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The Interplay between Relationship Quality, Perceived Relationship Benefit and Word of Mouth Engagement: A Hierarchical Component Model Perspective

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Abstract

Although there is a considerable literature on word of mouth within the online brand community context, limited empirical work has examined the topic from the relationship marketing theoretical lens. The main purpose of this study is to conceptualize the relationships among perceived relationship benefit, relationship quality and word of mouth engagement in the hospitality brand online community context. This study proposes all of the three constructs are modeled as higher-order constructs that are reflected by a multitude first-order factor. Grounded on cognitive-affective-conative theory, this study intends to examine the mediating role of relationship quality on the effect between perceived relationship benefit and word of mouth engagement. This study conjectures the development of relationship quality is critical towards bridging perceived relationship benefit and word of mouth engagement. A quantitative research approach is proposed as the most suitable research paradigm to answer the research questions and hypotheses. Theoretically, this study intends to extend the application of the hierarchical component model in examining the member-brand relationship in an online brand community context. All latent constructs employed in the study are conceptualized as the higher-order component model. From a managerial standpoint, the findings may provide hospitality brand marketers with deeper insight into developing a relationship marketing strategy within the online brand community landscape.

Keywords: Online Brand Community, Perceived Relationship Benefit, Relationship Quality, Word Of Mouth Engagement, Hierarchical Component Model
Introduction

With the progression of Industry Internet of Things or known as industry 4.0, brand marketers are transitioning from traditional to digital marketing media to engage with consumers. This is consistent with the latest fourth industrial revolution that emphasizes Internet applications to advance business practices, strategies, and performance (Gilchrist, 2016). One of the significant digital marketing innovations is the use of social media as a platform to create an online brand community towards shaping consumers’ brand conversations. Such marketing practice is often referred to as word of mouth marketing (Kozinets, Valck, Wojnicki & Wilner, 2010). Substantial empirical evidence seems to suggest that word of mouth has a significant impact on business revenue (Amblee & Bui, 2011), profits (Kumar, Petersen & Leone, 2010) and consumer lifetime value (Schmit, Skiera & Bulte, 2011). Moreover, Hussain, Ahmed, Jafar, Rabnawaz, Akhtar and Jianzhou (2016) argue that word of mouth is far more influential than traditional marketing instruments in affecting various consumers’ behaviors. As such, with the fading efficacy of traditional marketing media, brand marketers are allocating more marketing resources towards cultivating consumers’ word of mouth especially via social media (Hudson, Huang, Roth & Madden, 2015).

However, in spite of the increasing investment on word of mouth marketing, several global surveys indicated that consumers’ engagement related to brand contents were rather poor in prominent social media such as Facebook (e.g. Nelson-Field & Taylor, 2012; Eyl, 2013; Rayson, 2017). In Malaysia, although there are no official statistic reports, latest marketing report by Socialbakers (2018a) indicated that online word of mouth activities such as sharing and ‘liking’ brand contents have fallen by 21.9 percent across Top 20 brand Facebook pages in the country. One of the possible explanations is the lack of understanding of relevant factors that stimulate word of mouth engagement. Existing word of mouth literature shows that limited attention has addressed the subject as a criterion construct within the context of the marketer-created online brand community in Southeast Asian countries. A study conducted by Chan and Ngai (2011) found that most of the previous studies have focused on the effect of word of mouth on purchase decision and sales performance. In a similar vein, King, Racherla, and Bush (2014) highlighted that although a plethora of studies has advanced current knowledge in the area, much is still unknown about the factors that motivate members’ word of mouth engagement in the online brand community. Further, they implied that brand marketers are still struggling to grasp which factors are crucial in shaping word of mouth engagement.

