

SERVICE QUALITY, PRICE, CUSTOMER SATISFACTION AND WORD OF MOUTH IN HOSPITAL X OUTPATIENT SERVICES

Felicia Indriana^{1*}, Tantri Yanuar Rahmat Syah², C.S.P. Wekadigunawan³

¹*Universitas Esa Unggul, Indonesia*

**Corresponding author: sitikhoirotunnisaa93@gmail.com*

ABSTRACT

The aim of this study is to determine the effect of service quality and price on customer satisfaction, and customer satisfaction with word of mouth. Customer satisfaction is an important factor that the hospital needs to pay attention to, because satisfied customers will tell their experience of being treated at the hospital, and invite their families and friends to take part in using the hospital's services, or commonly known as word of mouth. Complaints from outpatients at hospital X regarding the length of waiting time and prices provided, is a form of lack of customer satisfaction. This research is an associative quantitative study, carried out by cross-sectional survey / cross-section of 155 respondents. Data analysis was performed using Structural Equation Modeling (SEM). The results of this study indicate a correlation between service quality and customer satisfaction, a correlation between price and customer satisfaction, and a correlation between customer satisfaction with word of mouth. These findings indicate that by improving the quality of hospital services, and providing appropriate prices, customer satisfaction will increase, which will also contribute to increased word of mouth.

Keywords: customer satisfaction; price; service quality; word of mouth.

INTRODUCTION

In the era of globalization as it is today, geographical distance feels narrow and all information can spread quickly. In addition to increasing opportunities to develop business, this condition also causes higher competition, including for hospital businesses. When making marketing strategies, business people try to find the most effective marketing strategies to influence customers in deciding to consume the products or services produced. Customer satisfaction is the main goal, because satisfied customers will discuss and recommend to others about the products or services they use, or often referred to as word of mouth strategy (Nugrahani, 2008).

Jana (2014) research suggests that there is a strong positive relationship between satisfaction and loyalty, one of which occurs in the dimension of word of mouth. Ruswantia, Eff and Kusumawati (2019) the results of their research reveal the same thing that there is a dominant effect of satisfaction on word of mouth and their research explains that word of mouth occurs when patients feel happy and satisfied with the intention of making repeated treatment of the patient's

trust in the hospital. Several previous research results state that there is a relationship between satisfaction with word of mouth (Khoironi, Syah and Dongoran, 2018; Tsai and Chang, 2010; Kabir, 2016).

Amin and Zahora (2013) say that word of mouth is a situation where customers spread positive experiences they have experienced to friends, family, and other people they know. Positive word of mouth occurs on the satisfaction felt by individuals from the quality of services used, one of which is the quality of the sick rash service. Customer satisfaction can occur when successfully meeting customer expectations for products and services with perceived performance. If the perceived performance matches the customer's expectations of service, they are satisfied. If not, they are not satisfied. Jung and Yoon (2013) argue that a company is very wise when measuring customer satisfaction on a regular basis, because one of the keys to customer retention is customer satisfaction. One factor that is predicted to play an important role in customer satisfaction is service quality. According to Parasuraman et al. (1985) effective service quality must have five dimensions consisting of tangible, reliability, responsiveness, assurance, and empathy. Hospitals, businesses that prioritize services as their main product with their own unique characteristics that are directly related to human life. Most of the hospital customers actually do not want to take hospital services for that reason, their demand for the quality of service is more critical than other service provider organizations (Kotler, 2012). The results of Ismail & Yunan's (2016) research show that the dimensions of service quality, namely tangible, reliability, responsiveness, assurance and empathy, have a significant relationship with customer satisfaction and customer loyalty. Al-Borie and Damanhour (2013) explain that there is a significant difference that the quality of private hospital services has a higher influence on patient satisfaction than public hospitals and explains the highest dimensions such as comfort, easy-to-reach location followed by medical friendliness and staff friendliness when handling patients had the highest effect on patient satisfaction in private hospitals. Several previous studies have shown the same thing that there is a significant relationship between service quality and satisfaction (Amin and Nasharuddin, 2013; Shpëtim, 2012; Sohail, 2003; Ayuni and Mulyana, 2019; Susan and Ratnawati, 2017). In contrast to one of the research results of the Ministry of Education & Bags (2018) which shows that tangible dimensions such as clothes and appearance of service personnel are the least significant factors. In addition, the results of Jana's (2014) study show that there is a weak relationship between responsiveness and different satisfaction with the dimensions of tangibles,

reliability, assurance and empathy which have a strong relationship with customer satisfaction at Ranchi's casual dining restaurant.

