

Roles of Customer Satisfaction towards Brand Advocacy: A Case Study of MICE Standard Hotels in Bangkok

Chanoktada Phulongpia^a, Pensri Jaroenwanit^b, ^{a,b}Faculty of Business Administration and Accountancy, Khon Kaen University, Email: pimchanok.ph@kkumail.com, penjar@kku.ac.th

The purposes of this study were 1.) to find factors affecting customer satisfaction and 2.) to study the mediating role of customer satisfaction on service quality, perceived value, and brand advocacy in hotels with MICE standards in Bangkok, the biggest MICE city in Thailand. In this survey, the questionnaire was used to collect data from 428 participants who had stayed at 39 MICE standard hotels in Bangkok. All of them visited the city for MICE reasons (Meeting, Incentives, Conventions, and Exhibitions). The data were then analyzed by using frequency distribution, arithmetic mean, standard deviation, confirmatory factor analysis, structural equation modeling analysis, and mediating analysis from Sobel's test. The results revealed that perceived value had the strongest positive direct effect on brand advocacy, while it affected customer satisfaction only partially. In addition to the main objectives, this study also contributes to providing a valuable guideline for the potential development of customer service, customer perception, and customer satisfaction, as well as giving useful information for the improvement of MICE cities and the MICE hotel industry.

Key words: *Customer satisfaction, brand advocacy, customer service, service quality, perceived value.*

Introduction

Background

Customer satisfaction continues to play an important role in the entire hospitality business in this 21st century (Jernsittiparsert, Sriyakul, & Kunathikomkit, 2019). It is known to be one of the most essential components to measure the level of success as well. In general, every business must know the needs and desires of their customers and provide the services to meet those needs in order to make their customers happy. Then their satisfied first-time customers would turn into returning customers who buy more, and they are more likely to become loyal customers who spread the word of mouth (Chienwattanasook, Jernsittiparsert, & Jarinto, 2019; Jernsittiparsert, 2019). This is consistent with a research done by Harrison-Walker (2001), in which advocacy has been defined as the willingness of the customers to give strong recommendations or praise to other consumers on behalf of the suppliers of products or services.

Also according to previous studies, Hague & Hague (2016) mentioned that, besides buying more, satisfied customers usually build a network to reach other potential customers and share their experiences, too. In their studies, Bowen & Chen (2001) and Oliva, Oliver, & MacMillan (1992) also offered an interesting point of view about a threshold effect that can only generate advance loyalty when satisfaction exceeds a certain level. On the other hand, the research of Nyarko, Agyeman-Duah, & Asimah (2016) proposed that advocacy requires less action from customers. Advocate does not mean they have to purchase anything, whereas retention requires the customers to engage more with the company through basic transactions of making an additional purchase (or renewing a service), which is a sign of the greatest customer satisfaction. Or more precisely, according to their research, the strongest indication of customer satisfaction is somehow related to purchasing. From the literature reviews, it can be concluded that advocacy is a major advancement in the evolving relationship between companies and their customers. The consensus is that higher levels of customer satisfaction would lead to the higher levels of repurchase intent, customer advocacy, and customer retention. This is also supported by the previous study in which Williams and Naumann (2011) stated that higher satisfaction improves revenue, profitability, and cash flows.

Objectives of the Study

Bangkok is the biggest MICE city in Thailand and many hotels in the city are certified with Thailand MICE Venue Standard (TMVS) from Thailand Convention and Exhibition Bureau or TCEB. To maintain such quality and attract more customers in today's competitive market, it is crucial for hotels to understand the nature of customer satisfaction and its role in brand advocacy. Therefore, the following questions were established for this research, aiming to understand more about roles of customer satisfaction towards brand advocacy in the MICE hotel industry:

- What are the factors that affect customer satisfaction?
- What factors are the most important to brand advocacy?

