



INFLUENCE OF SERVICE QUALITY AND CORPORATE IMAGE ON SATISFACTION AND WORD OF MOUTH (STUDY ON VARNION CUSTOMERS IN BALI-INDONESIA)

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Abstract

The emergence of a high need for internet access by the Indonesian people makes a potential business opportunity for one of the services such as an internet service provider. This study examined the effect of service quality and corporate image on satisfaction and word of mouth. This research was conducted at Varnion in Bali, Indonesia. The population in this study was 202 customers, with the sample size of 120 respondents. This study uses explanatory research using a quantitative model. Tools for collecting primary data was questionnaire. Data analysis was done using Smart PLS 3.0. The results of this study show that service quality, corporate image and satisfaction have a positive and significant effect on word of mouth, service quality and corporate image have a positive and significant effect on satisfaction, satisfaction is a mediating variable partially between the effect of service quality on word of mouth, and the influence of corporate image on word of mouth. The theoretical implications of this research are to enrich the empirical evidence of the research on the effect of service quality and corporate image on satisfaction and word of mouth. The practical implications of this study are to be able to provide an overview to the management of Varnion in making decisions, by observing indicators of service quality and the most influential corporate image which forms customer satisfaction and word of mouth.

Keywords: Service quality, corporate image, satisfaction, word of mouth

INTRODUCTION

Indonesian people have the need for high internet access, making a potential business opportunity for internet service providers, namely ISPs (Internet Service Providers). one of the ISPs who saw the business opportunity was Varnion, who ventured to compete in the market. Varnion is an ISP (Internet Service Provider) which was first established in Jakarta in 2006. Varnion was established as a premium class ISP (Internet Service Provider) by offering the best quality services and internet solutions. Varnion sets a B2B (Business to Business) target market, which is to sell internet services intended for other businesses. Varnion's market focus is on hotels, villas & restaurants. The development of Varnion's ISP (Internet Service Provider) business in Jakarta has many customers ranging from three star hotels and above, so Varnion intends to expand its business to other areas that are considered potential. The number of Varnion customers up to 2018 consists of 202 hotels, villas and restaurants in Bali. The following is an overview of the conditions for selling new customers and customers who have unsubscribed from Varnion for the period 2014 to 2018.

Table 1. Varnion Customers in Bali Period 2014 - 2018

Year	Activation	Terminate	Total
2014	61	-	61
2015	80	43	98
2016	83	41	140
2017	81	61	160
2018	67	25	202

Source: Varnion, Year 2014 – 2018

From table 1, it can be seen that Varnion obtained new customers and there were several subscribed customers in the period 2015 to 2018. The highest number of customers who terminate or unsubscribe is in 2017 as many as 61 customers. This is a concern for the management of Varnion. Based on these conditions, Varnion's management still needs to strive to improve the quality of services provided to its customers in order to create customer satisfaction.

Naeem and Akram (2009) found that there was a positive and significant influence between service quality and customer satisfaction. Varnion as one of the ISPs (Internet Service Providers) in Bali and in strong business competition must make a lot of improvements regarding the quality of services in order to be in accordance with customer expectations.

Satisfied customers are expected to be able to recommend Varnion services through word of mouth communication, because word of mouth causes information to spread quickly (Jalilvand et al, 2017). Then when customers who feel dissatisfied will submit a complaint, and can have a negative impact on word of mouth.

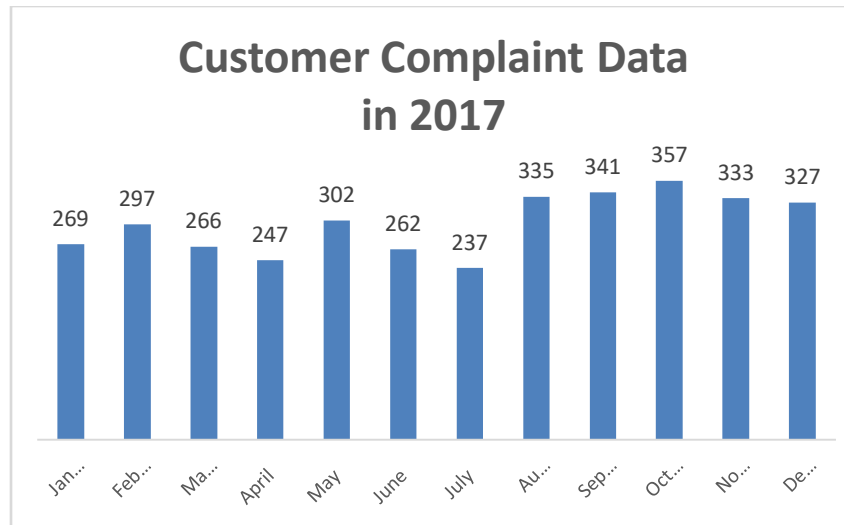


Figure 1. Graph of Total Customer Complaints in 2017

Source: Varnion Data, 2017

Based on Figure 1, the phenomenon that occurs in 2017 is that the level of customer complaints of Varnion tends to fluctuate. The smallest complaint level is in July 2017 as many as 237 complaints and the biggest complaint rate is in October 2017 as many as 357 complaints. Complaints submitted by customers via telephone, email, or media chat. Most of the complaints submitted by customers are due to the instability of the quality of internet links. This shows that Varnion's customer satisfaction is still not optimal. By looking at the high level of complaints on Varnion services, a special strategy is needed by continuously striving to pay attention to customer satisfaction (Bloemer & Schroder, 2002). The strategy that can be done is by providing the best quality service and building a good corporate image, so that it can influence customer satisfaction which can increase positive word of mouth. Service quality and corporate image are important factors for the marketing success of an organization (Hurriyati, 2005: 21).

