is worth it and in accordance with the service that is provided.

REFERENCES


Research on Film Tourists’ Destination Image Perception and Behavioral Intention-A Case of Macau

Juan Tang    Shangmei Gao

Abstract-- In recent years, audience drawing to shooting locations caused by the popularity of film and television programs has developed from individual, isolated case to phenomenon of large scale. This research takes Macau as background and film tourists' destination cognitive image, affective image, behavioral intention and the relationship between them as research targets. Meanwhile, the paper also clarifies the watching preferences among different film tourists with differed demographic features. Based on the results, the paper puts forward some suggestion which help to understand current development of film tourism in Macau and whether cognitive and affective image will positively affect intention behavioral and provide more advice for the whole industry.

Key words--- film tourism; destination image; cognitive image; affective image; behavioral intention

I. INTRODUCTION

When traditional advertisements are unable to fulfill the promotional needs of a tourist destination, even arouse the disgust from the tourists, film tourism, a trend that inspire travelling of large scale, drawn the attention of destination stakeholders. The process of filming, screening and attracting tourists seems natural while involving plenty subtle psychological progressing.

In this sustainable development pursuing society, to dig the operating principle behind a successful commercial pattern is beneficial for any filming and accommodating destination who wants to make use of the film tourism effects to boost its industry, or those who want to clarify their developing stages.

II. RESEARCH BACKGROUND

Film tourism includes not only tourism concerning filming places, but “one-off commercial activity” such as film festival and premiere. Researches on film tourism from abroad has began since the 1990’s, mainly involves defining concepts, finding tourists’ motivation and qualitative case study taking certain region as an example. Studies from home put more focus on the economic benefit that film tourism brings to the spot due to the later start in hope of arousing the attention from the academy circle. Under the theoretical background that quantitative research relating to how and how much films affect certain area like Macau is rare, this paper will deepen the study on the influence that film tourism exert on tourists’ perception.

Although possess abundant film resources, Macau’s film industry is still in its infancy comparing with its neighbor HongKong, below is the table of 12 famous film and TV programs and their main filming locations concerning Macau:

<table>
<thead>
<tr>
<th>Film</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Look for a star</td>
<td>Museum of Taipa MGM Grand Macau Coloane</td>
</tr>
<tr>
<td>The gem of life</td>
<td>St Francis of Assisi Catholic Church Guia Tower</td>
</tr>
<tr>
<td>Summer of form</td>
<td>Avenida de Almeida Ribeiro Grand Waldo hotel</td>
</tr>
<tr>
<td>Casino Tycoon</td>
<td>the Venetian hotel</td>
</tr>
<tr>
<td></td>
<td>Ruins of Saint Paul Dom Pedro V Theatre</td>
</tr>
</tbody>
</table>