In addition to service quality, price is also thought to influence customer satisfaction. Price justice perceived by customers is an important role for customer satisfaction and subsequent behavior. If the price is considered fair then it will bring positive behavior from customers such as satisfaction, intention of return visits, and loyalty. Conversely, an unfair price will cause negative behavior such as dissatisfaction and complaints (Liu and Jang, 2009). The main key to the price variable is fairness. Previous studies have shown that when customers compare their prices with previous prices, prices paid by other buyers or competitor prices, only the equivalent price is considered fair (Bechwati et al, 2009).

Cakici, Akgunduz and Yildirim (2019), the conclusions of their research, explain that price fairness has an effect on satisfaction and there is a positive relationship with customer intention to visit again. Zhan and Lloyd (2013) in their research explained that when customers pay higher prices, they show a stronger intention to switch stores and this effect on dissatisfaction and triggers negative word of mouth when the price difference gets bigger. Santos and Basso (2012), their research findings explain that old customers who compare prices with lower prices offered to prospective customers will trigger perceptions of price inequality that lead to distrust (cognitive drivers) and negative emotions of dissatisfaction (emotional drivers). While Wu (2014) shows different research results, namely that there is a weak relationship between price and satisfaction.

Hospital X is a hospital located in the DKI Jakarta area. Hospital X provides outpatient, inpatient, emergency room, pharmacy, radiology and other services. There are quite a lot of patients visiting this hospital for outpatient care, more than 200 patients per day. Unfortunately, despite the crowds of visitors, Hospital X cannot be separated from patient complaints. The complaint most frequently raised by patients is the length of waiting time for registration and the price given. The waiting time of patients registering, both old patients and new patients, until patients get treatment can reach 30 minutes to 1 hour.

In addition, patients also complained that hospital prices were not in accordance with services provided by patients. This needs to be a concern of the hospital, because it indicates that not all patients feel happy and satisfied with the services provided. The various problems above are very important, because in the face of increasingly competitive competition, hospitals need to

increase patient satisfaction as much as possible so that the level of loyalty is high in the hope that patients are willing to return to using the same services, causing high positive word of mouth.

However, there are gaps in this study by looking at the results of previous studies, it was found that there was no consistency in the results in knowing the relationship between variables and this study was different from the previous empirical in that the previous empirical was not aimed at outpatients. While the respondents of this study were specifically conducted on outpatients at X Hospital, located in the DKI Jakarta area. In addition, the researcher wanted to see the effect of the four variables used, namely service quality, price, satisfaction and word of mouth, where the combination of these four variables was rarely found in previous studies. The various problems above are very important, because in the face of increasingly competitive competition hospitals need to increase patient satisfaction as much as possible so that the level of patient loyalty is high, where patients want to return to use the services provided and spread positive word of mouth. Specifically, the purpose of this study was to analyze the relationship between service quality with level of patient satisfaction, price with level of patient satisfaction, and patient satisfaction with word of mouth at hospital X.

LITERATURE REVIEW

Service Quality according to Parasuraman et al. (1988) is a reflection of evaluative customer perceptions of service received at a certain time. So the dimensions contained in it are tangible, reliability, responsiveness, assurance, and empathy.

Price according to Kotler and Armstrong (2001) price is the amount of money exchanged for a product or service, furthermore the price is the sum of all the values consumers exchange for a number of benefits by owning or using an item or service. Price refers to the amount paid for a product or service.

