

Word-of-mouth Communication in the Hospitality Industry

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Abstract:

This article presents the results of an exploratory study in the hospitality industry that aimed to develop a new framework for understanding post-purchase word-of-mouth in the relationship context. New insights into word-of-mouth communication were also attempted by applying the concept of post-purchase cognitive dissonance to this framework. The empirical focus of the research was on high-involvement hospitality service processes, because purchase of these services are influenced by word-of-mouth communication and cognitive dissonance. The dual objectives of this study were developing a new framework for studying word-of-mouth communication of loyal customers, and to find out whether post-purchase cognitive dissonance is reflected in the word-of-mouth communication once the relationship with the service provider is established.

[text begins]

"I think that word-of-mouth is a much more reliable marketing process because you're getting the actual experiences of people who have been there rather than reading an advertisement or looking at a wonderful brochure. It is unfiltered and unfettered."

(Family father on vacation in an upscale Florida resort).

"Word-of-mouth referrals tell you the advantages and the disadvantages and the pros and cons and you can evaluate yourself whether you want to enter into the sort of vacation.

Whereas if you're reading something, it's all advantages.

Everything you want to hear is there." (Family mother on vacation in an upscale resort)

"What will I tell my colleagues? We'll probably try and get another family or two to come with us next year. Our close friends and colleagues, we find ourselves talking about our vacation quite a bit in the office." (Family father on vacation in a New York resort).

The value of word-of-mouth referrals has been long been acknowledged by marketers. As shown in the above examples word-of-mouth referrals are perceived as a strong and meaningful source of communication among customers. The hospitality industry is particularly concern with word-of-mouth recommendations, due to the intangible nature of its product, and the fact that it is personal experience that forms the basis of the consumer's assessment of the service. Researchers believe the value of work-of-mouth communication cannot be overstated:

"Word-of-mouth, on which reputations are built, is probably the most powerful form of communication in the business world and it can either hurt a company's reputation or give it a boost on the market. A company's reputation can be only tracked through the words of its customers and other important stakeholders."¹

Word-of-mouth recommedations have become even more important as the hospitality industry attempts to harness the power of long-term customer relationships.² Customer retention

¹ (Duncan and Moriarty 1997, p. 253)

² (Reichheld 1996; Storbacka et al 1995)

and the long-term value of the customer have become essential for the competitive advantage of hospitality firms. According to Reichheld, loyal customers are willing to pay a premium price for products and services.³ In addition to this, loyal customers have an established role as ad hoc marketers for the company, by conveying the service-related personal experience in their social network.

Club Med, for instance, considers its satisfied customers to be their most important marketing tool. Some 65 percent of first-time customers decide to try a Club Med resort primarily on the basis of recommendations from friends and acquaintances. About 25 percent of those new customers become repeat customers, who took an average of four additional Club Med vacations.⁴

In the hospitality context, word-of-mouth is likely to contain information about the satisfying or dissatisfying experiences, price level, expectations, service quality, and recommendations. In addition, the word-of-mouth communication of loyal customers might also include a wide variety of valued experiences with the

³ Reichheld 1996

⁴ (Sasser and Heskett, 1991)

brand.

From the company's perspective, word-of-mouth communication of loyal customers is considered a partnership-like activity. This includes offering strong recommendations, making business referrals, and providing references and publicity, as well as serving on advisory boards.⁵ Even a small increase in loyal customers can result in a substantial increase in profitability.⁶ Reichheld and Sasser, for instance, found that a 5-percent increase in customer retention resulted in a profit increase of 25 percent to 125 percent increase in nine service-industry groups that they studied.⁷

THEORETICAL BACKGROUND

Research into the behavior of loyal customers suggests that there is critical need to pay more attention to their referrals.⁸ Reichheld found that in general, the longer the relationship, the more word-of-mouth referrals loyal customers are able to give.

⁵ (Bowen and Shoemaker 1998)

⁶ (Bowen and Shoemaker 1998)

⁷ Reichheld and Sasser (1990)

These veteran customers tend to paint a more accurate picture of a business's strength and weakness than do advertisements or commissioned salespeople. Customers who show up on the strength of a personal recommendation tend to be of more profitable and stay with the business longer than customers who respond to conquest advertising, sales pitches, or price promotions.⁹

Word-of-mouth has been widely acknowledged as an informal communication source between consumers that has great economic impact.¹⁰ In consumer-marketing research, word-of-mouth referrals have been identified as a primary source of influence in consumer prepurchase decision making, as well as a vehicle for expressing satisfaction or dissatisfaction with a product experience.¹¹ Furthermore, it is found that word-of-mouth referrals possess communication dimensions that are, of essential influence

⁸ (Reichheld 1996, Reichheld and Cook 1994, Storback, Strandvid and Grönroos 1995, Peppers and Rogers 1996, Duncan and Moriarty 1997)

⁹ (Reichheld 1996, p. 48)

¹⁰ (Arndt 1967; Dichter 1966; Murray 1991; Haywood 1984; Gremler 1994)

¹¹ (Tax et al. 1993; Richins, 1987)

for the total marketing communication of the company.¹² They are also perceived as part of the overall brand message of the company.¹³ Thirdly, a new managerial interest is aroused for word-of-mouth communication because of its contribution to both customer acquisition and retention (Tax et al. 1993). Word-of-mouth referrals are seen as a source for new business generation when positive word-of-mouth is communicated between the current customers and new customers.¹⁴ Last, in the case of a negative experience, word-of-mouth communication is seen to have a central role as an important postpurchase complaining option.¹⁵