Through customer satisfaction derived from service quality and corporate image, of course, it is expected to be able to create positive word of mouth communication. Jalilvand & Samiei (2012) state that word of mouth is a process carried out by consumers in providing information or opinions on a product, brand, or service. Then in his research also found that

about 15 percent of daily conversations related to some product or service content that was felt, meaning that someone had done marketing activities through word of mouth. McKinsey & Corporate in Balter (2008) also added that 76 percent of purchasing decisions are influenced by word of mouth. It can be seen that positive word of mouth expressed by consumers of a corporate to other consumers will also have a positive impact on the sales results of a corporate.

This research was conducted to reexamine the influence of service quality and corporate image on satisfaction and word of mouth. This research will be conducted on customers of Varnion where the ISP (Internet Service Provider) is more focused on marketing activities in the form of word of mouth or recommendations, and not many other promotional activities. Besides the problems experienced by Varnion, there are still many complaints received from customers regarding the quality of services provided to customers, where this can affect word of mouth that occurs.

LITERATURE REVIEW

Service Quality

According to Tjiptono (2005) service quality is an expected level of excellence where control over the level of excellence aims to meet customer needs. According to Usmara (2008) service quality is an attitude from the results of a comparison of the expectations of quality of consumer services with the corporate's performance perceived by consumers. Based on the opinions of the experts above, it can be concluded that the quality of service is a measure of the level of superiority expected by the consumer or the level of comparison of service quality expectations with the corporate's performance perceived by consumers to be price controllers. So the main goal of a corporate is to create the best quality service.

1. Service characteristics. According Tjiptono (2006) there are four principal characteristics of the services that distinguishes the goods, namely: Intangibility, Inseparability, Variability, and Perishability
2. Dimensions of service quality. According to Kotler and Keller (2009: 53) there are five main dimensions of service quality, namely: Tangible, Emphaty, Responsiveness, Reliability, and Assurance.

Corporate Image

Image for the corporate is very important because a good image of the corporate will have a positive and profitable impact while a bad image will have a negative impact on the corporate. The importance of the image for the corporate was also revealed by Smith (1995:

334) that corporate image can also provide important meanings as follows: 1) Creating competitive advantage, 2) Becoming corporate equity, 3) Supporting new product launches, 4) Increasing sales, 5) Creating creditor trust, investor or investor, 6) Creating harmonization in relations between employees, 7) Able to get good new employees, 8) Encouraging success in critical management, 9) Associated with product / service names. Good experience from customers for the use of products or services produced by the corporate will produce a good perception of the corporate's image, and at that moment what the corporate image will form.

According Kanaidi (2010: 33) indicator of corporate image formation includes a collection of impressions, beliefs, attitudes. According to Kotler (2003) indicator impressions, beliefs, attitudes have been proven in measuring the corporate's image in the bank sector in Pakistan. It is also supported by Wu (2014), which mainly uses indicators impressions in measuring the gaming industry corporate image.

Customer satisfaction

According to Kotler in Sunyoto (2013: 35), customer satisfaction is the level of one's feelings after comparing (performance or results) that is felt compared to expectations. Customers can experience one of three levels of general satisfaction, namely if the performance is below expectations, the customer will feel disappointed but if the performance is in line with expectations the customer will feel satisfied and if the performance can exceed expectations, the customer will feel very happy or happy.

Conformity that experiences a discrepancy between expectations and the actual performance of services or products, the customer is at disconfirmation. So it can be concluded from some of these meanings according to experts, that customer satisfaction is the level of one's feelings when receiving products or services offered and comparing the performance of products or services received with expectations that are owned.

One of the corporate's main goals is to maximize customer satisfaction. Therefore, most companies always try to measure the extent to which they treat their customers and to identify factors that can create customer satisfaction, so that in the end the corporate is able to determine changes in marketing and operational activities. The reason the corporate measures the level of customer satisfaction is because satisfaction is the key to being part of customer retention.

Here are some questions that are used to determine the level of customer satisfaction with the quality of library services in Germany (Petri & Graumman, 2014):

- a) How satisfied are library users overall?
- b) How do the services provided by the library relate to the quality of each product?

c) What is the quality of products and services compared to those provided by other libraries? Other research also mentions that consumer satisfaction can be measured on the basis of the experience they feel after using or receiving a product or service, the perceived feelings for the product or service, and the perceived needs that are fulfilled as a result of using products or services (Kasim & Abdullah, 2010; Espejel et al., 2009). This is also supported by research conducted by Shi et al.(2016) that measures customer satisfaction through products or services that meet customer expectations, according to needs, and overall feel satisfied. Then Wang et al. (2017) also in his research, namely measuring the satisfaction of the overall tourist customers.

Word of Mouth

Hawkins and Mothersbaugh in Suryani (2013: 169), say that consumers learn about products through experience or observation of the use of other consumer products and seek information by asking other consumers who know and have used products to buy. According to Silverman in Oktavianto (2013: 67), word of mouth is so strong because of its independent beliefs and the delivery of its experiences. Then Peter and Oslon in Sunyoto (2013: 166), said that because information obtained from a friend or relative is a form of communication that is very strong in promoting and creating word of mouth.

Some factors that can be used as the basis of motivation for consumers to do word of mouth (Machfoedz, 2010: 78) include:

- a) Someone might be so involved with a particular product or activity and intend to talk about it to others so that the word of mouth process occurs .
- b) Someone might know a lot about the product and use conversation as a way to inform others.
- c) Someone might start a discussion by talking about something that comes out of the main concern of the discussion. In this case it might be because of the encouragement and desire that other people should not be wrong in choosing goods and do not spend time looking for information about a product brand.

