How word of mouth behaviour changes across different types of services

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Abstract

Over the past six decades word of mouth (WOM) has been recognised as an important force in the marketplace. However, gaps in our knowledge remain. One of the gaps concerns the relationship between customer satisfaction and WOM, with three competing relationships being supported by past research: a negativity bias, a positivity bias and a symmetric relationship. This paper develops a conceptual model of how the satisfaction – WOM relationship varies depending on the type of service encounter. Results from an experimental study support the conceptual model, indicating that certain services exhibit a positivity bias, while other services result in a negativity bias, thus reconciling past conflicting findings. Results are explained using the self-serving bias and consumers' desire for impression management.

Keywords: word of mouth, customer satisfaction, service encounter, affect, distance, duration

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Introduction

"Satisfied customers talk to five others, while dissatisfied customers talk to 15 others." This is a much propagated piece of marketing folklore. But is it true? WOM is informal communication between consumers about a product or a service (Anderson 1998; Dichter 1966; Westbrook 1987) that can occur between two or more consumers (Ryu and Han 2009). WOM has been investigated for more than 60 years (Bauer and Gleicher 1953; Trusov, Bucklin, and Pauwels 2009) and interest from academics and practitioners in WOM continues to increase. Despite this strong interest, important research gaps in this area remain.

Literature Review

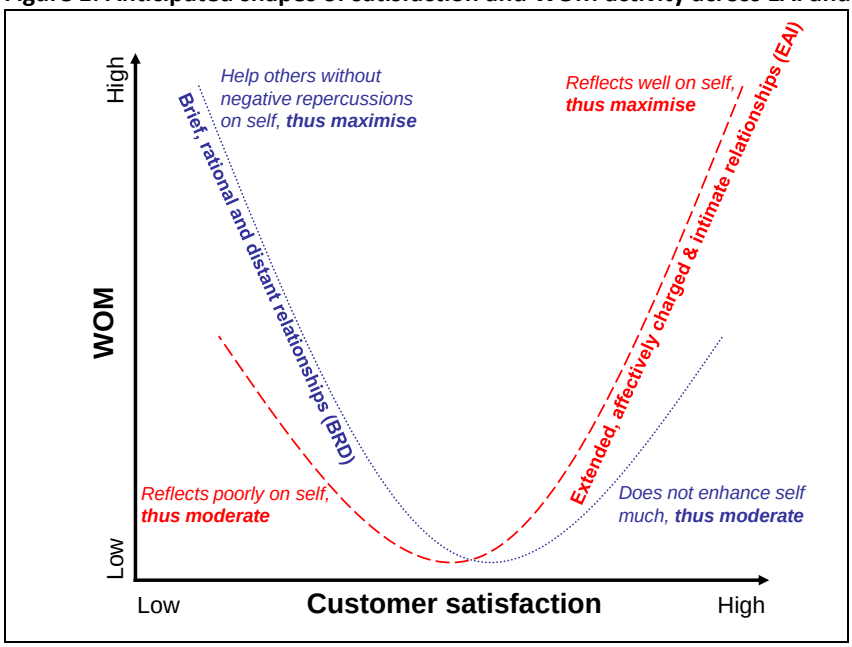
Customer satisfaction has emerged as a key antecedent of WOM (Anderson 1998; Babin et al. 2005; File and Prince 1992; de Matos and Rossi 2008). However, the relationship between customer satisfaction and the amount of WOM is unclear. Research supports three competing relationships: A **positivity bias**, where positive experiences result in greater WOM than negative experiences (Cermak, File, and Prince 1991; Holmes and Lett 1977; Swan and Oliver 1989; Wirtz and Chew 2002); a **negativity bias**, where negative experiences result in greater WOM than positive experiences (Anderson 1998; Harmon and McKenna-Harmon 1994; Silverman 1997; TARP 1981); and lastly a **symmetric relationship**, where both positive and negative experiences result in similar amounts of WOM (Anderson 1998; Bowman and Narayandas 2001; Christophe and Rime 1997; Derbaix and Vanhamme 2003; Engel, Kegerreis, and Blackwell 1969; Soderlund 1998; Wirtz and Chew 2002). Importantly, the shape of the relationship between customer satisfaction and WOM activity has largely been left unexplored, with only a few authors explicitly considering this issue (Hart, Heskett, and Sasser 1990; Soderlund 1998). The present study will address this research opportunity.

To resolve these inconsistencies, a **taxonomy of service encounters** will be used to delineate two extreme types of service encounters (Price, Arnould, and Tierney 1995). The taxonomy is based on three variables: the duration of a service encounter; the level of affect (emotional arousal) during the service encounter; and the spatial proximity between staff and the customer during the service encounter. The two extreme encounters can be described as **EAI** (i.e. enduring, affectively charged and intimate distance) and **BRD** (i.e. brief, rational and public distance) (Price, Arnould, and Tierney 1995).

Hypotheses

The present study hypothesises that the shape of satisfaction – WOM relationship (positivity bias, negativity bias or symmetric) depends on the type of service encounter (i.e. EAI or BRD) as shown in Figure 1.