Dichter quantified the influence of “recommenders” between friends, experts and relatives, to run as high as 80 percent.¹⁶ Recent word-of-mouth research, which highlights the importance of service providers’ understanding the scope and significance of

¹² (Grönroos 1990)

¹³ (Duncan and Moriarty 1997)

¹⁴ (Reichheld 1995; Gummesson 1995; Reichheld and Cook 1990; Rust et al. 1994)

¹⁵ (Tax et al. 1993)

¹⁶ Dichter (1966)

word-of-mouth communication, supports Dichter's finding.¹⁷

In current integrated marketing communications research word-of-mouth is positioned as an unplanned message, however, it is included as part of the overall brand communication of the company. Duncan and Moriarty identified four sources of brand messages – planned, unplanned, service-related, and product-related messages (see Figure 2).¹⁸ In this framework word-of-mouth is perceived as an unplanned, non-commercial communication that preferably confirms the other brand messages. As opposed to the often expensive, planned marketing communication, which for example in the form of advertisements and direct marketing makes a promise to consumers of what a brand or company will do, this unplanned word-of-mouth communication is not manipulated by the marketer. In addition, it possesses a higher credibility than other sources of brand messages.¹⁹

The issue of credibility related to unpaid, informal word-of-

¹⁷ (File et al. 1992, Berry and Parasuraman 1993, Gremler 1994, Rust, Zahorik and Keiningham 1994)

¹⁸ Duncan and Moriarty (1997)

¹⁹ (Duncan and Moriarty 1997)

word-of-mouth communication is familiar to many companies which make heavy investments in marketing communication. Community Playthings, a US based company, discovered that 60% of its customers were repeat customers indicating that they were satisfied with the company. Although this \$25 million manufacturer spent \$600,000 a year on direct marketing, that effort generated only 12% of new business. In comparison, the company measured that another 12% of sales came from referrals.²⁰

Relevance of unplanned messages

The influence of word-of-mouth communication receives attention also in the recently evolving integrated marketing communication research stream.²¹ In this marketing approach, word-of-mouth is assumed to possess a role parallel to, or part of, the more holistic and more planned brand message of the company. Duncan and Moriarty stated that:

"The proverbial word-of-mouth represents the unplanned messages that may either confirm or disconfirm

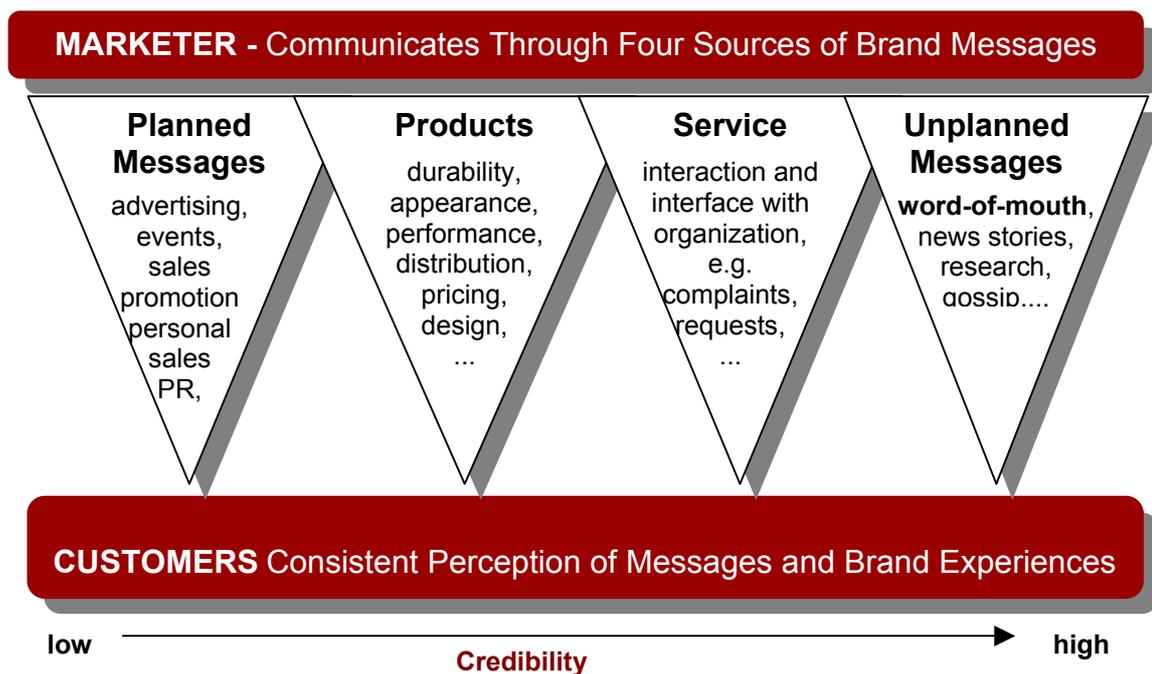
²⁰ (Seybold 1998 in Lindberg-Repo and Grönroos 1999)

²¹ (Duncan and Moriarty 1997)

the planned brand messages."²²

In the integrated marketing communications literature the relation between word-of-mouth as a non-marketing communication source and the company follows Arndt's definition with an explanation:

"These unplanned messages are not under the control of the organization and can create difficult problems in consistency with other marketing communication sources."²³



²² Ibid., p. 86

²³ Ibid.