Word of mouth can be an effective means of disseminating an opinion because it usually occurs face-to-face interaction in conversations between people who know each other, either as a drive or friend. According to Jalilvand and Samiei (2012) in his research also stated that measuring word of mouth can be known when consumers discuss positive things about products or services, recommend to others, invite others to use the same services, and be able to mention the brand of product or service in question. Based on the research framework that is

guided by previous research and supporting theories related to this research. Then the conceptual framework can be described as follows.

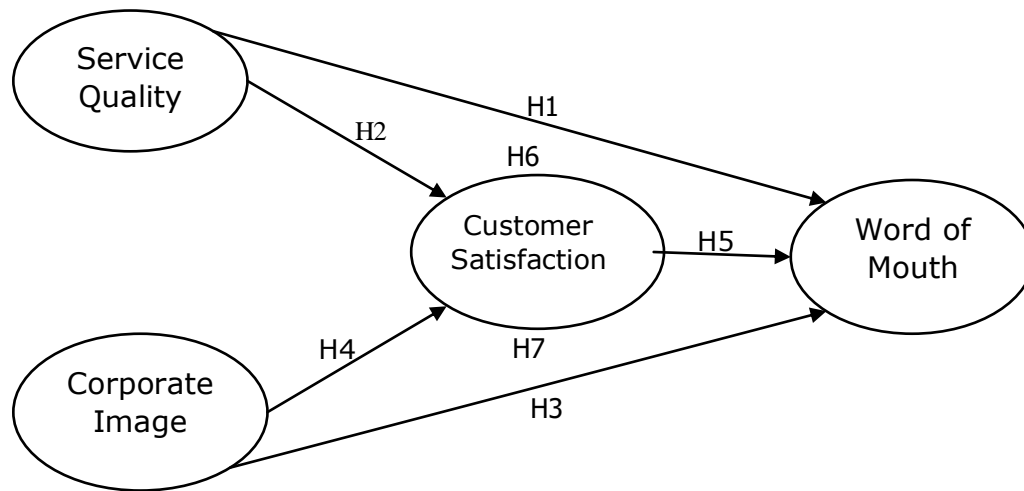


Figure 2. Conceptual Framework for Relations Service Quality, Corporate Image, Customer Satisfaction, and Word of Mouth Customer

Effect of service quality on word of mouth

Suwandi (2001) states that service quality is one variable that can affect word of mouth. Aljumaa (2014) states that service quality has a positive effect on word of mouth. According to Leonard & Thung (2017) in his research stated that consumers of online transportation users get services in accordance with their expectations, it will create word of mouth which leads to the use of services again. Molinari et al. (2008) in the results of the study state that there is a relationship between service quality and word of mouth. Based on the results of the empirical study, the following hypotheses can be formulated:

H1: Service quality has a positive and significant effect on customer word of mouth.

Effect of service quality on customer satisfaction

Soonsan (2017) states that the service quality of 4-5 star hotels has a positive effect on the satisfaction of hotel guests. Jiewanto et al. (2012) also stated that the quality of university services has a positive relationship with student satisfaction. Saktiani (2015) also stated that service quality was proven to affect the level of student satisfaction, where the better the quality of services, student satisfaction also increased. Dehghan et al. (2012) support that service quality has a strong influence on customer satisfaction. The quality of public healthcare industry

service affects patient satisfaction (Kitapci et al.2014). Based on the results of the empirical study, the following hypotheses can be formulated:

H2: Service quality has a positive and significant effect on customer satisfaction.

Effect of corporate image on word of mouth

Harsono (2014) states that the better the image of the institution will increase the positive word of mouth of the students. This is also supported by research by Jiewanto et al. (2012) stated that a good university image will have an impact on word of mouth. Saktiani (2015) said that corporate image proved to have a positive effect on word of mouth. Long-Yi et al. (2010) found the influence of corporate image on word of mouth. According to Bravo et al. (2012) a good corporate image will form positive word of mouth communication from customers. Based on the results of the empirical study, the following hypotheses can be formulated:

H3: Corporate image has a positive and significant effect on customer word of mouth.

Effect of corporate image on customer satisfaction

When services are difficult to evaluate, the corporate image is believed to be an important factor that influences perceived quality, evaluates customer satisfaction with service, and customer loyalty (Andreassen and Lindestad, 1997). Ali et al. (2015) said that the corporate's image was able to influence customer satisfaction. Sallam (2016) in his research stated that corporate image has a positive influence on customer satisfaction. Hu et al. (2011) support that corporate image has a positive impact on customer satisfaction. And in the study of Alireza et al. (2011) states that the image is a variable that affects customer satisfaction. Based on the results of the empirical study, the following hypotheses can be formulated:

H4: Corporate image has a positive and significant effect on customer satisfaction.

Effect of customer satisfaction on word of mouth

Customer satisfaction can create several benefits, including the relationship between corporate and customer to be harmonious, providing a good basis for repeat purchases, creating customer loyalty, and word of mouth recommendations that will benefit the corporate (Singh & Thakur, 2012). According to Ennew in Chaniotakis (2009) emphasizes the importance of creating customer satisfaction as a positive determinant of word of mouth. This is supported by Kitapci et al. (2014) which proves that consumer satisfaction influences word of mouth. Brown et al. (2005) state that there is a positive influence between customer satisfaction and word of mouth. Wang et al. (2017) also found a similar thing, namely tourist satisfaction with the quality

of tourist destinations has a positive and significant influence on word of mouth. Based on the results of the empirical study, the following hypotheses can be formulated:

H5: Customer satisfaction has a positive and significant effect on customer word of mouth.