Customer Satisfaction according to Hawkins and Lonney (2003) quoted in Tjiptono (2014) is the conformity of expectations with what is felt over the performance of a product that encourages customers to visit and repurchase and recommend the product to friends or family. So the dimensions contained in it are the suitability of expectations, the interest of visiting again, and the willingness to recommend.

Word of Mouth according to Westbrook (1987) is a form of informal communication carried out by a customer and addressed to other customers about the characteristics and experiences gained when using a product or service.

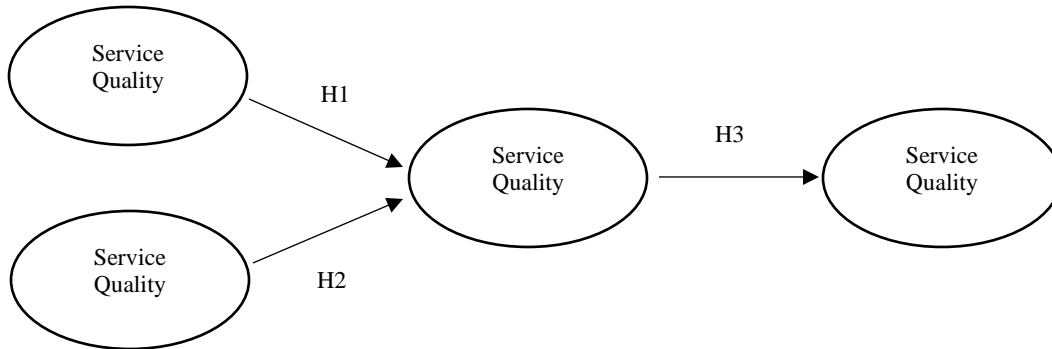


Figure 1. Research Model

Based on the research model, the following hypotheses are arranged:

H1: There is a correlation between service quality and patient satisfaction, where the better the quality of service, the higher the level of patient satisfaction.

H2: There is a correlation between price and customer satisfaction, where the more fairs the price is given the higher the level of patient satisfaction.

H3: There is a correlation between patient satisfaction and word of mouth, where the higher the level of patient satisfaction the higher the word of mouth.

METHODS

This research is an associative quantitative research. The study was conducted without giving intervention (treatment) to the research variables with the main objective to analyze about a situation objectively. The study was conducted by cross-sectional survey.

The data collection technique used in this study was a survey, which was conducted by distributing questionnaires to respondents at the research site. Data obtained through questionnaires distributed to respondents, which contained statements and answers of respondents in the form of a Likert scale with 5 measurement scales. Interpreting the index value of variables with the Three Box Method criteria. The analytical tool used in processing data to test the

hypotheses proposed in this study is the SEM (Structural Equation Model) that uses statistical software LISREL version 8.70.

A pre-test was conducted to test the validity by using Kaiser Meyer Olkin (KMO) to test whether there was a correlation between the variables. The KMO value that can be accepted is above 0.500. For the validity of each research questionnaire conducted with the Anti-Image Matrix test. The expected MSA (Measure of Sampling Adequacy) value is a minimum of 0.500 (Malhotra, et al., 2012). Then proceed with the reliability test to determine the extent to which the gauges can be trusted or not, and measure the extent of the consistency of the research measuring instrument.

RESULTS

Table 1. Frequency Distribution of Gender and Age (n = 155)

No.	Characteristic	Information	Total	Percentage
1	Gender	Man	63	40,65 %
		Woman	92	59,35 %
2	Age	17-30 yo	56	36,13 %
		Over 30 yo	99	63,87 %

Source: data result 2020

Respondents in this study were out patients RS X who visited during the study as many as 155 people. For responder characteristics based on sex, from table 1 it is known that the majority of respondents were female, namely 59.35%, while men were 40.65%. From this table it is also known that the majority of respondents aged over 30 years with a percentage of 63.87%, while respondents who fall into the age category 17-30 years amounted to 36.13%.