Figure 2 Sources of brand communication messages. Depicted from Duncan & Moriarty 1997.

In the preceding definitions word-of-mouth referral is perceived as a highly credible, unbiased source of information of an interpretive, subjective and affective nature. Word-of-mouth takes place in interaction between different people, mostly with the ones in the closest social referral group.²⁴ In other words, such interactions are pervasive in themselves with no effort on the marketer's part.

Grönroos argues that consumers are interested in the elements of reality, as they themselves perceive it. Direct experiences of customers with products or services are of a personal nature and tend to be more vivid and graphic, and thus are more available at any moment to our thinking processes.²⁵ Hence, the process nature of the experience, as well the way it is communicated, adds to its memorability in the mind of the consumer.

²⁴ (Sheth and Parvatiyar 1995)

²⁵ (Judd et al. 1994)

Word-of-mouth in service marketing context

The service-management and marketing literature sees word-of-mouth perform as a post-purchase communication channel that conveys the service quality message to potential consumers of a service. In this way it functions as a tangible expression for the experienced service.²⁶ Berry and Parasuraman defined the role of word-of-mouth as a supplement for customers' direct experiences as follows:

In services, both post-sale marketing through orchestrating a satisfying experience for customers during production and word-of-mouth communication (which is surrogate and supplement for customers's direct experiences) have a prominent effect in winning customers' loyalty."²⁷

According to Dick *et al.* post-purchase word-of-mouth communication is critical because it affects how long-term profits will develop.²⁸ Rust *et al.* consider the concept of delight, a positive surprise connected with the service consumption process, to be a

²⁶ (Berry and Parasuraman 1993, Grönroos 1990)

²⁷ Berry and Parasuraman 1993

²⁸ Dick *et al.* (1995)

way of extending customer satisfaction with a service to a higher level.²⁹ Consequently, delight that results in managerially desired outcomes of repurchase and positive word-of-mouth is substantially better than mere satisfaction.

The nature of services makes them natural candidates for word-of-mouth communication for the following reasons:³⁰

1. Services are characterized as intangible and inseparable from production and consumption. As a consequence, would-be customers must place greater reliance on the opinions of others when consumers are investigating possible service providers.
2. Services are information driven and involve considerable interaction between the provider and the customer.³¹ Hence, it will be of increasing interest that the service provider be closely tied into the word-of-mouth process to help identify and deliver services that best suit the needs and expectations of a variety of customers.

²⁹ Rust et al. (1994)

³⁰ (Gremler 1994; Haywood 1989):

³¹ (Haywood 1989)

3. Services are dominated by experience qualities with attributes that can be meaningfully evaluated only after the purchase and during the consumption process, as Berry and Parasuraman suggest:

"In services, both post-sale marketing through orchestrating a satisfying experience for customers during production and word-of-mouth communication (which is surrogate and supplement for customers' direct experiences) have a prominent effect in winning customers' loyalty."³²

The above noted role of word-of-mouth communication as an influential part of post-purchase marketing communication has received some attention in the field of relational market behavior. The role of customers as part-time marketers for the firm's goods and services has long been recognised in marketing literature.³³ Faced with intensified competition, the long-term relationship between the service firm and customers has attained a new focus from the marketing management perspective.

The positive post-purchase communication of current

³² Berry and Parasuraman (1993, p. 7)



customers and ensuing customer retention are of great value for service providers. The marketing budget for acquiring new customers may be reduced, and, moreover, an influential share of the marketing messages are conveyed through the postpurchase communication of current customers. Consequently, this has increased marketing research interest in all dimensions of postpurchase communication behavior of customers.³⁴

Postpurchase behavior offers us valuable behavioral and attitudinal data about the customers. Certain customer actions signal that they are forging bonds with one company over others, and it is of interest to learn how these signals are reflected in the content of word-of-mouth referrals of customers.

Word-of-mouth in the relationship-marketing context

Relationship marketing has emerged as an important new approach by which marketing management can achieve customer retention.³⁵ The relation concept gives quite a different view of the exchange processes on the market compared to the static view, and

³³ For example, see: Gummesson 1995)

³⁴ (Oliver 1997)

³⁵ (Liljander and Strandvik 1995)

it is proposed that perceived relationship quality is a core concept when analyzing service quality. This evolving-relationship perspective provides a new dimension from which to view informal marketing communications; it allows the focus to change from the transactional nature of customer relationships to ongoing relationships with the service provider.