The role of customer satisfaction in mediating the quality of service to word of mouth

Afridi et al. (2018) in his research stated that the satisfaction of private university students in Peshawar mediates the relationship between the quality of word of mouth services. This is supported by Handayanto's research (2018) where student satisfaction in the Islamic Private Universities in Indonesia mediates the quality of service to word of mouth. According to Saputro (2012) satisfaction mediates in full the relationship between service quality and word of mouth and interest in repurchasing. Based on the results of the empirical study, the following hypotheses can be formulated:

H6: Customer satisfaction is a mediating variable in the relationship between service quality and word of mouth.

The role of customer satisfaction in mediating the corporate image of word of mouth

Sallam (2016) stated that in his research customer satisfaction and trust mediated the corporate's image on customer word of mouth. Research by Nasirudin et al. (2018) also states that the consumer satisfaction of the Conato Shop Store in Jember mediates the relationship between consumer image and word of mouth. Kurniawan (2016) in his research stated that the image relationship to consumer intentions for word of mouth was mediated by satisfaction of BPJS users in Ponorogo Regency. Based on the results of the empirical study above, hypotheses can be arranged as follows:

H7: Customer satisfaction is a mediating variable in the relationship between corporate image and word of mouth.

RESEARCH METHOD

This study uses explanatory research i.e. research that explains a relationship between variables through testing hypotheses (Ghozali, 2008: 2). The study uses a quantitative model. The scope of this study includes the location of the Bali, Indonesia.

Research variables

- 1) Exogenous variables in this study are service quality (X1) and corporate image (X2)
- 2) Endogenous variables in this study are customer satisfaction (Y1) and customer word of mouth (Y2).

Table 2. Questionnaire Source

Variable	Indicator	Reference
Service Quality (X1)	1) Neat looking employee (X1.1)	
	2) Convenient operating hours (X1.2)	
	3) Personal attention (X1.3)	
	4) Understand customer specific requirements (X1.4)	
	5) Apologize if an error occurs (X1.5)	
	6) Provide information clearly (X1.6)	Siddiqi, 2011;
	7) Fast service (X1.7)	Al-Rousan et al. ,
	8) Willingness to help customers (X1.8)	2010;
	9) Service as promised (X1.9)	Neger et al., 2013
	10) Accurately record customer problems (X1.10)	
	11) Smooth communication with the Varnionteam (X1.11)	
	12) Reliable and safe service (X1.12)	
	13) Team Varnion is competent in providing services (X1.13)	
Corporate Image (X2)	1) A set of impressions (impressions s) (X2.1)	Kanaidi, 2010;
	2) Trust (beliefs) (X2.2)	Kotler, 2003;
	3) Attitude (attitudes) (X2.3)	Che Wu , 2013
Customer Satisfaction (Y1)	1) Service quality according to expectations / expectations (Y1.1)	Wang et al., 2017;
	2) Feelings of pleasure using services (Y1.2)	Shi et al., 2016;
	3) Satisfaction with meeting needs (Y1.3)	Kassim and Abdullah, 2010;
	4) Overall feel satisfied with the service (Y1.4)	Espejel et al. , 2009
Customer Word of Mouth (Y2)	1) Tell positive things to others (Y2.1)	
	2) Recommend to others (Y2.2)	Savas et al ., 2013;
	3) Invite other people to use the same service (Y2.3)	Jalilvand and Samiei, 2012;
	4) Mention the Varnion brand when asked for advice on ISP (Internet Service Provider) services in Bali (Y2.4)	Wang et al., 2017

Data collection

Nature of data

- 1) The quantitative data collected in this study is the number of respondents or Varnion customers.
- 2) Qualitative data in this study, including name and type of business, respondent's position, and respondents' perceptions regarding the variables and indicators studied.

Data source

- 1) The primary data used in this study is data obtained from respondent answers to a series of questions on the questionnaire submitted by the researcher. While respondents who answered questionnaires were customers who used Varnion services.
- 2) The data used in this study are data owned by the corporate, library studies, literature, previous research journals, and articles relating to the problems under study.

Population and research sample

The population in this study is customers who use Varnion services at least one month or the number of customers until December 2018, which is 202 customers. Determination of the sample in this study refers to the opinion of Ferdinand (2002: 51) which states that the sample size depends on the number of indicators multiplied by 5 to 10. The total indicator variables used in this study are 24 indicators, the minimum sample size is 120 and maximum of 240 respondents. Because the population is close to the maximum sample size, this study targets a population of 202 customers.

Method of collecting data

Data collection is done by distributing questionnaires to respondents who have met the specified criteria and collected secondary data obtained from Varnion management. The distribution of questionnaires was done in two ways, namely email blast and distribution by the customer relations team to 202 Varnion customers.

Instrument for data collection

Data collection was done through questionnaires submitted to each selected respondent. Collecting data using closed questions given to respondents directly. The questions on the closed questionnaire were made with a Likert Summated Rating scale. In this study using a Likert Summated Rating scale which is measured by giving a score as follows:

1. Score / score 1 indicates a strongly disagree (SD) response.

2. Score / value 2 indicates disagree (D) response.
3. Score / value 3 indicates a neutral (N) response.
4. Score / value 4 indicates the agreed (A) response.
5. Score / value 5 indicates the strongly agrees (SA) response.

Instrument testing

- 1) Test Validity . The criteria for testing validity is to compare the r count with r table, at a significant level of 95% or $\alpha = 5\%$. According to Sugiyono (2017: 125), the questionnaire item is called valid if the questionnaire item has $r \text{ count} > r \text{ standard} = 0.30$.
- 2) Reliability Test. The tool for measuring reliability is Cronbach Alpha . A variable is said to be reliable, if the results of $\alpha > 0.60 = \text{reliable}$ and results $\alpha < 0.60 = \text{not reliable}$ (Ghozali, 2009: 49).

Data analysis approach

Descriptive statistical analysis

Descriptive analysis is intended to find out the characteristics and responses of respondents to the items in the questionnaire. Descriptive statistics used are frequency tables that describe the distribution of respondents' answers for each indicator and the average score obtained.