The relationship-marketing concept may offer better insight on factors influencing members’ word of mouth engagement. This is due to the fact that the nature of the online brand community is mainly centered on the member-brand relationship (Barreda, Bilgihan and Kageyama, 2015; Kucukemiroglu & Kara, 2015). Although Leung and Baloglu (2015) have encouraged the application of relationship marketing concept into such study, little is known about the effect of member-brand relationship mechanism on word of mouth engagement in marketer created online brand community. Particularly the notion of whether member-brand relationship quality plays a significant role in mediating the link between perceived relationship benefit and word of mouth engagement remains elusive. Moreover, existing studies have focused more on online word of mouth, thus, neglecting the offline word of mouth as an equally significant word of mouth behavior (Keller & Fay,
2016; Buttle & Groeger, 2017). Considering the significant research gap, this study attempt to conceptualize the interrelationships among perceived relationship benefit, relationship quality and word of mouth engagement.

Literature Review

Word of Mouth Engagement

Despite online and offline word of mouth are both acknowledged as important criterion constructs, very little studies have examined both in a single study simultaneously. Among the few studies, Lovett, Peres, and Shachar (2013) examined the determinants of an online and offline word of mouth for 600 popular brands in the US. They found that emotional drivers are the significant predictor for offline word of mouth, whereas functional and social factors are significant predictors for online word of mouth. Groeger and Buttle (2014) conducted a case study to examine the disparity between the offline and online word of mouth marketing. They revealed that online and offline social networks are interconnected in which individuals discussed brands both in Facebook and face-to-face meeting. Considering the emergence of studies that include both offline and online word of mouth, a common definition, and conceptualization that integrates research from both fields is urgently warranted. Perhaps by modeling word of mouth engagement as a higher-order construct manifested by online and offline word of mouth would provide to a more meaningful conceptualization of word of mouth engagement. This is in accordance with the rising call for more empirical research on online and offline word of mouth as an equally important outcome behavior (Keller & Fay, 2016; Buttle & Groeger, 2017).

In this study, word of mouth engagement is best described as individuals’ voluntary act of propagating positive brand communications through their multitude online (Hennig-Thurau, Gwinner, Walsh & Gremler, 2004) and offline social networks (Goldenberg, Libai & Muller, 2001) as a result of Internet-based marketing practices. The dual dimensionality concept of word of mouth engagement is well supported by the literature that specifies the unique characteristics of each of the word of mouth engagement component (Cheung & Thadani, 2010; King et al., 2014). For example, Cheung and Thadani (2010) indicate that the diffusion of online word of mouth process appears to be exceptional larger, broader and faster than offline word of mouth. This is because online word of mouth involves multi-way exchanges of communications between large and geographical disburse of individuals. Usually, this is based on text, audio, a video that is easily accessible, quantifiable and archive for future reference. King et al. (2014) further explain that as compared to online word of mouth, offline word of mouth usually occurs in the real physical world where individuals are in close proximity and the conversations are more private. In spite of the differences between the online and offline word of mouth, significant similarities do exist. This is because online word of mouth is considered as the extension of offline word of mouth into the Internet realm (Cheung, Lee & Rabjohn, 2008).

Perceived Relationship Benefit

Based on the work of Hennig-Thurau, Gwinner and Gremler (2002), perceived relationship benefit refers to individuals’ belief of the gains they received in the online brand community is beyond the core offering provided by hospitality brand marketers in the physical world. Previous studies have
identified several perceived benefits of establishing a relationship with brands in the online brand community. For example, in the US, Jahn and Kunz (2012) found that members are motivated to participate in the brand Facebook pages due to content-oriented, relationship-oriented and self-oriented, while Park and Kim (2014) discovered that members are driven to form relationship with the brands in online brand community because of functional benefits (monetary and information) and experiential benefits (emotions and social). Likewise, in Europe, Muntinga, Moorman, and Smit (2011) revealed that members are motivated to participate in the online brand community because of information, personal identity, social interaction, entertainment, empowerment, and remuneration. Specific to hospitality online brand community (restaurant brand Facebook page), Kang, Tang and Fiore (2015) proposed four types of member-brand relationship benefits influencing members’ active participation, namely hedonic, social-psychological, functional and monetary. Based on the findings, it is rational to conceptualize perceived relationship benefit as a higher-order construct comprised of five first-order dimensions: information, social interaction, entertainment, economic and psychological empowerment. Thus, it is hypothesized that:

\[ H_3: \text{Perceived relationship benefit has a positive and significant influence on relationship quality} \]