Table 1. Frequency Distribution of Gender and Age (n = 155)

	Hypothesis	T-Value	Information
H ₁	There is a correlation between service quality and patient satisfaction	8,10	Accepted
H ₂	There is a correlation between price and customer satisfaction, where the more fair the price is given the higher the level of patient satisfaction.	4,59	Accepted
H ₃	There is a correlation between patient satisfaction and word of mouth, where the higher the level of patient satisfaction the higher the word of mouth.	11,82	Accepted

Source: data result 2020

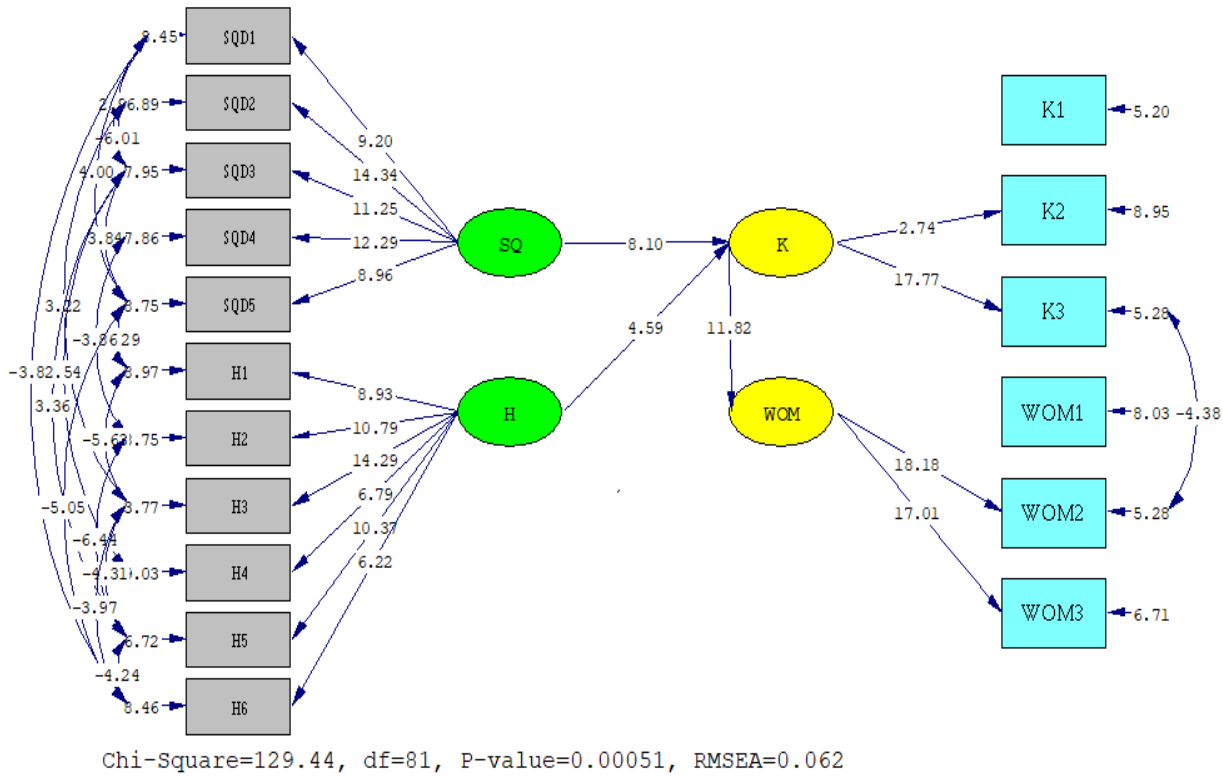


Figure 2. Path Diagram T-Value

The table 15 shows that the Sig (2-tailed) value is 0.000 <0.05. Stock risk data shows a significant value smaller than the significance level of $\alpha = 5\%$ (0.05). This means a significant difference between the risk of the Jakarta Islamic Index during the economic crisis (2018) and the Jakarta Islamic Index during the pandemic (2020).