Grönroos gives us the following definition of relationship marketing:

"Marketing from a relational perspective has been defined as the process of identifying and establishing, maintaining, enhancing, and when necessary terminating relationships with customers and other stakeholders, at a profit, so that the objectives of all parties involved are met, where this is done by a mutual giving and fulfilment of promises."³⁶

Gummesson defines relationship marketing as a marketing approach involving interactions, relationships and networks.³⁷

Both definitions represent the relationship marketing perspectives

³⁶ Grönroos (1996, p. 7)

of the Nordic School of service-marketing research, which has been extended into relationship marketing. Marketing in a relational context is seen as a process that should support the creation of perceived value for customers over time.³⁸

Perhaps the key issue in the relationship perspective is to shift the focus from the effort of attracting customers to endeavors related to having customers and taking care of them. The core of relationship marketing is, needless to say, relationships. The idea is first and foremost to create customer loyalty so that a stable, mutually profitable and long-term relationship is enhanced.³⁹

The central constructs of relationship marketing are the bonds and links that form the "psychological" underpinnings of a relationship.⁴⁰ Foremost among them are trust, commitment, and consistency; others include affinity or social dimensions, such as referrals, customer satisfaction and liking. Liljander and Strandvik suggest ten different bonds:

"Bonds are exit barriers that tie the customer to the

³⁷ Gummesson (1995)

³⁸ (Grönroos 1997)

³⁹ (Ravald and Grönroos 1996)

service provider and maintain the relationship. These are legal, economic, technological, geographical, time, knowledge, social, cultural, ideological and psychological bonds."⁴¹

Word-of-mouth from the company's perspective

The primary assumption about the relevance of word-of-mouth communication in the services marketing and satisfaction literature is that satisfied customers talk about the positive experiences with the service provider in their social network. Rust, Zahorik, and Keiningham argue that high service quality leads to improved profits because new customers will be attracted to the service.⁴² They state, for example, that personal referrals are responsible for 20 to 40 percent of new bank services.

Researchers assume that high customer satisfaction leads to favorable word-of-mouth referrals and the intention to repurchase the service in the future.⁴³ Findings from Swan and Oliver reveal that as customer satisfaction and feelings of equity (e.g. fair deal)

⁴⁰ (Moriarty et al. 1996)

⁴¹ Liljander and Strandvik (1995, p. 152)

⁴² Rust, Zahorik, and Keiningham (1994)

for the customer increased, the probability of positive postpurchase communication, such as positive word-of-mouth, recommendations and praising increased.⁴⁴ Not surprisingly, the same researchers found that when dissatisfaction or inequity increased, the likelihood of negative word-of-mouth, warnings, and complaining would increase. Richins argues that the negative effects of dissatisfaction can result in negative behavioral outcomes such as decreased repurchase intentions.⁴⁵ Fortunately, dissatisfied customers often seek redress, and in such cases the company is given the opportunity to remedy the situation. If the company then fails to respond with an acceptable service recovery, the relationship is seriously disrupted.

The relevance of cognitive dissonance in the hospitality industry

In addition to dissatisfaction, cognitive dissonance may cause feelings of psychological discomfort in the minds of the customers and can potentially prevent repeat sales even for the best of

⁴³ (Zeithaml, Berry and Parasuraman 1996)

⁴⁴ Swan and Oliver (1989)

⁴⁵ Richins (1983)

products and services.⁴⁶

The concept of cognitive dissonance, introduced by Festinger in 1957, describes the post-decision-related psychological discomfort about the purchase. This occurs when a person questions the wisdom of having spent a great deal of money for a nonessential item, whether a television or a vacation. The degree of tension and anxiety the purchase situation has induced is in direct proportion to the size or importance of the purchase. For instance, according to Warren expensive vacation services create more doubt and thus more anxiety than small travel purchases.⁴⁷

⁴⁶ Warren (1995)

⁴⁷ Warren (1995)