**Relationship Quality**

Relationship quality is considered one of the key constituents of the relationship marketing concept (Ulaga & Eggert, 2006). In branding literature, relationship quality is described as previous studies often conceptualize relationship quality as a multidimensional higher-order construct. For example, Fletcher, Simpson, and Thomas (2000) stated that relationship quality is the best model as a multidimensional higher-order construct rather than a unidimensional construct. Specifically, based on confirmatory factor analysis, they revealed that six first-order dimensions of satisfaction, commitment, intimacy, trust, passion, and love satisfactory reflect the overall second-order relationship quality construct. In a similar study, Grégoire and Fisher (2006) theorize relationship quality as a second-order construct that is mirrored by first-order factors of commitment, satisfaction, trust, and identification. Here, relationship quality is applied to signify the psychological attachment between service providers and their customers. In an online environment, Liang, Ho, Li, and Turban (2011) defined relationship quality as a multidimensional second-order construct that constitutes trust, commitment, and satisfaction. In a more recent study, employed relationship quality in hotel brand loyalty context. They found strong support that relationship quality is the best model as a higher-order construct that is reflected by satisfaction, commitment, and trust. Thus, based on the discussions, this study conceptualizes relationship quality as a higher-order construct composed of the first-order construct of satisfaction, commitment, and trust.

Different from the previous studies, this study focuses on the affective component of the relationship quality. Fournier (1998) asserts that effective and socio-emotive connection is one of the important aspects in the evaluation of the depth and strength of the consumer-brand relationship. It differs from the cognitive component as it involves the feeling or emotional aspect of an individual (Lavidge & Steiner, 1961). According to Erevelles (1998), most of the theoretical approaches in relationship marketing study has relatively neglected the concept of affection through some of the key relationship quality construct such as relationship satisfaction include major affective
components. The inclusion of the effective component is significant as it could provide a richer understanding of the experiential aspects of an individual’s decision-making, which may serve as the main predictor of his/her behavior. With this in mind, relationship quality is represented by the effective components of relationship satisfaction, relationship trust, and relationship commitment. Thus, it is hypothesized that:

\[ H_2: \text{Relationship quality has a positive and significant influence on word of mouth engagement} \]

Cognitive-Affective-Conative Theory

Hierarchy of effect model by Lavidge and Steiner (1961) is deemed as the most appropriate theory to explain the interrelationship among the selected constructs. The theory assumes individuals will process information through a sequence of mental stages that incorporates cognitive, affective and conative components. Previous scholars have used the cognition-affection-conation model in their quest to understand consumers’ behaviors. For example, Van Reijmersdal, Jansz, Peters and Van Noort (2010) applied the model to understand the influences of interactive brand placements in virtual games on cognitive, affective and conative reactions. They found that interaction with a brand in an online environment effects information processing (cognition), attitude creation (affection), and behavioral intention (conation). Although their research design has included all of the components of the hierarchy of effect, they proposed that future research should focus on examining actual behavior rather than behavioral intention as the conative response. In more recent study, Ahn and Back (2017) discover significant effect of emotional exchange between customer and resort brands on behavioral intention toward the resort brands, while Kim, Kim, and Wachter (2013) provide empirical support for a significant path from hedonic motivation and satisfaction (affective factors) to mobile engagement intention (conative factor). In this study, perceived relationship benefit, relationship quality and word of mouth engagement represent the cognitive, affective and conative component, respectively.