Figure 1: Anticipated shapes of satisfaction and WOM activity across EAI and BRD service encounters



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Satisfactory BRD (brief, rational and public distance) encounters are expected to result in moderate amounts of WOM due to the tenuous connection between the consumer and the service. In contrast, dissatisfactory BRD encounters are hypothesised to result in greater amounts of WOM due to the lack of damage to the customer's ego, while still helping other consumers to avoid the service. In contrast, in EAI (i.e. enduring, affectively charged and intimate distance) encounters the opposite effects are anticipated. Satisfactory encounters are hypothesised to result in greater WOM due to a stronger psychological connection between the consumer and the service. For the very same reason, dissatisfactory encounters are hypothesised to result in lesser WOM. This leads to the following hypotheses:

General effects (*within* encounters)

- H1: Customers who have a brief, rational and distant (BRD) service encounter will engage in *less* WOM when satisfied, compared to when they are dissatisfied.
- H2: Customers who have an extended, affectively charged, and intimate (EAI) service encounter will engage in *more* WOM when satisfied, compared to when they are dissatisfied.

Detailed effects (*across* encounters)

Customers who have an extended, affectively charged, and intimate (EAI) service encounter…

- H3: …and are satisfied will engage in *more* WOM, when compared to customers who have a satisfactory brief, rational and distant (BRD) service encounter
- H4: …and are dissatisfied will engage in *less* WOM, when compared to customers who have a dissatisfactory brief, rational and distant (BRD) service encounter

Method

This study uses two independent variables: type of service (EAI versus BRD) and level of satisfaction (high, moderate, low), resulting in a 2 x 3 fully factorial design.

Data was collected from undergraduate students at a large New Zealand university. A pilot study (N = 35) and a pre-test (N= 123) had confirmed the relevancy of dry cleaning (BRD)

and tattooing (EAI) to students. Furthermore, research has shown that the relationship between satisfaction and WOM is the same regardless of whether student or non-student samples are used (de Matos and Rossi 2008).

In the main study, respondents read one of six scenarios and then completed a questionnaire, resulting in N = 281.

Measurement

The type of service (EAI versus BRD) consisted of three dimensions (Price, Arnould, and Tierney 1995): emotional arousal (high versus low), spatial proximity (intimate versus distant) and the duration of the encounter (enduring versus brief). Emotional arousal was measured using an accepted five-item, bipolar scale (Mehrabian 1974), while both physical distance and the duration of the encounter were measured using dichotomous measures. Lastly, customer satisfaction was measured using a single item 11-point scale which has outperformed a number of other satisfaction scales in comparative tests (Wirtz and Lee 2003). The scale ranged from "Not at all satisfied" (0) to "Completely satisfied" (10) (Westbrook and Oliver 1981).

The dependent variable in this study is WOM. The WOM measure used in this study was a modified version of an established WOM measure (Harrison-Walker 2001) and consisted of nine items that captured WOM activity as well as WOM valence. Responses were captured on an 11 point scale (0 to 10) similar anchored with two commonly used labels – "Not at all likely" and "Extremely likely" (Reichheld 2003). Previous research has shown that this WOM measure has high levels of reliability and validity (Lang 2009).

Results

Firstly, manipulation checks for satisfaction and type of service were run. Results showed that tattooing was judged to be enduring (χ^2 (1, 279) = 201.301, p = .000), intimate (χ^2 (1, 279) = 120.206, p = .000) and affectively charged (t (279) = -17.78, p = .000), whereas dry cleaning was perceived as brief, rational and distant. In short, the first manipulation – type of service – was successful. A one-way ANOVA revealed that the satisfaction manipulation was also successful, F (2, 278) = 918.764, p = .000, with the low, moderate and high satisfaction manipulations generating significantly (p = .000) different means (1.22, 6.92 and 9.48 respectively).

To isolate the impact of EAI and BRD services and levels of satisfaction on WOM activity and WOM valence, a fully factorial (2 x 3) Multiple Analysis of Variance (MANOVA) was conducted.

Hypotheses 1 and 2 compare WOM activity 'within each service' at different levels of satisfaction. Hypothesis 1 states that consumers who had experienced a dissatisfactory BRD service encounter would be more likely to engage in WOM compared to those who had experienced a highly satisfying BRD encounter. An ANOVA for BRD service encounters showed highly significant differences in WOM activity across the three satisfaction levels, F (2, 143) = 32.2, p = .000, η_p^2 = 0.32. As predicted, highly dissatisfied respondents were significantly more likely to engage in WOM (M = 6.15) than highly satisfied respondents (M = 4.84, p = .009), thus **supporting hypothesis 1 and the negativity bias for BRD encounters.**

