# STIMULATING WORD-OF-MOUTH COMMUNICATION THROUGH CUSTOMER-EMPLOYEE RELATIONSHIP: AN EMPIRICAL EVIDENCE FROM A SERVICE MARKETPLACE

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***Key words:*** *Customer-employee relationship, Positive word-of-mouth communication*

## Introduction

The concept of the word-of-mouth communication (WOMC) dates back to the beginnings of human communications (Silverman (2001). WOMC has become a significant part of many major marketing communication campaigns over the past years due to the power inherent in such a social phenomenon. Hence, the WOMC is an important marketplace phenomenon too, by which consumers receive information relating to organizations and their offerings (Laczniak, DeCarlo, and Ramaswami, 2001).

In 1955, Katz and Lazarsfeld found WOMC more effective than the other modes of communications (Harrison-Walker 2001, Ennew, Banerjee and Li, 2000), and one of the first empirical studies of WOMC influence in marketing was conducted by Arndt (1967) (as cited in Charlett, Garland and Marr, 1995). According to this view WOMC is a dynamic social process with four key characteristics that distinguish it from other forms of marketing communication: non-marketing source, face to face exchange, free exchange of information and two-way flow.

Further, Silverman (2001) said WOMC is the most powerful force in the market place and it's thousands of times as powerful as conventional marketing but it's also the most neglected, while Murray (1991) said WOMC has been found to be especially effective in decision making regarding services and there are many businesses that have used WOMC as their primary, sometimes only, way to grow their business.

This is thought to be particularly true for services where a high amount of customer-employee interaction is required. 'Gummesson (1994) noted that, the little weight has been given to the relationships studies in the marketing literature while Czepiel (1990) argued that relational concepts are especially relevant to the marketing services because of their intangible nature' (as cited in Gremler and Gwinner 2000).

A number of studies have provided estimates of the incidence of positive and negative WOMC (Charlett, Garland and Marr 1995). However, very few researches have examined the motivators for the likelihood of generating positive word-of-mouth communication (PWOMC) among customers.

Although the marketing literatures suggest that personal relationships can be important to service firms and the bonding between employee and customers has been successful in spreading PWOMC (Gremler, Gwinner and Brown, 2001), little specificity has been provided as to which relational aspects should receive attention and the opportunity for employee-customer relational bond to influence customer PWOM behaviour has been ignored. Therefore, the concept of *Customer-Employee relationship (CER)*has to be further studied.This study leads to investigate how significant the identified indicators of customer-employee relationship in

influencing PWOMC among customers in the context of services. The following objectives are set out to achieve through this research.

- To evaluate the construct of customer-employee relationship concerning the customers' likelihood of generating positive word-of-mouth in the service marketplace.
- To find out more significant indicator(s) of customer-employee relationship that influences customers' likelihood of generating PWOMC.
- To suggest strategies, which propose opportunities for businesspeople to initiate positive word-of-mouth messages and increase its effectiveness.

Gremler and Gwinner (2000) found a strong correlation between customer-employee relationship and positive WOMC in a service context. This empirical study examined two dimensions: enjoyable interaction and personal connection.

While Gremler, Gwinner and Brown (2001) identified the key dimension of customer-employee relationship as interpersonal trust or "confidence in an employee's reliability and integrity" (adapted from Morgan and Hunt, 1994), in an early research Gremler, and Brown (1998) identified five different factors comprising a higher order factor they call interpersonal bonds: familiarity, care, friendship, rapport and trust(as cited in Gremler, and Gwinner 2000).

## Methodology

Research objectives were achieved by collection of primary and secondary data. Primary data gathered to investigate the constructs by sample survey by issuing structured questionnaire to three hundred randomly selected end user customers of male and female working in private and public organisations in Colombo and associating with commercial banks on retail banking.

Secondary Data collected from industry players' web sites, subscribed databases of Sage, Emeraldinsight, Ebsco etc., publications, magazines, textbooks and other articles. The primary data collected using questionnaire administered through drop-off and pick-out method to increase the response rate.

The study type was explanatory, the type of investigation was correlational, the extent of research interference was minimal, the nature was cross-sectional/one shot and the unit of analysis was each individual. The Data were analysed using Statistical Software such as SPSS.

Based on the available literature the employee-customer relationship (Degree of communal interaction between customer and employee) is examined with two major dimensions: enjoyable interaction (measure of feeling of care and friendliness) and personal connection (measure of affiliation with other person). For each dimensions three question items were generated to reflect enjoyable interaction and personal connection. Enjoyable interaction is measured based on the enjoy & comfortable in interacting with employee, harmonious relationship and sense of humour, and personal connection measured based on bond between employee and customer, feeling of friendliness, and personal interest and closeness of relationship.

## Discussion and Conclusion

This study was intended to examine the influence of CER's dimensions to the likelihood of generating PWOM. The construct of CER measured with two dimensions (D1-enjoyable interaction and D2-personal connection) It was found higher correlations between CER and the dimensions (CER and D1- r 0.866 p =0.000 / CER and D2 – r 0.939 p=0.000) which provide support for convergent validity of the two measures. According to the analysis among all indicators friendliness, bond, and closeness showed highest positive correlation with PWOMC. Further, enjoyable and comfortable interaction with employees, harmony, and humour also depicted second highest correlation with the PWOMC.

The findings of this study provide empirical support for the importance of CER to service business in consistent to previous studies carried out elsewhere.

In conclusion, the enjoyable interaction and personal connection in the service encounter increase the consumers' likelihood of generating WOM recommendations. Therefore, customer-employee relationship should be given high consideration and especially personal connection in service organization as it showed higher correlation with CER. Management implication of strengthening these relationships can be offered in the form of better service design, support systems, focusing on employee and customers. Therefore, WOMC should be treated as an integral part of a business strategy, rather than regarding it as an uncontrollable form of marketing.

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