Perceived Relationship Benefit, Relationship Quality, and Word of Mouth Engagement

Several previous studies have postulated the connection between relationship benefit, word of mouth behavior and relationship quality. Among the earliest study, Hennig-Thurau et al. (2002) suggested that relational benefits have a significant influence on relationship quality, which in turn influence word of mouth and customer loyalty. In their research model, relational benefits are conceptualized into first-order factors of confidence benefits, social benefits, and special treatment benefits, while relationship quality is abstracted into two first-order factors of satisfaction and commitment. They found that both satisfaction and commitment play a significant part in mediating the connection between the relational benefits and word of mouth behavior. Likewise, Kim and Han (2008) investigated the interrelationships among perceived value, perceived quality, relationship quality and intention to be loyal in a restaurant landscape. The relationship quality construct is represented by customer satisfaction and trust and modeled as mediator. Based on Baron and Kenny’s (1986) approach, they found that relationship quality served as a partial mediator in bridging perceived value and loyalty intention. In the buyer-supplier context, Ulaga and Eggert (2006) proposed that the relationship value that constitutes relationship benefit acts as an important determinant to relationship marketing outcomes. They discovered that relationship value has a
significant direct effect on business expansion intention. Also, they found relationship quality functioned as a significant mediator linking relationship value with the intention to leave the business.

With reference to the online environment, Liang et al. (2011) examined the relationships among website quality, social support, relationship quality, social commerce intention, and continuance intention. Different from the earlier studies, they conceptualized relationship quality as a higher-order factor comprised of trust, satisfaction, and commitment. Based on Partial Least Square-Structural Equation Modeling analysis, they revealed that relationship quality acts as a significant partial mediator in augmenting behavioral intention of using and conducting social commerce. Most importantly they support the notion of a hierarchical component model of relationship quality. In a similar vein, grounded on the work by Morgan and Hunt (1994) and Keating, Alpert, Kriz and Quazi (2011) abstracted relationship quality as a higher-order construct consist of commitment and trust as first-order constructs. They found relationship quality plays a significant partial mediation effect on the link between service quality and customer loyalty in online banking setting. While growing bodies of knowledge support the notion of relationship quality as a higher-order construct, a limited study has conceptualized the first-order factors from affective component perspective. Moreover, little study has investigated the relationships among perceived relationship benefit, relationship quality and word of mouth engagement from a hierarchical model component standpoint.

Based on the discussions, it is reasonable to suggest that relationship quality serves as a key mediator in enhancing the effect of perceived relationship benefit on word of mouth engagement. In other words, individuals who perceived their relationship are beneficial are more likely to spread positive word of mouth in the situation where they have a greater level of relationship quality. This assumption is further supported by the cognitive-affective-conative theory that assumes individuals will act or intent to behave based on their belief and attitude towards a particular brand. Several studies have applied the theory to examine consumer behaviors in online brand community centered on social networking sites. For example, Hutter, Hautz, Dennhardt, and Fuller (2013) used cognitive-affective-conative theory to investigate the influence of members’ engagement on brand awareness, word of mouth, and purchase intention in a car manufacturer brand Facebook page. They argued that members of the brand pages possess high-involvement decision-making traits where they go through a process of “think”, “feel”, and “act”. They further suggested that the theory is feasible to be applied in other brand Facebook pages, which can contribute to a new understanding of consumer behaviors. Thus, it is hypothesized that:

\[ H_3: \text{Relationship quality mediates the effect between perceived relationship benefit and word of mouth engagement} \]

Figure 1 illustrates the conceptual research model that shows the proposed path among the selected higher-order constructs.
Figure 1: Conceptual Research Model

Note: INFO = Information, SI = Social Interaction, ENT = Entertainment, ECO = economic, PE = Psychological empowerment, PRB = Perceived relationship benefit, RQ = Relationship quality, RS = relationship satisfaction, RC = relationship commitment, RT = Relationship trust, WOME = word of mouth engagement, ON = Online word of mouth, OFF = Offline word of mouth