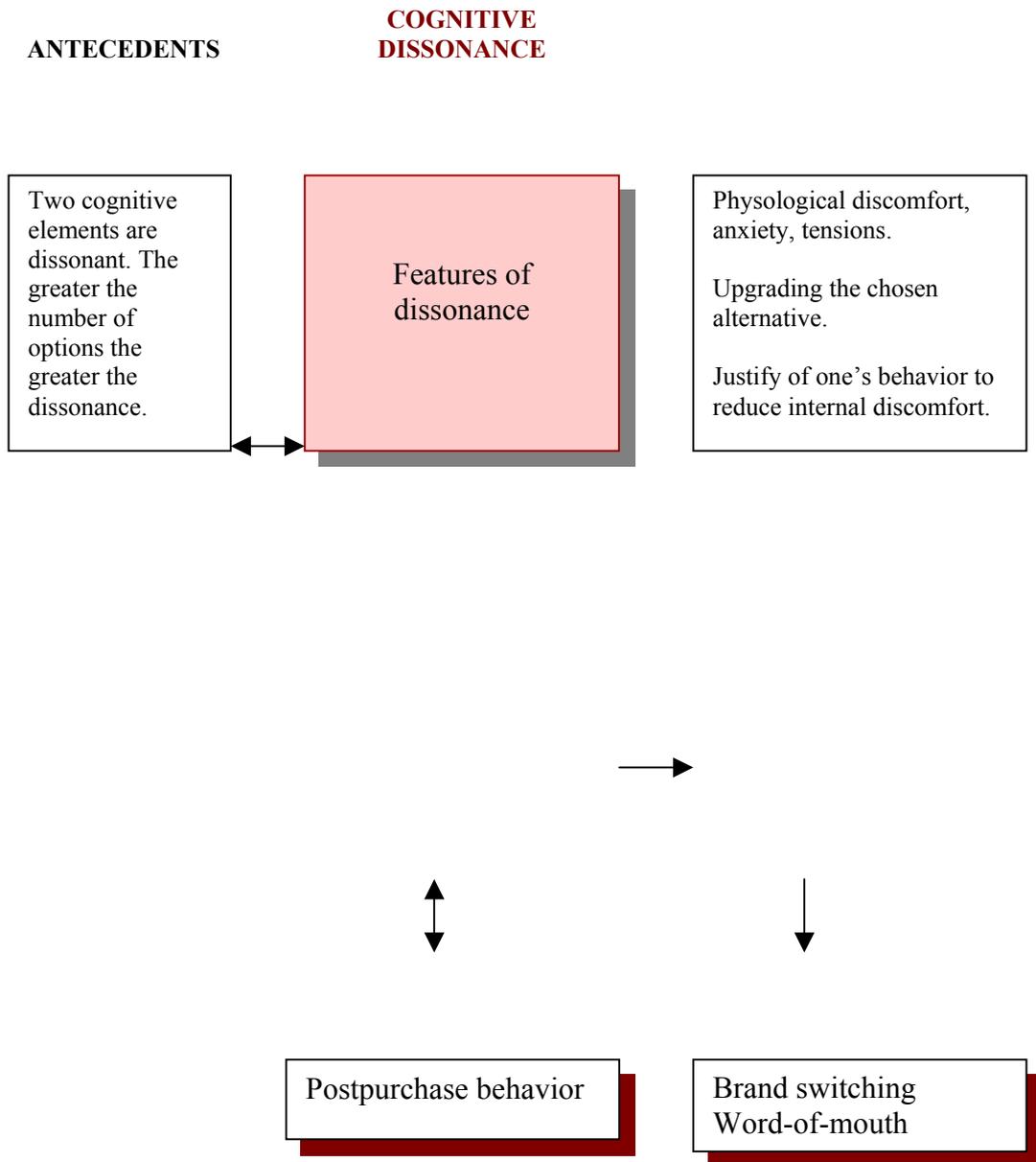


Figure 4 Antecedents and consequences of cognitive dissonance.

Cognitive dissonance and word-of-mouth communication

The psychology of cognitive dissonance is reflected in consumers' post-purchase communication. Word-of-mouth communication is one means of reducing cognitive dissonance through the justification of behavior. This raises the important question of how cognitive dissonance affects relationship marketing.

Sheth conducted a close look at incorporating the cognitive-dissonance concept with relationship-market behavior.⁴⁸ He studied the link between repeat-consumers' purchase behavior and the degree of dissonance and found that dissonance was low or non-existent after a certain number of repeat purchases. However, this study concerned relatively non-expensive consumer goods and is, therefore, not directly comparable to expensive vacation services.

Because cognitive dissonance influences brand switching and volatility in the marketplace,⁴⁹ the negative effects of dissonance for relationship building should receive more attention in the

⁴⁸ Sheth 1967

development of relationship-marketing theory. Service firms are increasingly focusing on efforts to enhance long-term relationships and profitability with current customers. Sheth and Parvatiyar note, for example, that relation-market actions reduce psychological tension and cognitive dissonance.⁵⁰ This creates an interesting new way of looking at the customer's motivation to be engaged in the relationship. We can ask if a relationship between a customer and a service provider can be seen also as a way of harnessing or reducing the post-purchase dissonance.

The Relationship Communication Globe

In relationship-marketing research, word-of-mouth behavior has not been explicitly included to any considerable extent. Liljander and Strandvik include word-of-mouth referrals in their model of relationship quality.⁵¹ Likewise, Grönroos and I indicated the role of word-of-mouth referrals in relationship marketing in an integrated Relationship Communications Globe (RCG).⁵²

⁴⁹ (Oliver 1997)

⁵⁰ Sheth and Parvatiyar (1995)

⁵¹ Liljander and Strandvik (1995)

⁵² Grönroos and Lindberg-Repo (1998)