DISCUSSION

Test results on service quality variables on patient satisfaction indicate that there is a positive influence (H1-accepted), where the better the quality of service at Hospital X the more patient satisfaction increases. Outpatient assessments of the services provided as a whole is in the medium category, with ratings varying for each indicator. Based on the questionnaire regarding service quality, the highest score is found in the statement of Hospital X has a strategic location. This shows that the superiority of Hospital X is in its location that is easily accessible by patients, in addition to the location which is on the main street in the city center, the means of transportation to reach Hospital X is quite diverse and complete so that patients more easily reach their destination. This advantage is an additional value for Hospital X to become the hospital of choice.

Conversely, the statement with the lowest score is stated in the statement that the length of waiting time is not in accordance with the standard, which can be detrimental to the patient. This may occur due to the accumulation of patients who register together at certain times of the day, such as in the morning and after lunch, and the lack of manpower in the registration and initial examination. For the other questions in the questionnaire, the results vary from the moderate to high categories. The final score as a whole is quite satisfying and directly proportional to the relatively high value of customer satisfaction. It can be seen that the quality of outpatient services at Hospital X is quite good and is able to provide satisfaction for its patients. Customer satisfaction is the result of an evaluation of a product or service whether the product or service is in accordance with consumer expectations. The results of this study are in line with previous studies conducted by Ismail and Yunan (2016) where the dimensions of service quality, namely tangible, reliability, responsiveness, assurance and empathy correlate significantly with customer satisfaction. Shpetim (2012) also states that service quality positively influences satisfaction. Jana (2014) in his research found a positive relationship of each service quality factor to customer satisfaction, and there was a strong positive correlation between customer satisfaction and customer loyalty. Ogletree (2014) also found a positive relationship between service quality and customer loyalty.

Based on the test results of the price variable and patient satisfaction, the correlation between the two variables is obtained (H2-accepted). Where the price given by Hospital X is considered reasonable and is not inferior to competitors, then customer satisfaction is also high. The average assessment of the price of outpatient Hospital X is included in the medium category. Questionnaire on prices has the highest score in the statement of prices of services offered in accordance with its quality, which is included in the high category. This shows that patients feel that outpatient services at Hospital X are sufficient to meet their expectations, with a strategic hospital location, new equipment, employees and doctors who have good abilities, patients feel the price they pay is comparable to the services they get. While the statement with the lowest score is in the sentence of the benefits of the services provided, in accordance with the price offered, which is included in the medium category. This can be overcome by continuing to improve outpatient services provided by hospitals to patients so that patients feel the price they pay is in accordance with the service they are getting. In the results of testing the second hypothesis (H2), it was found that the results of the analysis support the H2 hypothesis, namely the correlation between price and customer satisfaction. Price affects customer satisfaction, where if the price is reasonable and is comparable

to the product or service received by the customer, the customer will feel satisfied. Conversely, if customers feel the costs incurred are not comparable to the services they receive, customer satisfaction will decrease. Likewise, if the price given by the company is far above its competitors without any special advantages over the services provided, then the customer will feel dissatisfied. (Goles et al., 2009) These results are consistent with previous studies, for example Celil Cakici, et al. (2019) in his research found that fairness of prices will increase customer satisfaction and affect the intention of customer return visits. Santos, and Basso (2012) state that customers who feel that they are getting unfair prices will decrease their trust in the company, which causes the intention to switch to using other companies' products and spread negative word of mouth.