Literature Reviews

Brand Advocacy

Fullerton (2005) stated that satisfaction with the brand is positively related to advocacy intentions. When a consumer becomes connected to a brand, this connection can lead to advocacy intentions and one of the outcomes resulting from this form of customer loyalty is an act of spreading positive word-of-mouth about the brand (Anderson, 1998). Brand advocacy is also about creating a mission and a brand experience that are so inspiring to the customers that they become committed to the company and share their enthusiasm with others (Meiners, Ulf & Seeberger, 2010).

Brand Experience

The experiences are a distinct economic offering that requires great immersion and participation (Pine & Gilmore, 1998). In their study Brakus, Schmitt, & Zarantonello (2009) also defined “Brand experience is conceptualized as sensations, feelings, cognitions, and behavioral responses evoked by brand-related stimuli that are part of a brand’s design and identity, packaging, communications, and environments.”

Brand Reputation

Veloutsou & Moutinho (2009) explained that the success and profitability of a company depend on the positive reputation of its brand and the development of brand reputation goes beyond keeping customers satisfied. They also mentioned that the reputation means something the company earns over time. Or the reputation can be how the audiences evaluate the brand.

Service Quality

Several studies reported that there is a relation between service quality and customer satisfaction. Eskildesen, Kristensen, Juhl, & Østergaard (2004) indicated that service quality has significant impacts on customer satisfaction, customer loyalty, and repurchase intentions. In their research, Henning, Gwinner, & Gremler (2002) also supported the idea that customers who received good service quality are more willing to give recommendations than those who have neutral satisfaction.

Perceived Value

Customer value can be an extremely broad topic. In general, perceived value means the customer's overall assessment of a product or service based on their perceptions. Sanchez, Callarisa, Rodriguez, & Moliner (2006) explained that perceived value is one of the variables that customers experience before the moment of purchase. They also stated in their research that perceived value varies between customers, cultures, and it usually differs from time to time.

Customer Satisfaction

Armstrong, Stewart, Denize, and Kotler (2014) defined customer satisfaction as an extent to which the product's perceived performance matches buyer's expectations. They also pointed out "If the product's performance falls short of expectations, the customer is dissatisfied. If performance matches expectations, the customer is satisfied. If performance exceeds expectations, the customer is highly satisfied or delighted" (p. 15).

Methodology

Populations and Samples

The target population of this study is limited to 428 participants between the age of 21-60 who had stayed in the hotels with MICE standards in Bangkok. The data was collected between the 1st to 31st May 2020. The sampling in this research was also determined under one condition that the respondents must visit the city on MICE purposes; either to attend or participate in a meeting, convention, and exhibition or join an incentive travel program. The Cochran formula was also used to calculate and determine the sample size necessary.

Data Collection

Since this study was designed to describe roles of customer satisfaction towards brand advocacy, a survey questionnaire was used as a research instrument to collect the primary data from respondents, and to explore the mediating role of customer satisfaction and the relationship between customer satisfaction, brand experience, brand reputation, service quality, and perceived value on brand advocacy.

Data Analysis

The SEM technique or the Structural Equation Modeling was selected to measure variables between customer satisfaction, service quality, and perceived value on brand advocacy. Then the Sobel's test was used to examine mediating effects of customer satisfaction.

Research Results

Demographic Information

The total number of respondents in this research was 428. The sample characteristics indicated that 51.64% of respondents were female and 48.36% were male. When classified by age ranges, the majority or 47.90% were between 31-40 years old, followed by 20-30 years old which accounts for 24.30%, and 51-60 years old which only accounts for 3.74%. The result also revealed that 45.56% of respondents were there to attend meetings, 40.19% were there for incentive traveling, 10.51% were there for the exhibitions, and 3.74% were there to participate in conventions.

Findings

The independent variables in this study included brand experience, brand reputation, service quality, and perceived value. Brand advocacy was set as a dependent variable, whereas customer satisfaction was the only mediator (mediating variable). The relationship between variables discovered in this study is going to be presented in the paragraphs below.