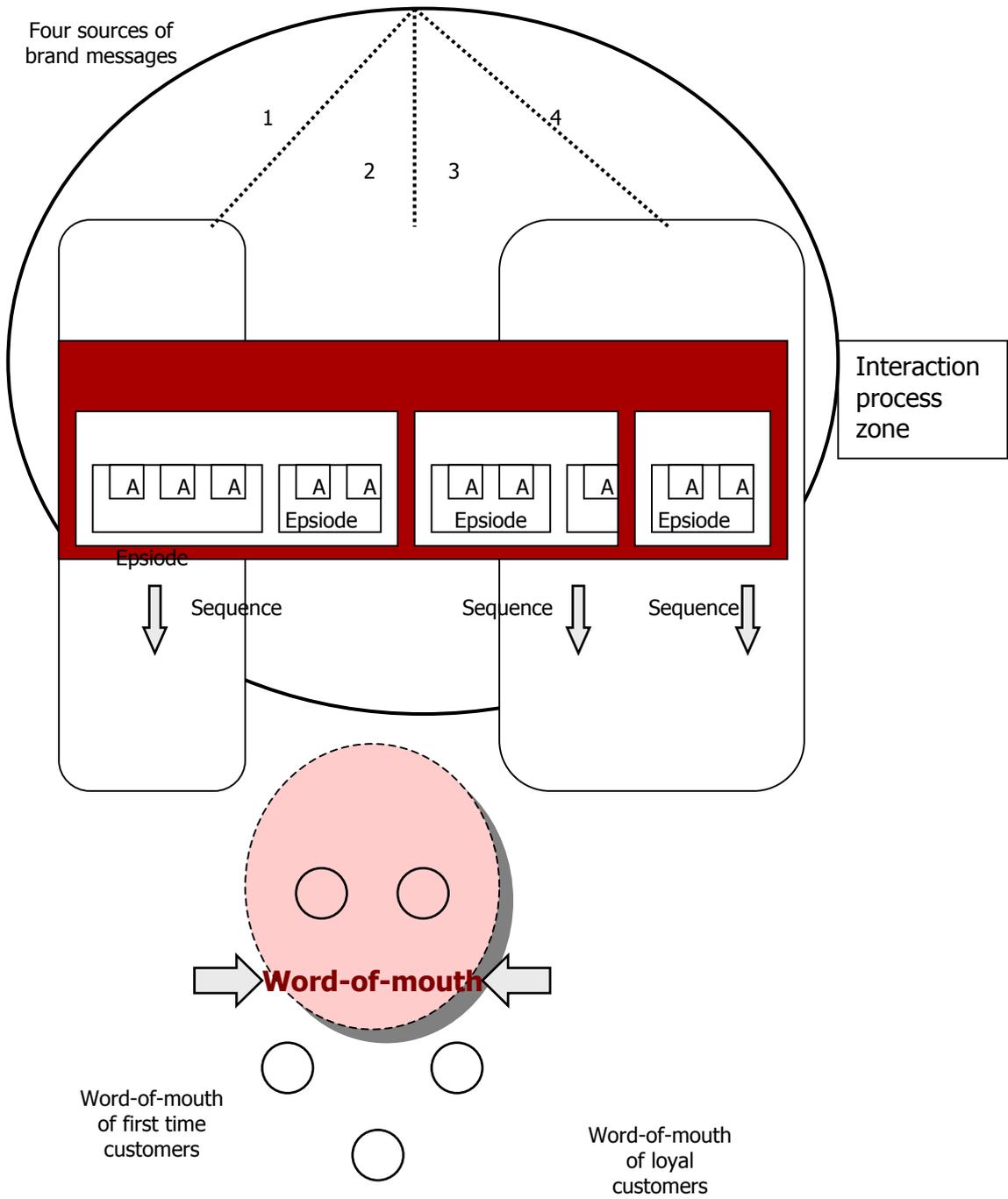
The RCG model shows the related concepts holistically in the context of relationship marketing. This model attempts to build a new conceptual framework that would allow a dynamic perspective to emerge for explaining the phenomena relating to word-of-mouth communication in the relationship context. The model distinguishes, for instance, between the actions of first-timers and those of loyal customers.

At the RGC's core is an interaction-process zone that demonstrates the development of the relationship. Based on a model proposed by Holmlund the relationship will develop in a series of sequences that consist of related episodes.⁵³ For example, a stay at a resort forms a sequence of episodes, such as checking in at the resort, having dinner at a resort restaurant, and playing tennis on the resort's premises. Furthermore, each episode can be divided into smaller parts or acts. An ongoing relationship develops as one sequence is added to previous sequences. Meantime, the customer is exposed to various types of messages driven by the company, and the customer's experiences generate word-of-mouth behavior. As the RCG implies, word-of-mouth

⁵³ Holmlund (1996)

referrals by first-time customers may differ from those of more experienced customers.

Company-driven marketing communication



Customer-driven (Word-of-mouth) communication

Figure 5 The Relationship Communication Globe. Depicted from Grönroos and Lindberg-Repo (1998)

The advantages of the RCG model are several, in addition to its holistic nature. It connects the customer-driven word-of-mouth communication, interactive elements of the relationship in the interaction-process zone with the company's marketing communications framework. By following the flow of the relationship in the interaction-process zone, it is possible to distinguish among customer groups with different episodic backgrounds and hence with different experiences with the firm and its services.

In this study, new insights into word-of-mouth communication in the relationship context were also attempted by applying the concept of cognitive dissonance to the depicted framework. The theoretical examination led us to assume that cognitive dissonance might affect not only the repeat purchase behavior⁵⁴ and post-purchase behavior,⁵⁵ but also the word-of-mouth communication of these contrasting customer groups.

⁵⁴ (Sheth 1967)

Study Design and Data Collection

This exploratory study of word-of-mouth behavior in a relationship context was conducted at two exclusive vacation resorts in the eastern United States. I conducted in-depth interviews with both first-timers and loyal customers, so that possible differences between the word-of-mouth behavior of these two groups of customers could be identified. I made certain to interview families jointly. The data were collected at two different resorts offering upscale vacation services for families. The first-time customer group consisted of 26 adults and 32 children, and the group of loyal customers consisted of 26 adults and 28 children.

I conducted and tape recorded all interviews. I began each interview by introducing myself and explaining the research project. Eighteen in-depth interviews were carried out with families from the first resort, nine representing first-time families and nine families visiting the resort for at least their third time. Although the empirical data collected were quite sufficient for my purposes, I wanted to make the results of the study more

⁵⁵ (Oliver 1997)

generalizable with a second round of interviews. The second set of interviews, consisting of eight families in each group, were conducted in a resort with very much the same character as the first. It was important to keep the variables of price, class, and holiday timing consistent. Both interview periods were timed according to high-season weekends (Labor Day and Thanksgiving) to evaluate high-price-season-related reactions, as well as possible service-quality evaluations during the peak season.