**Methodology**

This study will be conducted against the background of online brand community created by hospitality brands in Facebook page. The selection is made considering the immense popularity of Facebook with more than 2.2 billion active users worldwide (Statista, 2018a). In Malaysia alone, there are more than 11.9 million users (one-third of the total population) in 2017, with the number is expected to increase to more than 15 million users in 2022 (Statista, 2018b). Data will be collected from various online brand community pages on Facebook through an online survey platform. To minimize sampling bias, this study will employ a multistage stratified cluster sampling procedure to ensure that each member of the hospitality online brand community has an equal chance of being selected. This approach is suitable for this study as it chosen to conduct probability sampling but has difficulty to obtain a sampling frame, a list of elements in the accessible population (Dane, 2010). Structural Equation Modeling will be used to examine the associations among constructs. It is a more advanced statistical analysis instrument that is suitable for a study that involves prediction, theory integration and complex structural model (Hair, Hult, Ringle & Sarstedt, 2017). As for mediation analysis, this study will apply a two-step mediation effect analysis in lieu of the commonly used Baron and Kenny’s (1986) approach. The is in accordance to the increasing argument on the limitations of Kenny and Baron’s approach in testing for mediating effects in a PLS-SEM (Zhao et al., 2010; Hayes, 2017; Nitzl et al., 2016; Hair et al., 2017). Thus, the two-step mediation effect analysis is viewed as a more robust approach to examining complex SEM (Nitzl et al., 2016).
Implications and Conclusions

This study may provide valuable insights for theoretical, methodological and practical advancement within the field of word of mouth, consumer-brand relationship and relationship marketing. From theoretical standpoints, first, this study may deepen the word of mouth body of knowledge by abstracting word of mouth engagement as a higher-order criterion construct consists of online and offline word of mouth. This is in line with recent calls for more research to examine offline word of mouth as an important construct (Groeger & Buttle, 2014; Keller & Fay, 2016; Buttle & Groeger, 2017) especially in the hospitality industry (Jalilvand, 2017). For example, Keller and Fay (2012) reveal that the majority of brand conversations still occurs in the offline rather than online environments such as through face-to-face or telephone communications. In a similar vein, Buttle and Groeger (2017) state that two-thirds of total word of mouth affecting business performance still originates from consumers’ offline word of mouth. This is because offline word of mouth, especially from close social circles, is regarded as more trustworthy for making a purchase decision (Duffy, 2015). Thus, by examining word of mouth engagement as a higher-order criterion constructs, may help to broaden current knowledge on the underlying mechanism of word of mouth engagement formation.

Secondly, there is a mutual consensus among scholars on the notion that online brand community facilitates the formation of relationship exchange between consumer and brand (e.g. Barreda et al., 2015; Kucukemiroglu & Kara, 2015). However, limited empirical studies have been done to investigate the effect of consumer-brand relationship mechanism on word of mouth engagement in the online brand community. This prompt Leung and Baloglu (2015) to call for more empirical studies explaining word of mouth engagement from the perspective of relationship marketing theory. Responding to this call, this study proposes perceived relationship benefit and relationship quality as possible predictors and mediators of word of mouth engagement. Both constructs are proposed as higher-order multidimensional constructs that reflect the significant elements of successful social relationship exchanges in an online brand community. Thus, this study may offer further explanation on how consumer-brand relationship mechanism influence word of mouth engagement from the relationship marketing theoretical lens.

From a managerial standpoint, this study offers valuable guidelines for hospitality brand marketers who utilize online brand community to propagate word of mouth engagement. The findings of this study could pinpoint significant relationship factors that are critical for positive relationship experiences in the online brand community. By having such knowledge, hospitality brands could effectively distribute their limited resources on enhancing relevance relationship factors. Furthermore, the findings of the study are important towards developing effective relationship-marketing strategies to stimulate positive word of mouth engagement. Specific relationship marketing approach could be crafted on how to establish and maintain a successful relationship in the online brand community. For the Facebook administration, the findings of this study may help to further improve the brand page technical features in term of facilitating better consumer-brand relationship in the virtual environment. This is increasingly important as more and more businesses utilize social networking sites as a platform to interact and build relationships with their current and potential consumers (Jahn & Kunz, 2012).
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