Brand experience had positive direct effects on customer satisfaction with statistically significant at .05 ($\beta = .790$ and $t = 7.37$). Brand reputation had positive direct effects on customer satisfaction with statistically significant at .05 ($\beta = .590$ and $t = 6.41$). Service quality had positive direct effects on customer satisfaction with statistically significant at .05 ($\beta = .959$ and $t = 8.48$). Perceived value had positive direct effects on customer satisfaction with statistically significant at .05 ($\beta = 1.020$ and $t = 13.65$). Customer satisfaction had positive direct effects on brand advocacy with statistically significant at .05 ($\beta = .704$ and $t = 9.69$). The result also revealed that service quality, perceived value, and customer satisfaction were the three variables that passed the Goodness of Fit Index with the GFI more than .90.

On the other hand, the Sobel's test showed that brand experience and brand reputation had no indirect effect on brand advocacy ($\beta = .586$ and $.610$ respectively). But both service quality and perceived value had indirect effects on brand advocacy ($\beta = .453$ and $.268$ respectively). (See Figure 2 and 3)

Figure 1. Conceptual Framework

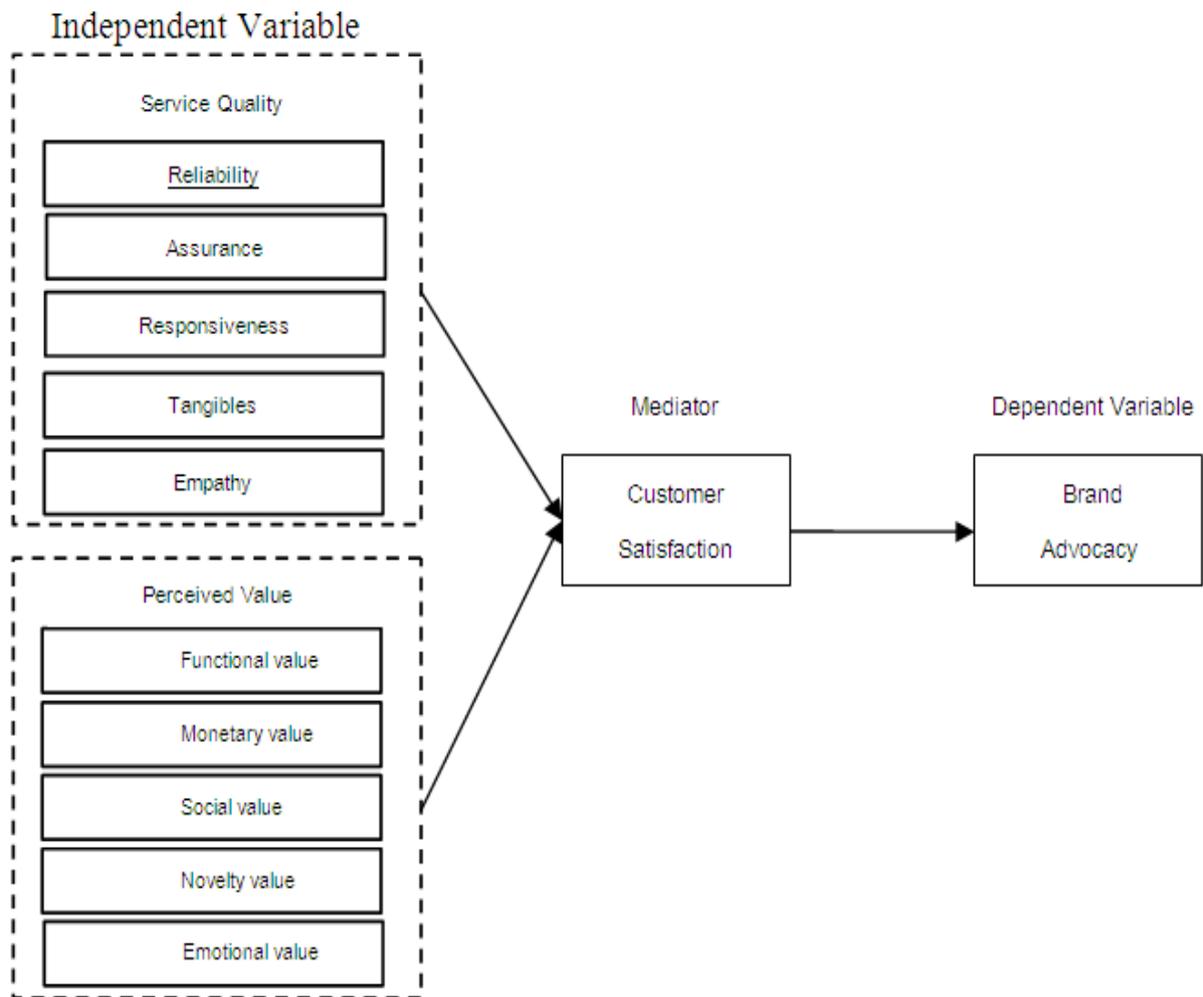


Table 1: The Characteristics of Relationship between Variables and Hypothesis Testing

relationship between variables	β	t	
H1 Service Quality has positive effects on customer satisfaction	.959	8.48*	accepted H1
H2 Perceived Value has positive effects on customer satisfaction	1.020	13.65*	accepted H2
H3 Customer Satisfaction has positive effects on brand advocacy	.704	9.69*	accepted H3

Remark * $p < .05$ significance at the level of .05

Figure 2. Customer Satisfaction as a Mediator between Service Quality and Brand Advocacy

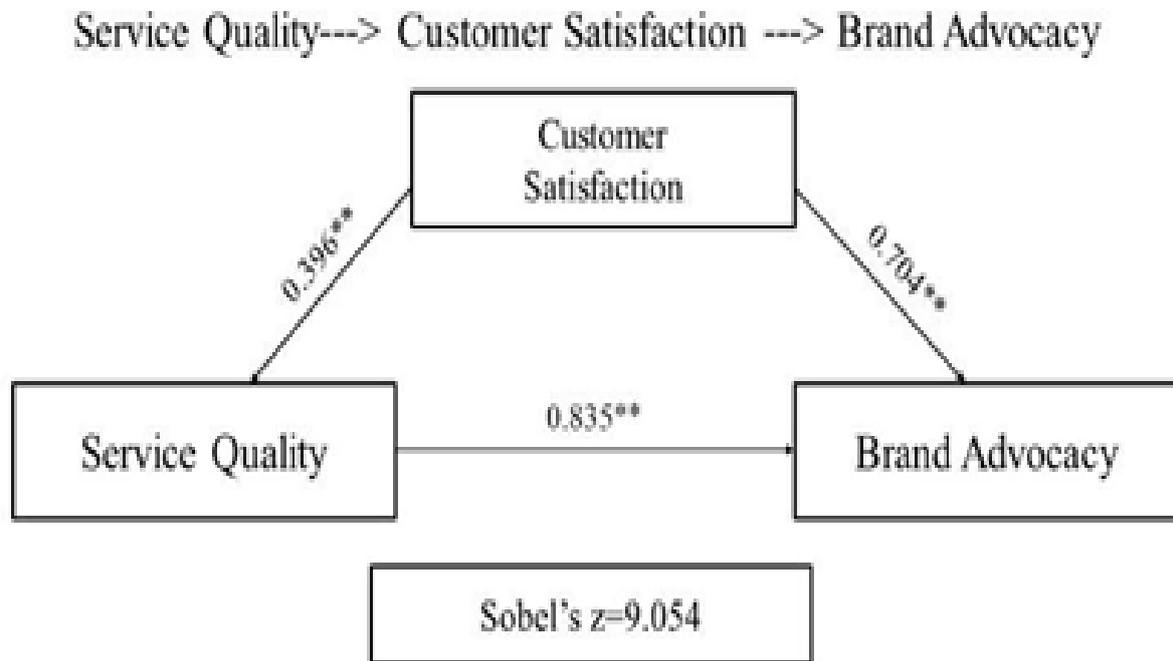


Figure 3. Customer Satisfaction as a Mediator between Perceived Value and Brand Advocacy