Analysis and Contribution

This study attempts to approach the word-of-mouth communication research from a dynamic perspective, trying to define a conceptually broader framework for understanding the significance and importance of the related phenomena. In this study the relational perspective will represent the Nordic School's relationship approach.

Compared to the repeat customers, word-of-mouth communications of the first-timers were shorter, contained more expressions of general leisure and pleasure, and expressed more dissatisfaction with the service experiences and facilities. As first-time customers expressed it:

“I’ll tell my mom that this vacation was pretty restful, four or five days, but you can’t do it for two weeks; it’s too expensive.”

“I think, I will say that it is very pretty; it’s a beautiful spot, but I wouldn’t come back, and I wouldn’t recommend is based mostly on service.”

Only the first-time customers intended to offer complaints or warnings to their friends. In contrast, the communications of loyal customers was positive, complimentary, and much longer and more descriptive in content. It was richer in connotative meaning, communicating the personal experiences of individuals to their social referrals network.

In their word-of-mouth communication loyal customers also identified their behavioral commitment to this particular resort.

An important type of word-of-mouth referrals by loyal customers was termed advocacy bonds. Such word-of-mouth referrals expressed recommendations and partnership behavior whereby the loyal customers invited their friends to share the brand experience with them:

“I would recommend it strongly. In fact, I’ve already told a couple of my co-workers that they should come up here. We share positive experiences; this would be one of them.”

With reference to Dichter’s motivational categories,⁵⁶ I labeled this type of word-of-mouth referral “brand involvement,” because it demonstrates the speaker’s motivation to engage in word-of-mouth communication about a certain hospitality service that clearly expresses the speaker’s feelings towards that service. As one loyal customer stated:

“I will tell our friends about the wonderful time we had as a family. There are so many family things to do here together. The smiles on the children’s faces, they are enough to tell us that we should come back here.”

⁵⁶ Dichter’s (1996)

An important finding in the study was the difference in cognitive dissonance that could be identified in the post-purchase communication intentions of first-timers and loyal customers. First-time customers were not certain after the first visit at the resort whether they were convinced of its superiority or not. They compared this resort with several other resorts with similar offerings. They also communicated disappointment with the service. On the other hand, loyal customers described a long list of the resort's benefits that created value for them individually as well as for their family collectively. Although many of them mentioned that the price was high, the loyal customers felt that this was justified because the value received was so superb.

The bonds with this resort were stronger and the relationship was valued by the consumers. Two loyal customers expressed this in the following way:

“What matters to me is to see my wife and children happy here, not the price.”

“Oh, I would recommend it. Highly. It's somewhat expensive; you have to be in the bracket to be able to afford

it, but I think the service is lovely, and we enjoy it. There are just so many things to do here.”

The comments from loyal customers given above also expressed a positive emotional tone, with lengthy descriptions of how they have reacted to the resort and its service.

Theoretical contribution of the study

The objective of this study was to develop a framework for increased understanding of post-purchase word-of-mouth communication. This conceptual framework allows us to understand the differences in word-of-mouth referrals between first-time customers and loyal customers.

Theoretical studies led me to believe that cognitive dissonance might affect not only the repeat purchase behavior and postpurchase behavior, but also the word-of-mouth communication of the two customer groups. The investigation of cognitive dissonance in word-of-mouth communication had a distinct theoretical nature for the following reasons. First, this research was conducted from the perspective of a high-involvement vacation service, and second, the occurrence of cognitive dissonance was related to the relatively lengthy

consumption experience of a family vacation.

This extension reveals insights into the relationship marketing approach, and to our conceptual framework. Word-of-mouth communication of first-time customers as opposed to loyal customers differed substantially in regard to cognitive dissonance. Concepts of value received were closely connected to the relationship with the service provider, as shown by the comments of loyal customers. Loyal customers offered explanations why the upscale price was justified. They had already reduced their price-related cognitive dissonance and could perceive the issue from a more holistic perspective. This reflected the buyer-seller views as they are explained in the domain of the systems theory discipline of marketing.

In addition to the above finding, the theoretical contribution consisted of the emergence of several behavioral categories in the word-of-mouth communication of loyal customers. Loyal customers had developed strong advocacy bonds that described their willingness to recommend and invite friends and colleagues to join them another time. Brand involvement explained the joy and ownership over a brand experience, conveyed in the word-of-

mouth communication of loyal customers. The positive commitment to the service provider was characterized as loyal behavior, and this could be identified in the guests' comments as they explained their intentions to return to the same resort in the future. This contribution was evident in loyal customers' distinctive comments that showed a positive emotional tone describing the joy, happiness, and pleasure connected with the relationship of the service provider.

Empirical contribution of the study

From the in-depth interviews I found that family members received general vacation descriptions, while friends received descriptions in greater detail. However, colleagues, as measured from the men's replies, enjoyed the most specific descriptions. The gender differences in responses between the spouses can partly be attributed to gender differences, given that ten of the 26 women had jobs outside the home. Four out of the ten women who did work outside the home gave several reasons that they could not bring up the subject of their vacations for discussion at their workplace.

