Investigating Antecedents and Consequences of Word of Mouth from a WOM Sender’s Perspective in the Services Context

Abstract

Most research on WOM has focused on the effect of WOM on the WOM receiver; consequently the effect of WOM on the WOM sender remains under-researched. This paper outlines a conceptual framework of the antecedents and consequences of offline word of mouth (WOM) from the WOM sender’s perspective. Customer satisfaction (CS) and continuance commitment (CC) are examined as antecedents of WOM. Furthermore, this study posits that CS interacts with CC to influence WOM. WOM sender’s loyalty & affective commitment are examined as consequences of articulating WOM. The tie strength between the WOM participants is proposed as a potential moderator of the WOM-service loyalty & WOM-affective commitment link. Scenario based experimental research design will be used to test the model. Results from pre-tests suggest that scenarios produce the intended effect. Results of hypotheses testing will be presented at the conference.

Keywords: Word of mouth; Services; Experiments

Track: Services and Customer Relationship Management
1.0: Introduction

Harrison-Walker (2001, p.63) defines word of mouth (hereafter, WOM) as an “informal, person-to-person communication between a perceived non-commercial communicator and a receiver regarding a brand, a product, an organization or a service”. WOM has been a subject of much research attention in recent times (Garnefeld, Helm & Eggert, 2011; Lovett, Peres & Shachar, 2013; Moore, 2012). This is because, WOM is considered a major influence on the consumer’s buying decision process for both products and services, as consumers view WOM as a credible source of information, due to lack of perceived commercial interest compared to company sponsored advertisements (Brown & Reingen, 1987; East, Hammond & Wright, 2007). This paper presents a conceptual framework to examine the antecedents and consequences of WOM from a WOM sender’s perspective. This is important, as little research has examined the impact of articulating WOM on the communicator itself (Moore, 2012). Furthermore, this study investigates Organic WOM, which occurs naturally and therefore excludes all customer referral programs (Libai, Bolton, Bugel, Ruyter, Gotz, Risselada & Stephan, 2010). In addition, this research will focus on offline WOM, as it has received limited research attention from the academic community in recent years, compared to e-WOM. Finally, this research is proposed in the services context as offline WOM is more widespread in the consumption of services (East et al., 2007), due to the perceived risk associated with the purchase of many services (Murray, 1991).

2.0: Review of Literature

2.1: Antecedents of word of mouth

Affective commitment (Harrison-Walker, 2001), continuance commitment (Fullerton, 2005; Harrison-Walker, 2001); service quality (Harrison-Walker, 2001), service loyalty (Gremler & Brown, 1999), employee behaviour (Gremler, Gwinner & Brown, 2001) and brand characteristics (Lovett et al., 2013) are some of the antecedents of WOM investigated in the extant literature. Furthermore, Anderson (1998); Brown, Barry, Dacin and Gunst (2005); Wangenheim and Bayon (2007) found significant positive influence of customer satisfaction (hereafter, CS) on WOM. However, Arnett, German and Hunt (2003) and Bettencourt (1997) did not find any evidence of a direct relationship between CS and WOM. Since findings from prior research on CS-WOM link are equivocal, this study examines CS as an antecedent of WOM. In this study CS is cumulative. Social exchange theory (Blau, 1964), provides a theoretical foundation for examining CS as an antecedent of WOM, whereby a customer perceiving a social exchange relationship with the services provider due to CS may engage in voluntary behaviour such as WOM to benefit the services provider (Bettencourt, 1997; Mazzarol, Sweeney & Soutar, 2007). Thus, the first hypothesis states:

H1: CS has a positive effect on WOM

In the extant literature, commitment has been conceptualized as a uni-dimensional construct (Brown et al., 2005) and as a multi-dimensional construct (Harrison-Walker, 2001). In the multi-dimensional approach, commitment has been typically conceptualized with two dimensions: (a) affective commitment i.e. customer’s emotional attachment to the services provider (Fullerton, 2003) and (b) continuance commitment (hereafter, CC) i.e. customer’s rational view to stay committed to a services provider (Han, Kwortnik & Wang, 2008). This study conceptualizes commitment as a multi-dimensional construct and posits a distinct role for affective commitment and CC, as these constructs influence WOM differently.
Prior research suggests that CC is negatively associated with WOM, whilst affective commitment is positively associated with WOM (Harrison-Walker, 2001). Affective commitment is attained when customers come to like their services provider and it is expected that articulation of WOM about the services provider will further reinforce customers’ liking of their services provider (Garnefeld et al., 2011). Therefore, in this study, affective commitment is examined as a consequence of articulating WOM. On the other hand, CC represents the dark side of relationship marketing (Fullerton, 2005), where customers may feel locked in with a services provider and are likely to respond by withdrawing WOM about the services provider (Fullerton, 2003). This study examines CC as an antecedent of WOM and posits that CS will interact with CC to predict WOM. The expectation of an interaction effect of commitment is based on Brown et al.’s (2005) study which found that commitment interacts with CS to predict WOM. Point of departure of this study being that it investigates a specific dimension of commitment i.e. CC as compared to the overall commitment examined by Brown et al. (2005). Understanding the potential interaction effect between CS and CC is important because the existing literature has focused only on the direct effect of CC and CS on WOM (Anderson, 1998; Harrison-Walker, 2001) and less research attention has been paid to understand how CC may interact with CS to predict WOM. This can have important implications for services firms and is discussed later. It is expected that the higher levels of CC will stifle the positive effect of CS on WOM. Thus, the next two hypotheses are as follows:

**H2**: CC has a negative effect on WOM

**H3**: The effect of CS on WOM is stronger for customers with a low level of CC with the services provider than for customers with a high level of CC

### 2.2: Consequences of word of mouth

WOM can impact: (a) WOM recipient’s attitude (Soderlund & Rosengren, 2007); (b) customer acquisition (Wangenheim & Bayon, 2007); (c) brand choice (East, Hammond & Lomax, 2008) and (d) WOM sender’s loyalty (Garnefeld et al., 2011). In the extant literature, the impact of WOM on the communicator remains under-researched (Garnefeld et al., 2011; Moore, 2012). Therefore, drawing on self-perception theory (Bem, 1967), this study examines the impact of articulating WOM on the WOM sender’s service loyalty and affective commitment. Self-perception theory (Bem, 1967) posits that individuals learn about their attitudes and future behavioural intentions by observing their own overt behavior, which in this study is the articulation of WOM. Thus, the next two hypotheses states:

**H4**: Articulating WOM has a positive effect on the WOM sender’s service loyalty

**H5**: Articulating WOM has a positive effect on the WOM sender’s affective commitment

In this study, service loyalty is conceptualized as a multi-dimensional construct with both attitudinal and behavioural components (Dick & Basu, 1994). Attitudinal loyalty is the willingness to pay more (Jones & Taylor, 2007). On the other hand, behavioural loyalty is the intention to stay with the services provider (Jones & Taylor, 2007) and re-purchase intentions (Jones & Taylor, 2007). Importantly, following Han et al. (2008), this study will treat commitment and loyalty as distinct theoretical constructs. Furthermore, existing literature has considered the influence of tie strength, on the WOM receiver (Brown & Reingen, 1987), but is silent on the effect of tie strength on the WOM sender. Therefore, in this study the tie strength between the WOM participants is investigated as a potential moderator of the WOM-service loyalty and WOM-affective commitment link.
Self-perception theory (Bem, 1967) argues that not only individuals infer their attitudes from their own overt behavior, but also the context in which that overt behaviour occurs. In this study, the context is the social context in which offline WOM behaviour occurs. It is expected that the effect of sender’s WOM on his/her own service loyalty and affective commitment will vary depending on to whom the WOM is given i.e. strong ties or weak ties (Granovetter, 1973). Thus, the next two hypotheses state:

**H6:** The effect of WOM on the sender’s service loyalty is stronger when the tie strength between the WOM sender and the WOM receiver is strong

**H7:** The effect of WOM on the sender’s affective commitment is stronger when the tie strength between the WOM sender and the WOM receiver is strong

### 3.0: Methodology

#### 3.1: Research setting

To increase generalizability, the model will be tested in two services contexts: health club services (HCS) and mobile phone services (MPS), which diverge along key services classification criteria postulated by Lovelock (1983) such as nature of the service act. On the other hand, both the identified services also share common characteristics as per Lovelock’s (1983) taxonomy of services. HCS and MPS can be categorized as membership relationship services involving continuous delivery of services to the customers with multiple interactions between the services provider and the customers over time (Bolton, 1998; Lovelock, 1983). This will allow all the constructs to be meaningfully studied. HCS (Stokes, Syed & Lomax, 2002) and MPS (Garnefeld et al., 2011), have been previously employed as research settings to examine WOM.