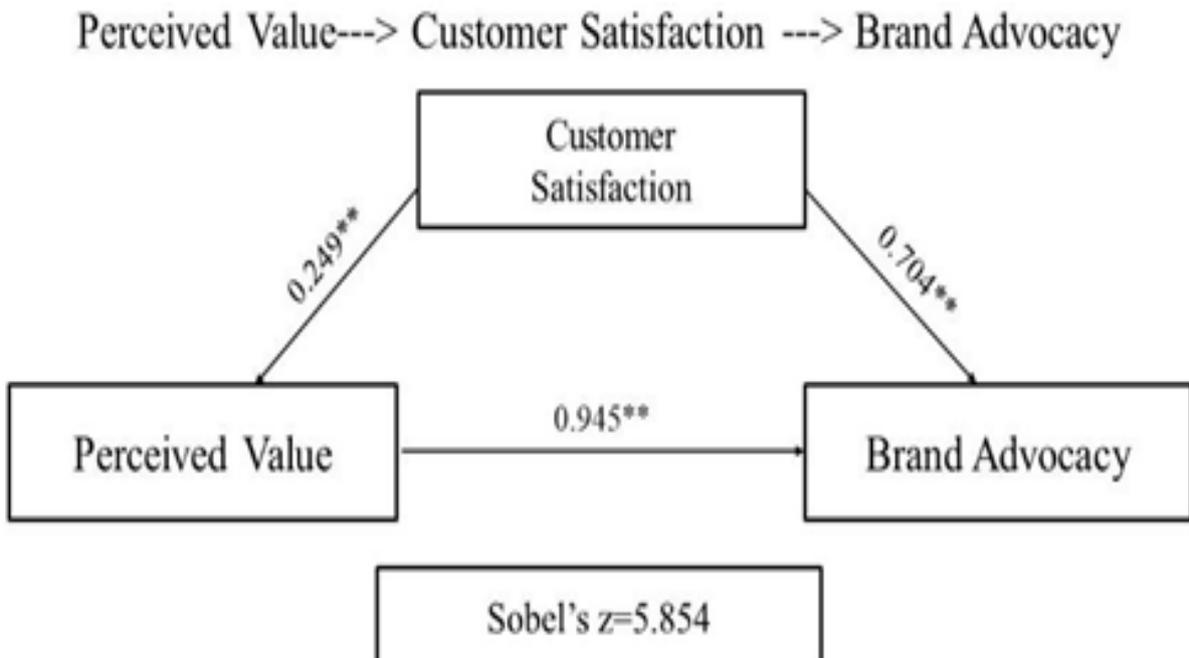


Table 2: Sorbel's Test Result

Relationship	β	Sobel's Test (Z)	Effect
1. Brand Experience---> Customer Satisfaction ---> Brand Advocacy	0.586	11.626***	Partial Mediation
2. Brand Reputation---> Customer Satisfaction ---> Brand Advocacy	0.610	11.774***	Partial Mediation
3. Service Quality---> Customer Satisfaction ---> Brand Advocacy	0.453	9.054***	Partial Mediation
4. Perceived Value---> Customer Satisfaction ---> Brand Advocacy	0.268	5.854***	Partial Mediation

Remark * $p < .05$ significance at the level of .05

Conclusion and Discussion

After the path analysis was conducted, the result showed that all variables in this study are correlated, which means the relationship between brand experience, brand reputation, service quality, perceived value, customer satisfaction, and brand advocacy exists. Then the researcher further did the calculation on path coefficient and Sorbel's test. The path coefficient indicated that brand experience, brand reputation, service quality, and perceived value somehow have direct effects on customer satisfaction; and that customer satisfaction itself also has positive direct effects on brand advocacy. The direct influence and relationship of variables can be explained as follows:

- 1) Brand experience has a positive relationship with customer satisfaction ($\beta = .790$) with statistically significant at .05. It means the two factors will increase or decrease at a consistent rate. For example, if a customer has more experience of the brand, his/her satisfaction will be increased.
- 2) Brand reputation has a positive relationship with customer satisfaction ($\beta = .590$) with statistically significant at .05. It means the two factors will increase or decrease at a consistent rate. For example, if a customer is acknowledged more on hotel reputation, his/her satisfaction will be increased.
- 3) Service quality has a positive relationship with customer satisfaction ($\beta = .959$) with statistically significant at .05. It means if the service quality of the hotel reaches a positively noticeable level, customers will be satisfied.

- 4) Perceived value has a positive relationship with customer satisfaction ($\beta = 1.020$) with statistically significant at .05. It means if customers perceive the value of the hotel at a positively noticeable level, customers will be satisfied.
- 5) Customer satisfaction has a positive relationship with brand advocacy ($\beta = .704$) with statistically significant at .05. It means if the level of satisfaction increases, customers will be more likely to spread word of mouth or publicly recommend the hotel, and they will become brand advocates of the hotel.

From the earlier results, it is obvious that brand experience, brand reputation, service quality, and perceived value can predict customer satisfaction. Next, Sobel's test result with mediator variation analysis can explain the roles of the mediator (customer satisfaction) and its indirect relationship with service quality and perceived value towards brand advocacy.

- 1) Customer satisfaction on service quality towards brand advocacy: Service quality has indirect effects on brand advocacy with statistically significant at .05 ($\beta = .453$). This indicated that if satisfaction from service quality reaches a positively noticeable level, customers will advocate and share their good experience about the hotel. However, customer satisfaction still only has partial indirect effects as a mediator here. It even has less impact on brand advocacy than the direct influence from service quality itself. (See Figure 2)
- 2) Customer satisfaction on perceived value towards brand advocacy: Perceived value has indirect effects on brand advocacy with statistically significant at .05 ($\beta = .0268$). This indicated that if satisfaction from perceived value reaches a positively noticeable level, customers will advocate and share information about the hotel. However, customer satisfaction still only has partial indirect effects as a mediator here. It even has less impact on brand advocacy than the direct influence from perceived value itself. (See Figure 3)

In conclusion, from this study, all independent variables (brand experience, brand reputation, service quality, and perceived value) are the factors that affected or could predict customer satisfaction. But statistically, perceived value itself showed the strongest direct effects on customer satisfaction, and customer satisfaction on perceived value also showed the strongest indirect effects on brand advocacy. However, it is quite interesting to find out that perceived value alone can also have a stronger effect on brand advocacy without mediator such as customer satisfaction. (See Figure 2 and 3). From the findings, it can be inferred that satisfaction is not the only factor to get customers to advocate for the hotel. Or advocacy can actually occur with/without satisfaction. Thus, customer satisfaction is only one of the mediators that can lead to brand advocacy in the hotel industry.



Suggestions for Further Research

Based on the findings and conclusions of this study, the following recommendations are made for future research:

6.1 Since this study already explored different independent variables to find out the most important factors that affect brand advocacy, further study should narrow the topic down and focus only on perceived value and service quality.

6.2 Since the majority of respondents in this study were Gen Z and Millennials aged between 20-40 years old (47.90% were between 31-40 years old, and 24.30% were between 20-30 years old), there are chances that the results were dominated by only one or two demographic groups. Therefore, further study on an equal number of age generations should be conducted to see if there are any differences in their attitudes.

6.3 Further study on the roles of customer satisfaction towards brand advocacy should be conducted in other industries as well.