Based on data analysis, it can be seen that customer satisfaction affects the level of word of mouth (H3-accepted). In Hospital X the average patient was satisfied with the services provided so that their desire to share their experiences and invite their acquaintances to seek treatment at Hospital X was quite high. In the questionnaire regarding customer satisfaction, the highest score in my statement was satisfied with the rapid response of nurses in Hospital X, which is in the high category. While the lowest score in my statement is satisfied with the service of Hospital X in accordance with the costs that have been incurred. However, the statement is still included in the category of high customer satisfaction, and therefore it can be assessed that Hospital X customer satisfaction is good. But to continue to improve patient satisfaction Hospital X can be done by reviewing whether the prices applied are in accordance with the services provided, and if possible, a reduction in prices for certain services. The results of the word of mouth questionnaire were seen as an average level of patient's desire to recommend Hospital X, including the moderate category. The highest score is in the statement "I would recommend Hospital X to friends or family who will seek treatment.", which is included in the medium category. While the lowest score is on the statement "I am happy if there are friends / family who also subscribe to the Hospital X." which is also included in the medium category. A statement about word of mouth shows that outpatients in Hospital X are quite interested in recommending the services they have received to their family / friends. This can happen because these patients are satisfied, so they are happy to invite their acquaintances to seek treatment at the hospital. Of course, this is very good, because it can be an effective way to market hospitals and without additional costs. To continue to improve word of mouth hospital patients need to continue to improve themselves and improve customer satisfaction by improving aspects that are considered still lacking as already mentioned above. In the results

of testing the third hypothesis (H3), it was found that the results of the analysis support the H3 hypothesis that satisfied customers will increase word of mouth. This can be seen in outpatients Hospital X who are generally satisfied with the services provided so they are interested in recommending Hospital X to their family or friends. This result is in accordance with some previous studies, such as research conducted by Ogletree (2014) where a positive relationship is found where customers who are satisfied with good service will become loyal customers who are willing to provide recommendations and have the intention to return. Kessler and Mylod (2011) show how patient satisfaction will significantly influence hospital preferences that they will attend throughout their lives. If a patient is satisfied with the services provided during treatment at a hospital, then that patient will tend to go back to that hospital and recommend to his acquaintances. Söderlund and Gabrielson (2011) suggest that the customer's expression when obtaining a service can determine whether he will recommend the service. If the customer's expression shows excitement and satisfaction, then the customer is most likely to recommend the service that he got. Conversely, if the customer shows a disappointed or angry expression, then the customer will not give recommendations to those around him, or maybe even the customer will spread negative word of mouth. Of course, this has a bad effect and every company wants to avoid it. According to Bearden and Teal (1983) getting and maintaining customer satisfaction is an important determinant of positive word of mouth.

CONCLUSION

Based on research conducted at the X hospital located in Jakarta, it can be seen that there is a pattern that shows that there is a correlation between service quality, price, customer satisfaction, and word of mouth. At Hospital X, the quality of outpatient services is good, and the price that is felt to be comparable to the services obtained and not more expensive than its competitors causes high customer satisfaction. These satisfied customers will voluntarily tell their experiences of taking treatment at Hospital X and inviting their family and friends to take part in treatment at this hospital. Can be seen the level of customer satisfaction is directly proportional to the level of word of mouth, which is an important key in marketing strategies. Loyalty, including word of mouth, is greatly influenced by customer satisfaction. Satisfied customers will significantly influence the preferences of the hospital they will visit throughout their lives, tend to go back to the hospital, and recommend the hospital to their acquaintances. Customer satisfaction at Hospital X is strongly

influenced by the quality of services and prices provided by the hospital, although overall it is in the high category, there are a number of points that still need to be improved, such as the length of time waiting for treatment. With continuous improvement, patient satisfaction will continue to grow, which results in higher levels of word of mouth.

Finally, this study proved that there is an influence between service quality, price, and customer satisfaction on word of mouth. Where good service quality, and appropriate price will increase patient satisfaction, which affects the higher level of word of mouth. There is a direct influence between service quality on customer satisfaction. If the quality of service provided is good, then customer satisfaction will increase. At Hospital X the quality of outpatient services provided is quite good, although there are several aspects that need to be improved. In direct proportion to the quality of service, patient satisfaction at Hospital X is quite high. Prices affect customer satisfaction. Hospital X outpatients assess the price of services provided by hospitals affordable and comparable to the services they get, also not higher than competitors. The level of satisfaction of outpatients at Hospital X was high. Moreover, customer satisfaction directly affects word of mouth. Customer satisfaction and word of mouth run with a straight comparison, the higher the level of customer satisfaction the higher the word of mouth. In Hospital X the level of patient satisfaction is high, as is their desire to recommend the hospital where they seek treatment to those around them.