Inferential statistical analysis

This study uses Partial Least Square (PLS), with the help of SmartPLS 3 software, PLS was first developed by Herman Wold (Ghozali, 2014: 29) as a general method for estimating path models that describe latent constructs with multiple indicators. PLS is intended to be causal-predictive analysis in situations of high complexity and low theoretical support. Wold mentions PLS as soft modeling . PLS is a powerful analytical method because it can be applied to all data scales, does not require much assumption and can also be used for relatively small sample sizes (minimum recommended ranges from 30 to 100).

The PLS approach is distribution free, does not assume certain distributed data, can be nominal, category, ordinal, interval, and ratio. PLS is used to determine the complexity of the relationship between latent variables and indicators. The PLS steps are:

- 1) Designing the Structural Model (inner model). This study analyzes the relationship between exogenous variables of service quality (X1) and corporate image (X2) on endogenous variables of customer satisfaction (Y1) and customer word of mouth (Y2).

- 2) Designing a measurement model (outer model). In this case all indicators of service quality variables (X1), corporate image (X2), customer satisfaction (Y1), and customer word of mouth (Y2) are reflective.

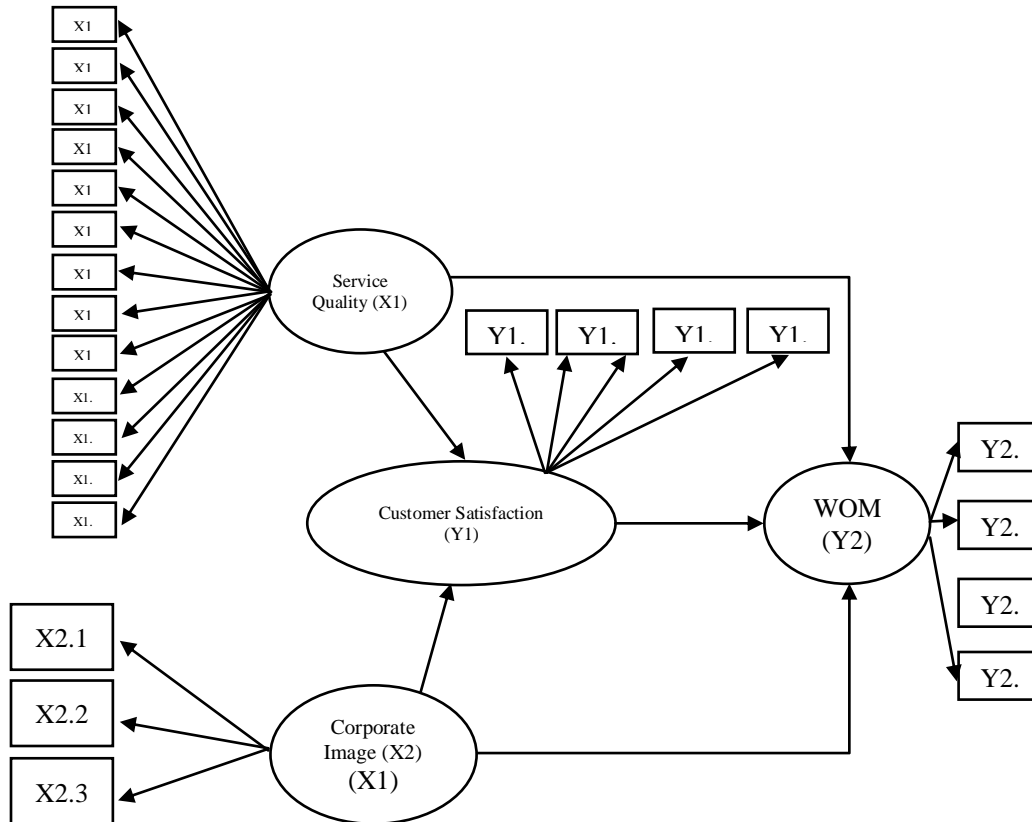


Figure 3. Path analysis

- 3) Constructing the path diagram. Shows the relationship between latent variables and latent variables with each indicator
- a) Conversion of Path Charts to Equation Systems. Outer model and Inner model.
- 4) Estimation - Estimating parameters in PLS includes 3 things, namely:
- a) Weight estimate
 - b) Path estimation (path estimate)
 - c) Means and location parameters (constant values, regression, intercept)
- 5) Evaluation of Goodness of Fit
- a) Goodness of fit outer model
 - 1. Convergent Validity
 - 2. Discriminant Validity
 - 3. Composite Reliability

- b) Goodness of Fit inner Model
- 6) Hypothesis testing

Hypothesis testing (β, γ, λ) done by bootstrap resampling method. The test statistics used are t statistics or t test. Testing is done by t-test, when obtained p-value 0.05 (alpha 5 percent), it is concluded significant, and vice versa. When the results of hypothesis testing on the outer model are significant, this indicates that indicators are seen as being able to be used as measuring instruments for latent variables. Whereas when the results of testing on the inner model are significant, it can be interpreted that there is a significant effect of latent variables on other latent variables.

RESULTS

Results of Testing of Hypotheses

Table 3 shows that all service quality indicators have an Outer Loading value greater than 0.5. The service indicator according to the promise is the strongest measure of the service quality variable because it has the largest outer loading value (0.779). So it can be concluded that the ten service quality indicators are valid indicators as a measure of customer satisfaction and word of mouth variables.

Corporate image variables show that impressions, beliefs, and attitudes have an outer loading of more than 0.5. The impressions indicator is the strongest measure of the corporate image variable because it has the largest outer loading value (0.817). So it can be concluded that the three indicators of corporate image are valid indicators as a measure of customer satisfaction and word of mouth.