REFERENCE

- Anderson, E. W. (1998). Customer Satisfaction and Word of Mouth. *Journal of Service Research*, 1(1), 5–17.
- Armstrong, G., Stewart, A., Denize, S., and Kotler, P. (2014). *Principles of marketing*. Pearson Australia.
- John, T. B., & Shiang-Lih, C. (2001). The relationship between customer loyalty and customer satisfaction. *International Journal of Contemporary Hospitality Management*, 13(5), 213-217.
- Brakus, J., Schmitt, B., & Zarantonello, L. (2009). Brand Experience: What Is It? How Is It Measured? Does It Affect Loyalty? *Journal of Marketing*, 73(3), 52–68.
- Chienwattanasook, K., Jermittiparsert, K., & Jarinto, K. (2019). Customer Satisfaction, Word-of-Mouth and Conventional Banks in Thailand. *International Journal of Innovation, Creativity and Change*, 10(1), 320-334.
- Eskildesen, J., Kristensen, K., Juhl, H., & Østergaard, P. (2004). The Drivers of Customer Satisfaction and Loyalty. The Case of Denmark 2000–2002. *Total Quality Management and Business Excellence*, 15(5-6), 859-868.
- Fullerton, G. (2005). How Commitment Both Enables and Undermines Marketing Relationships. *European Journal of Marketing*, 39(11/12), 1372-1388.
- Hague, P. & Hague, N. (2016). *Customer Satisfaction Survey: The customer experience through the customer's eyes*. London: Cogent Publication.
- Harrison-Walker, L. J. (2001). The Measurement of Word-of-mouth Communication and an Investigation of Service Quality and Customer Commitment as Potential Antecedents. *Journal of Service Research*, 4(1), 60-75.
- Hennig-Thurau, T. & Gwinner, K. & Gremler, D. (2002). Understanding Relationship Marketing Outcomes: An Integration of Relational Benefits and Relationship Quality. *Journal of Service Research*, 4, 230-247.
- Jermittiparsert, K. (2019). Service Marketing Mix and Service Value: A Way to Increase Customer Satisfaction. In *Proceedings of the 3rd International Conference on Business and Information Management* (pp. 52-58). New York: ACM. DOI: 10.1145/3361785.3361800.



- Jermisittiparsert, K., Sriyakul, T., & Kunathikornkit, K. (2019). The Mediating Role of Customer Satisfaction in the Relationship Between Atmospherics on Customer Behaviour: Stimulus Organism Response Model Approach in the Spa Industry of Thailand. *Journal of Computational and Theoretical Nanoscience*, 16(11), 4738-4747. DOI: 10.1166/jctn.2019.8385.
- Meiners, N.H, Ulf, S. & Seeberger, B. (2010). The Renaissance of Word-of-mouth Marketing: A 'New' Standard in Twenty-first Century Marketing Management. *International Journal of Economic Sciences and Applied Research*, 3(2), 79-97.
- Nyarko, I. K., Agyeman-Duah, M. O. & Asimah, V. (2016). Measuring Customer Loyalty Using Retention, Advocacy and Patronage as Key Denominators. *International Journal of Scientific and Research Publications*, 6(2). 375-380.
- Oliva, T. A., Oliver, R. L., & MacMillan, I. C. (1992). A Catastrophe Model for Developing Service Satisfaction Strategies. *Journal of Marketing*, 56(3), 83–95.
- Pine II, B.J. and Gilmore, J. H. (1998). Welcome to the Experience Economy. *Harvard Business Review*, 13, 148-156. July-August 1998, 12.
- Sánchez-García, J., Callarisa Fiol, L., Rodríguez-Artola, R. & Moliner, M. (2006). Perceived Value of the Purchase of a Tourism Product. *Tourism Management*. 27, 394-409.
- Veloutsou, C. & Moutinho, L. (2009). Brand Relationships Through Brand Reputation and Brand Tribalism. *Journal of Business Research*, 62(3), 314-322.
- Williams, P. & Naumann, E. (2011). Customer Satisfaction and Business Performance: A Firm-Level Analysis. *Journal of Services Marketing*, 25(1), 20-32.