#### 3.2: Research design

The research hypotheses will be tested by conducting scenario based experiments. Scenario based experiments are considered an appropriate research design for studies examining WOM, as it is difficult to study offline WOM as it occurs (East et al., 2007). The experiments have already been designed as multiple stage experiments. In the first stage, the research design employs a 2 (high satisfaction vs. low satisfaction) x 2 (high continuance commitment vs. low continuance commitment) between subjects factorial experiment. The focus of analysis will be the direct effect of CS on WOM (H1); direct effect of CC on WOM (H2) and the potential interaction between CS and CC (H3). Only those participants who will indicate that they have intentions to give WOM will be asked to proceed to the second stage. The second stage employs the post-test control group design (Campbell & Stanley, 1963) and manipulates WOM (WOM vs. No WOM). There will be two treatment groups (WOM\_Strong Ties and WOM\_Weak Ties) and one control group (No WOM). Participants will be randomly assigned to any one of the three groups. The focus of analysis in the second stage will be H4; H5; H6 and H7.

#### 3.3: Measures

All the latent constructs are reflective in nature and are measured using previously employed scales from the literature. All the items are measured using a 7 point Likert type scale. The wording of the following scales is adapted to reflect the two services context: (a) 5 items scale of Han et al. (2008) to measure CS; (b) 4 items scale of Fullerton (2003) to measure CC; (c) 4 items scale of Fullerton (2003) to measure affective commitment; (d) 3 items scale of Jones and Taylor (2007) to measure re-purchase intentions; (e) single item scale of Jones and Taylor (2007) to measure switching intentions; (f) 4 items scale of Jones and Taylor (2007) to measure willingness to pay more and
(g) 3 items scale of Fullerton (2003) to measure WOM intentions. Tie strength between the WOM participants is measured by adapting the scale employed by Frenzen and Davis (1990). Finally, respondents are asked to assess the realism of the scenarios by adapting the single item scale employed by Garnefeld et al. (2011). Following, Joshi and Stump (1999), the quality of the scenarios has already been assessed by asking respondents if they found the scenarios to be interesting.

3.4: Scenario development & pre-tests

Experience with the services provider is manipulated to induce different levels of CS. Following Fullerton (2003), CC is manipulated by varying the extent to which the participant could easily exit the service relationship. Tie strength is operationalized at two levels, namely weak ties (former neighbour) & strong ties (sibling i.e. brother). Following Perdue and Summers (1986), manipulation and confound checks are held and results from the pre-tests suggested that manipulation from the scenarios produce the intended effect. Importantly, pre-test results suggested that there are no confounding effects of age and gender. In addition, the respondents found the scenarios to be realistic and interesting. As a role playing method is employed, efforts were made to check for demand effects (Surprenant & Solomon, 1987). Following the method employed by Andaleeb (1996), respondents were asked to guess the researcher’s hypotheses. Responses suggested that the demand effects were minimal. Results of hypotheses testing will be presented at the conference.

4.0: Potential Theoretical and Managerial Contributions

First, to the best of author’s knowledge, this study is the first to examine the chain from CS to WOM sender’s loyalty and affective commitment via WOM. Second, this study builds on Garnefeld et al.’s (2011) work by examining the influence of tie strength between the WOM participants on the WOM sender. Consideration of this moderator is important as it enhances the understanding of the WOM behaviour from the sender’s perspective, as the extant literature considers the influence of tie strength only from the WOM recipient’s perspective. Third, this study builds on Brown et al.’s (2005) work, by examining the interaction effect between CS and CC. It is expected that the interaction between CS and CC will further elucidate our understanding of the CS-WOM relationship. Potential findings of this study will also have implications for services firms. For instance, it is expected that the findings of this study will allow services managers to understand the WOM journey of their existing customers and get insights as to why some satisfied customers do not act as advocates for their services provider. The potential findings may also help services managers to understand the need to reduce the level of CC in a customer as higher levels of CC can potentially diminish the positive effects of CS. Moreover, services managers can recognise the benefits that may accrue to a firm as a consequence of their existing customers acting as advocates for their services provider.

5.0: Limitations and Agenda for Future Research

Finally, this study has several limitations: (a) this study does not examine negative word of mouth; (b) does not examine the influence of WOM volunteered or WOM sought on the sender; (c) this research does not consider the impact of WOM recipient’s reaction to the recommendation given on the WOM sender and finally (d) this study takes into account only a single recommendation of the services provider by the WOM sender, when there can be multiple recommendations. All of these could be addressed in further research. An interesting area of further research can be the potential interaction between offline and online WOM.
References