Customer satisfaction variables indicate that the suitability of expectations/ expectations, feelings of pleasure, satisfaction, and overall satisfaction have an outer loading of more than 0.5. The overall indicator of satisfaction with service is the strongest measure of the customer satisfaction variable because it has the largest outer loading (0.834). So it can be concluded that the four indicators of customer satisfaction are valid indicators in responding to customer satisfaction.

Word of mouth variable shows that all indicators have an outer loading value above 0.5. The indicator invites other people to use the same service is the strongest measure of the word of mouth variable because it has the largest outer loading (0.831). So it can be concluded that the three word of mouth indicators are valid indicators in responding to word of mouth.

Table 3. Outer Loading

Variable	Indicator	Outer Loading
Service quality	Neat looking employee	0.697
	Convenient operating hours	0.624
	Personal attention	0.750
	Understand customer specific needs	0.734
	Apologize if something goes wrong	0.682
	Fast service	0.710
	Willingness to help customers	0.740
	Service as promised	0.779
	Record customer problems accurately	0.687
	Reliable and safe service	0.702
Corporate Image	A set of impressions (impressions)	0.817
	Trust (beliefs)	0.783
	Attitude (attitudes)	0.778
Customer satisfaction	Service quality according to expectations / expectations	0.638
	Feelings like to use services	0.639
	Satisfaction with meeting needs	0.801
	Overall feel satisfied with the service	0.834
Word of Mouth	Tell positive things to others	0.829
	Invite other people to use the same services	0.831
	Mention the Varnion brand when asked for advice on ISP (Internet Service Provider) services in Bali	0.730

Table 4. Discriminant Validity

Variable	Average Variance Extracted
Service quality	0.506
Corporate Image	0.629
Customer satisfaction	0.538
Word of Mouth	0.637

From Table 4, it can be explained that the results of the four variables have AVE values above 0.50 and all variables have higher AVE root values than the correlation coefficients between one variable and the other so that the data has good discriminant validity.

Table 5. Composite Reliable

Variable	Cronbach Alpha	Information
Service quality	0.893	Reliable
Corporate Image	0.708	Reliable
Customer satisfaction	0.707	Reliable
Word of Mouth	0.716	Reliable

Table 5 informs that all variables have met the composite reliability y because the value is above the recommended number, which is above 0.70 which has met the criteria of reliability. Based on the results of the overall evaluation after analysis of the data back, both convergent. discriminant validity, composite reliability , which has been described above, it can be concluded that indicators as a measure of latent variables are valid and reliable gauges .

Testing of structural models (inner model)

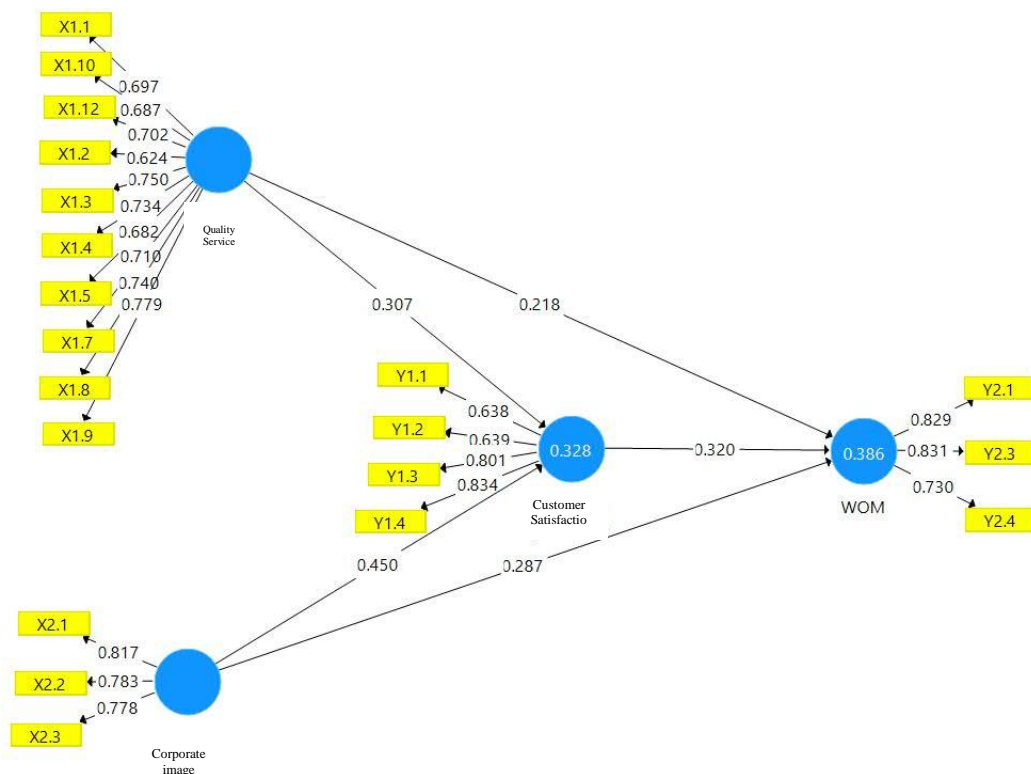


Figure 4. PLS Output Results

From Figure 4, it can be explained that the covariance of indicator measurements is influenced by latent constructs or reflects variations of unidimensional constructs which are represented by

an ellipse with several arrows from the construct to the indicator. This model hypothesizes that changes in latent constructs affect changes in indicators. In the model there are two exogenous variables, namely service quality and corporate image, and two endogenous variables, namely customer satisfaction and word of mouth.