The children's comments were generally not substantive, even

though I explained to children in the beginning of the interview that their opinions were important for this study. A better method of eliciting information might be drawing or having parents collect after-vacation comments.

A key point in the study's methodology was to conduct the interviews after the money was spent, but before the respondents departed (between stages three and four in Gummesson's model). This allowed for the closest possible assessment of the respondents' cognitive dissonance regarding spending the money, since time glosses over the pain of the expense and burnishes the happy memories.

The concept of cognitive dissonance was embedded in a construct that consisted of three questions. First, I inquired about the respondents' feelings for the price of the vacation. Second, I asked whether they felt it was worthwhile investing so much for this vacation. Third, I wanted to explore their general willingness to spend money on vacations. This question brought out the greatest differences in postpurchase communication between customers with different episodic backgrounds. The empirical findings of this question gave support to the argument that once

cognitive dissonance has been reduced, loyal customers will engage in relational behavior. In the context of this study, advocacy bonds, loyal behavior and a distinguished emotional tone were found to be relational market behavior.

In addition, the qualitative interview method, as a tactical data-collection choice, contributed to the empirical contribution of this study. It enabled a close, conversation-like situation with the families, as opposed to my approach of observing participants at the other resort site, which did not provide substantial insights into the process. However, it helped the researcher to understand the first-time respondents' views more easily but no other contribution can be given. {Note to Kirsti: Could explain more clearly what you did differently at one site and then the other? Did you not interview people at both sites?-gw}

The findings and experience of this empirical study indicate that the empirical research strategy was a useful starting point for the study of word-of-mouth communications in the relationship marketing context in the hospitality industry.

Managerial implications

Overall, the findings of this study suggest that this research

approach for word-of-mouth communication deserve greater managerial attention.

1. Comments from first-time customers should be carefully collected and analyzed, since the first-time customers do not know yet whether they will return or whether they will have a continued relation with a given vacation resort. From the managerial point of view, this represents the phase when their communication conveys their satisfaction or dissatisfaction, and compares their expectations with their personal experiences about this vacation, as well as comparisons with previous vacations in different resorts.

2. Since services cannot be returned after consumption, the managerial challenge is also to reassure guests that there is no need to be dissatisfied with the service or with the price. The aroused cognitive dissonance should be reduced as soon and efficiently as possible. The way in which managers handle the dissonance reduction might influence the creation of the relationship directly.

From this study's perspective, the first-time customers discussed several dissonance-provoking acts during their vacation,

and women were engaged in these discussions. {Note to Kirsti: This is supposed to be the section with conclusions and yet this seems to be new and different findings. This comment, together with specific examples, needs to be in the findings section.

Regardless of where it goes, you cannot raise this issue without giving examples.-gw} From the managerial point of view, it could be handled and, correspondingly, included also in the total marketing communication of the firm as implied in the communications globe.

3. From the managerial perspective, the findings relating to loyal customers' communication intentions provides valuable insights. Since the loyal customers had forged "advocacy bonds" with the resort, they were giving strong recommendations as well as inviting their friends to join them next time. This kind of behavior should be noticed and praised by the managers as these current customers influence new customers as well as competitor's customers. From the managerial perspective, the concept of lifetime customer value, often referred to in the loyalty literature and in relationship marketing, could be extended to include also lifetime customer-

referral value, as loyal customers' referrals contained several issues beneficial to the company during the relationship.

4. Furthermore, the marketing-communications department should have different messages to loyal customers than to others, as loyal customers have already forged bonds with the company and they value the relationship with the service firm. The marketing communication could be more distinguished, focusing on strengthening the relationships further and rewarding the marketing efforts of these loyal customers.

5. An additional interesting notion from the managerial perspective was the reaction to the price-related questions. Although the loyal customers said the price of the vacation was high, it was not causing psychological discomfort because it contained so much value for them. This finding receives further support from Reichheld in the following statement:

"Customers who have been around long enough to learn a company's procedures and acquaint themselves with its full product line will almost invariably get greater value

from a business relationship. So, it's not surprising that they are less price sensitive on individual items than new customers."⁵⁷

Briefly put, the loyal customers' comments revealed that they were more willing to pay a premium price because they valued the relationship with this vacation service provider. Additionally, they were willing to recommend its services as well as return with a group of friends they themselves had invited.

Although many managers are aware of the influence of word-of-mouth communication in generating new business, the strategies for engaging this influence remain generally undiscussed. Hospitality services are intangible, and word-of-mouth communication is one way of making them concrete. Management efforts to foster such communication should take note of the fact that the speaker wants to influence his or her social environment, relive the pleasures of the vacation, and reveal the ownership and joy over it.

The research suggests that managers should use different

⁵⁷ Reichheld (1996, p. 49)

strategies and marketing communications to enhance the relational value of the service provider to the customers.

This can be done by collecting and analyzing comments from first-time customers. Thereafter, the managerial efforts should be focused on helping the first-time customer through the regret phase by reducing the aroused cognitive dissonance and improving the dissonance-provoking acts of their services. With respect to loyal customers, the value offering could be strengthened in the marketing communication of the resort. This way, the managerial implications in regard to the findings of this study can reach their full potential.

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