Hypothesis 2 posits that consumers who had experienced a satisfactory EAI service encounter would be more likely to engage in WOM compared to those who had experienced a highly dissatisfying EAI encounter. An ANOVA for EAI services indicated clear differences in WOM activity between respondents at the three levels of satisfaction, F (2, 138) = 7.17, p = .001, η_p^2 = 0.1. As expected, highly satisfied respondents were significantly more likely to engage in WOM (M = 6.48) compared to highly dissatisfied respondents (M = 5.17, p = .013). These findings **support hypothesis 2 and the positivity bias for EAI encounters, thus reconciling past conflicting research findings.**

Table 1: Hypotheses 1 and 2: WOM activity within services across levels of satisfaction

	H1: BRD encounter *Level of satisfaction*		**H2: EAI encounter** *Level of satisfaction*	
Measures	High	Low	High	Low
Means	4.84*** <	6.15	6.48** >	5.17
Standard deviations	1.99	2.23	1.33	2.49
n	48	48	44	47

Note: *** = p < .01, ** = p < .05

Hypotheses 3 and 4 compare EAI and BRD encounters at comparable levels of satisfaction, that is they provide a 'between service comparison'. ANOVAs for each level of satisfaction were conducted. Results support Hypothesis 3; the highly satisfying EAI encounter (M = 6.48) resulted in greater WOM activity than the highly satisfying BRD encounter (M = 4.84), F (1, 92) = 21.3, p = .000, η_p^2 = 0.19. Similarly, the highly dissatisfying EAI encounter resulted in less WOM activity (M = 5.17) compared to the highly dissatisfying BRD encounter (M = 6.15), F (1, 95) = 4.11, p = .045, η_p^2 = 0.04, thus supporting hypothesis 4. Importantly, involvement was also measured in this study but the services did not differ in their involvement levels, thus showing that the type of service, rather than differing involvement levels causing the differences in WOM.

Table 2: Hypotheses 3 and 4: WOM activity within levels of satisfaction across services

	H3: Highly satisfied *Type of encounter*		**H4: Highly dissatisfied** *Type of encounter*	
Measures	BRD	EAI	BRD	EAI
Means	4.84*** <	6.48	6.15** >	5.17
Standard deviations	1.99	1.33	2.23	2.48
n	48	44	48	47

Note: *** = p < .01, ** = p < .05

Discussion

The results outlined above were as hypothesised and can be explained through the **self-serving bias (SSB)** (Reifenberg 1986; Rosenfeld 1990; Sedikides et al. 1998; Urban and Witt 1990). The SSB describes consumers' tendency to take credit for personal success and blame external factors for personal failure.

In the case of a negative outcome, research has confirmed that self-threat is one of the key drivers of the SSB (Campbell and Sedikides 1999). In other words, the greater the self-threat, the greater the self-serving bias. In the context of this study, self-threat is likely to occur in the case of a dissatisfying service encounter. The greater duration, closer distance and higher

level of emotional arousal during the EAI encounter present a greater self threat than a BRD encounter. Therefore consumers are less likely to engage in WOM activity about a dissatisfying EAI encounter, than a dissatisfying BRD encounter where the lesser self-threat does not restrict their WOM activity. This explains the negativity bias for BRD encounters. This contention is further supported by research which has shown that external blame attributions for a product failure are likely to result in extensive negative WOM, whereas internal blame attributions are likely to result in less negative WOM (Westbrook 1987). In short, when highly dissatisfied, BRD encounters are likely to result in more WOM compared to EAI encounters.

Conversely, in the case of a positive outcome, past research has shown that consumers show a desire to enhance their self-esteem (Rosenfeld 1990; Campbell and Sedikides 1999) and how others view them, also called impression management or self-presentation needs (Arkin, Appelman, and Burger 1980; Bradley 1978). That is, when given the chance, consumers will maximise their ability to improve their self esteem and self-presentation (Schlenker 1975; Forsyth 1980). Highly positive service experiences provide an opportunity for consumers to pursue both: enhancement of self-esteem and self-presentation. Due to the close physical proximity, the long duration and the high emotional arousal, a highly satisfactory EAI encounter provides greater potential to fulfil both of these goals, thereby resulting in greater WOM than a highly satisfactory BRD encounter. Thus, a highly satisfactory EAI encounter is likely to result in greater WOM compared to a highly satisfactory BRD encounter.

Conclusion

This study has reconciled conflicting research findings about the shape of the satisfaction - WOM relationship (i.e. positivity, negativity or symmetric relationship). This study has also put to rest the widely-held misbelief that highly dissatisfied customers engage in greater WOM than highly satisfied customers. Instead, this study suggests a more subtle relationship: In some categories (e.g. EAI services) highly satisfied customers will engage in greater WOM than highly dissatisfied customers, while in other categories (e.g. BRD services) highly dissatisfied customers are likely to engage in greater WOM compared to highly satisfied customers.

This study highlights that consumers' desire to engage in WOM may often not be as "selfless" (e.g. helping other consumers) as it appears. Instead, this study suggests that consumers often engage in WOM to benefit themselves, rather than others, particularly in the case of a dissatisfactory BRD encounter: "With a ready scapegoat to look down upon, one never feels quite so inferior, never quite so guilty for one's own misdeeds" (Knapp 1944, p. 33).

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