Table 6. Value of R Square

Variable	R Square
Customer Satisfaction (Y1)	0.328
Word of Mouth (Y2)	0.386

Table 6 shows the value of R square variable customer satisfaction 0.328 and word of mouth 0.386. The higher the R square value, the greater the ability of the exogenous variable can explain endogenous variables, so that the structural resistance is better. For the customer satisfaction variable has a R-square value of 0.328 which means that 32.8% service quality variables and corporate image can explain customer satisfaction variables while the rest is explained by other variables outside the research model. Word of mouth variable has an R-square value of 0.386 which means 38.6% variable service quality, corporate image, and customer satisfaction can explain word of mouth variables while the rest is explained by other variables outside the research model.

In addition to using R square, goodness of fit models are also measured using Q-Square predictive relevance for structural models, measuring how well the observation value is generated by the model and also its parameter estimates. Q-square value > 0 indicates the model has predictive relevance; conversely, if the Q-Square value ≤ 0 indicates the model lacks predictive relevance. The Q-Square calculation is done by the formula:

$$Q^2 = 1 - \{(1 - R1^2) (1 - R2^2)\}$$

Where, $R1^2$, $R2^2$ are R-square endogenous variables.

The magnitude of Q^2 has a value with a range of $0 < Q^2 < 1$, where getting closer to 1 means the model is getting better. The amount of Q^2 is equivalent to the total determination coefficient in path analysis. Calculation of the model's goodness of fit is as follows:

$$\begin{aligned} Q^2 &= 1 - \{ (1 - R1^2) (1 - R2^2) \} \\ &= 1 - (1 - 0,328) (1 - 0,386) \\ &= 1 - (0,672) (0,614) \\ &= 1 - 0,41 \\ &= 0,59 \end{aligned}$$

Based on the above calculation, 59 percent connects word of mouth variables which are explained by variable service quality, corporate image, and customer satisfaction while the remaining 41 percent is explained by variables that are not included in the model.

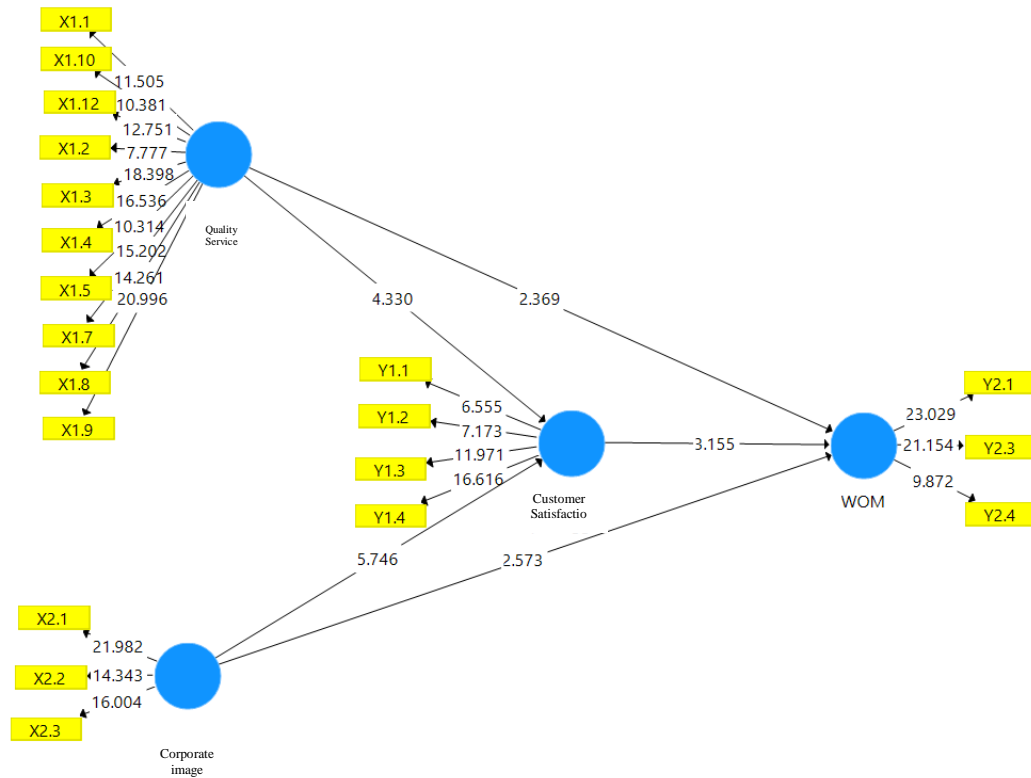


Figure 5. Bootstrapping Output Results

The significance of the estimated parameters provides very useful information about the relationship between the research variables. The basis used in testing hypotheses is the value found in the result for inner weight output. Table 7 provides estimated output for testing structural models.

Table 7. Result for Inner Weight

Variable	Original Sample	Sample Mean	Deviation Standard	T Statistics	P Values	Conclusion
Service Quality →Customer Satisfacto	0.307	0.321	0.071	4,330	0,000	accepted
Corporate Image →Customer Satisfacto	0.450	0.450	0.078	5,746	0,000	accepted
Customer →WOM	0.320	0.326	0.101	3,155	0.002	accepted

Table 7...

Satisfaction→Word of Mouth						
Service Quality →Word of Mouth	0.218	0.224	0.092	2,369	0.018	accepted
Corporate Image →Word of Mouth	0.287	0.277	0.112	2,573	0.010	accepted

Table 8. Indirect Effect Test Results

	Original Sample	Sample Mean	Standard Error	T Statistics	P Values
Corporate Image →WOM	0.144	0.148	0.056	2,585	0.010
Service Quality →WOM	0.098	0.105	0.041	2,378	0.018

Effect of service quality on word of mouth

The results of data analysis show that service quality has a positive and significant effect on word of mouth. This is in line with the research of Suwandi (2001) which states that service quality is one of the variables that can affect word of mouth. Aljumaa (2014) states that service quality has a positive effect on word of mouth. According to Leonard & Thung (2017) in his research said that if consumers of online transportation users get service in accordance with their expectations, it will create word of mouth which leads to the use of services again. Molinari et al. (2008) in the results of the study state that there is a relationship between service quality and word of mouth. These results indicate that Varnion's service quality consists of several indicators including promising service, giving personal attention, and willingness to help customers can have a positive and significant influence on the customer's desire to invite others to use the same services.