REFERENCES

- Al-Borie, Damanhour. (2013). Patients' satisfaction of service quality in Saudi hospitals: a SERVQUAL analysis. *International Journal of Health Care Quality Assurance*, Vol. 26 No. 1.
- Amin, Nasharuddin. (2013). Hospital service quality and its effects on patient satisfaction and behavioural intention. *Clinical Governance: An International Journal*, Vol. 18 No. 3.
- Ayuni, Mulyana. (2019). Applying service quality model as a determinant of success in e-learning: the role of institutional support and outcome value. *Review of Integrative Business and Economics Research*, Vol. 8, No. 1.
- Cakici, Yildirim. (2019). The impact of perceived price justice and satisfaction on loyalty: the mediating effect of revisit intention. *Tourism Review*, Vol. 74 No. 3.
- Cengiz. (2018) Applying demantel approach to determine factors affecting hospital service quality in a university hospital: a case study. *Journal of Administrative Sciences*, Vol 16 No 32.
- Crane. (2019). *Business ethics: Managing corporate citizenship and sustainability in the age of globalization*. Oxford University Press.

- Hegji, Findley. (2007). The link between hospital quality and services profitability. *International Journal of Pharmaceutical and Healthcare Marketing*, Vol. 1 No. 4.
- Ismail, Yunan. (2016). Service quality as predictor of customer satisfaction and customer loyalty. *LogForum*, Vol 12 No. 4.
- Jana. (2014). Impacts of the attributes of service quality on customer satisfaction and the interrelationship among service quality, customer satisfaction, and customer loyalty: a study of casual dining restaurant of Ranchi. *Journal of Hospitality Application & Research*.
- Kabir. (2016). Factors Influencing Customer Satisfaction at a Fast Food Hamburger Chain: The Relationship Between Customer Satisfaction and Customer Loyalty. *Dissertation*. Wilmington University.
- Khoironi, Dongoran. (2018). Product quality, brand image and pricing to improve satisfaction impact on customer loyalty. *International Review of Management and Marketing*, Vol 8.
- Kozikowski. (2012). Interaction between Service Quality and Word of Mouth. *Dissertation*. Hofstra University.
- Nugrahani. (2008). Peran strategi komunikasi pemasaran “word of mouth” dalam pengambilan keputusan konsumen. *SEGMENT Jurnal Manajemen dan Bisnis*.
- Ogletree. (2014). The relationship between service quality and customer loyalty in the quick service restaurant industry. *Dissertation*. Argosy University.
- Ruswanti, E. Kusumawati. (2020). Word of mouth, trust, satisfaction and effect of repurchase intention to Batavia hospital in West Jakarta, Indonesia, *Management Science Letters*, Vol 10 No. 2.
- Santos, Basso. (2012). Price unfairness: the indirect effect on switching and negative word-of-mouth. *Journal of Product & Brand Management*.
- Shpëtim. (2012). Exploring the relationships among service quality, satisfaction, trust and store loyalty among retail customers. *Journal of Competitiveness*, Vol. 4 No. 4.
- Sohail. (2003). Service quality in hospitals: more favourable than you might think. *Managing Service Quality: An International journal*, Vol. 13 No. 3.
- Susan, Ratnawati. (2017). Health care service quality of public hospitals in Bandung as part of public services. *Rev. Integr. Bus. Econ. Res*, Vol 6.
- Tsai, Chang. (2010). The effect of customer value, customer satisfaction, and switching costs on customer loyalty: an empirical study of hypermarkets in Taiwan, *Social Behavior and Personality*.
- Wu. (2014). Cross-border comparative studies of service quality and consumer satisfaction: some empirical results. *Eurasian Business Review*, Vol. 4.
- Zhan, Lloyd (2014). Customers’ asymmetrical responses to variable pricing. *Journal of Revenue and Pricing Management*, Vol. 13 No. 3.