Effect of service quality on customer satisfaction

The results of data analysis show that service quality has a positive and significant effect on customer satisfaction. The higher the quality of service, the higher customer satisfaction. This is in line with the research conducted by Soonsan (2017) stating that the service quality of 4-5 star hotels has a positive effect on the satisfaction of hotel guests. Jiewanto et al. (2012) also stated that the quality of university services has a positive relationship with student satisfaction. Saktiani (2015) also stated that service quality was proven to affect the level of student satisfaction, where the better the quality of services, student satisfaction also increased. Dehghan et al. (2012) support that service quality has a strong influence on customer

satisfaction. The quality of public healthcare industry service affects patient satisfaction (Kitapci et al. 2014). These results indicate that Varnion's service quality consists of several indicators including promising service, giving personal attention, and willingness to help customers can have a positive and significant influence on customer satisfaction with service.

Effect of corporate image on word of mouth

The results of data analysis show that the corporate's image has a positive and significant effect on word of mouth. This is in line with the research of Harsono (2014) stating that the better the image of the institution will increase the positive word of mouth of the students. This is also supported by research by Jiewanto et al. (2012) stated that a good university image will have an impact on word of mouth. Saktiani (2015) said that corporate image proved to have a positive effect on word of mouth. Long-Yi et al. (2010) found the influence of corporate image on word of mouth. According to Bravo et al. (2012) a good corporate image will form positive word of mouth communication from customers. These results indicate that Varnion's corporate image consisting of indicators including service professionalism and good reputation or track record can have a positive and significant influence on the customer's desire to invite others to use the same services.

Effect of corporate image on customer satisfaction

The results of data analysis show that the corporate's image has a positive and significant effect on customer satisfaction. This is in line with the research conducted by Andreassen and Lindestad (1997) which states that when services are difficult to evaluate, the corporate image is believed to be an important factor that influences perceived quality, evaluates customer satisfaction with service, and customer loyalty. Ali et al. (2015) also confirms that the corporate's image is able to influence customer satisfaction. Sallam (2016) in his research stated that corporate image has a positive influence on customer satisfaction. Hu et al. (2011) support that corporate image has a positive impact on customer satisfaction. And in the study of Alireza et al. (2011) states that the image is a variable that affects customer satisfaction. These results indicate that Varnion's corporate image consisting of indicators including service professionalism and reputation or a good track record can have a positive and significant effect on customer satisfaction with Varnion services.

Effect of customer satisfaction on word of mouth

The results of data analysis show that customer satisfaction has a positive and significant effect on word of mouth. This is in line with the research of Singh & Thakur (2012) which states that customer satisfaction can create several benefits, including the relationship between the corporate and customers to be harmonious, providing a good basis for repeat purchases, creating customer loyalty, and word of mouth recommendations that will guide for the corporate. According to Ennew in Chaniotakis (2009) emphasizes the importance of creating customer satisfaction as a positive determinant of word of mouth. This is supported by Kitapci et al. (2014) which proves that consumer satisfaction influences word of mouth. Brown et al. (2005) state that there is a positive influence between customer satisfaction and word of mouth. Wang et al. (2017) also found a similar thing, namely tourist satisfaction with the quality of tourist destinations has a positive and significant influence on word of mouth. These results indicate that customers feel satisfied with Varnion services, which ultimately customers will have the desire to invite others to use the same services.

The role of customer satisfaction in mediating the quality of service to word of mouth

The results of the data analysis show customer satisfaction mediates the relationship between service quality and word of mouth. This is in line with research from Afridi et al. (2018) in his research stated that the satisfaction of private university students in Peshawar mediates the relationship between the quality of word of mouth services. This is supported by Handayanto's research (2018) where student satisfaction in Islamic Private Universities in Indonesia mediates the quality of service to word of mouth. According to Saputro (2012) satisfaction mediates in full the relationship between service quality and word of mouth and interest in buying back. These results indicate that services that are in line with promises, giving personal attention, and willingness to help customers will have an impact on customers' satisfaction with Varnion services, which ultimately customers will have the desire to invite others to use the same services.

The role of customer satisfaction in mediating the corporate image of Word of Mouth

The results of the data analysis show that customer satisfaction mediates the relationship between corporate image and word of mouth. This is in line with the research from Sallam (2016) stating that in its research customer satisfaction and trust mediates the corporate's image on customer word of mouth. Research by Nasirudin et al. (2018) also states that the consumer satisfaction of the Conato Shop Store in Jember mediates the relationship between consumer image and word of mouth. Kurniawan (2016) in his research stated that the image relationship to consumer intentions for word of mouth was mediated by satisfaction of BPJS

users in Ponorogo Regency. These results indicate that the professionalism of service and reputation or A good track record will have an impact on customer satisfaction with Varnion services, which ultimately customers will have the desire to invite others to use the same services.

SUGGESTIONS FOR FURTHER RESEARCH

Corporate management should maintain several service quality factors by providing operational hours of team services 24 hours support in accordance with customer needs, giving personal attention to customers, and increasing employee competency through competency certification. In addition, by continuing to carry out social activities and caring for customers, as well as continuing to maintain a reputation or a good track record . Professionalism in service to customers should be more concerned with improving a good corporate image. With a better corporate image, it will certainly increase customer satisfaction which will ultimately lead to positive word of mouth.

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