



Relational communication and illusionary loyalty: Moderating role of self-construal

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ABSTRACT

In this research we demonstrate how various facets of communication influence customer loyalty in a B2B selling environment. Palmatier, Scheer, and Steenkamp (2007) show that salesperson owned loyalty (customers' loyalty specific to the salesperson) can be differentiated from customers' overall loyalty to the firm. We demonstrate how various facets of communication differentially influence salesperson owned loyalty and loyalty to the firm. We find that greater bidirectional flow of communication enhances both salesperson owned loyalty and customers' loyalty to firm. However, greater frequency of communication enhances only salesperson owned loyalty. Formality in communication negatively influences salesperson owned loyalty and positively influence customers' loyalty to firm. In addition, we find an interesting moderation effect of these relationships by customers' self-construal. Theoretical and practical implications of our findings are discussed.

1. Introduction

While the primary role of communication is to transmit information between entities (Jablin, 1979), its role eventually exceeds such functions. Communication effectively influences the nature of a relationship and its strength between parties overtime (Aziz, 2015; Jablin & Krone, 1994; Yen, Wang, & Horng, 2011) and positively influences customers' value concept (Corsaro & Snehota, 2010; Pinnington & Scanlon, 2009). Palmatier, Houston, Dant, and Grewal (2013) captures the dynamic aspects of the role of trust and commitment in relationship marketing and finds that effective communication positively impacts commitment velocity over time. Communication's long-term effect takes place through reduction of ambiguity and uncertainty between entities, curbing the scopes of opportunism, resolving relationship conflict, identifying growth opportunities, goal alignment between parties, ensuring customer satisfaction and enhancing the quality of relationships overall (Agnihotri, Rapp, & Trainor, 2009; Badi, Wang, & Pryke, 2016; Hung & Lin, 2013; Johnson, 1993; Palmatier et al., 2013; Sarmento, Simões, & Farhangmehr, 2015; Zhou, Zhang, Zhuang, & Zhou, 2015). Morgan and Hunt (1994) show that communication plays a pivotal role in solidifying trust and commitment in bilateral relationships. It is more effective in inducing harmony among the channel members when the nature of communication is collaborative (Mohr & Nevin, 1990). Greater flow of collaborative communication within a dyad makes both the entities feel like the integral part of a team and enhances their sense

of freedom for autonomous acts. Thus, collaborative communication promotes shared values, support for each other, and alignment of interest, which should eventually improve coordination and satisfaction within the relationship (Fisher, Maltz, & Jaworski, 1997; Sharma, Tzokas, Saren, & Kyziridis, 1999). Prior research also shows that communication has separable facets and the degree of prevalence of each facet influences the collaborative nature of communication. For example, the relative extent of various aspects of channel communication such as bidirectionality, frequency and formality determine its relational capacity (Brown, 1981). In this research, we demonstrate how various facets of communication between the salesperson and the customer differentially impact customer's loyalty to the salesperson and the same customer's loyalty to the firm.

Prior research also highlights the impact of collaborative communication on value chain. Higher volume of informational flow can effectively facilitate coordination and goal alignment within the organization by enhancing clarity (Ellinger, Keller, & Hansen, 2006; Gabler, Agnihotri, & Moberg, 2014; Peters & Fletcher, 2004). A relational environment between the sales and logistics team is likely to minimize negative service consequences along the supply chain (Gabler et al., 2014) and effectively induce demand management. Moreover, research shows that salesperson's relational orientation to the customer is imperative to firm innovation (Agnihotri, Rapp, James, Andzulis, & Gabler, 2014), and consequently, firm's new product development (Gabler et al., 2014). Enhanced collaboration within the

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supply chain improves decision processes and related outcomes (Kumar, Banerjee, Meena, & Ganguly, 2016). Joshi (2009) studied the impact of collaborative communication on supplier performance improvement and found that collaborative communication significantly enhances supplier performance by facilitating supplier's understanding of manufacturer's needs and by enhancing supplier's commitment to the manufacturer.

Central to any business operation is the notion of creating value. Firms create value for customers through their offering and customers return the same through loyalty (Kumar & Reinartz, 2016). While prior literature shows that customer loyalty to the salesperson is associated with their loyalty to the firm (Beatty, Mayer, Coleman, Reynolds, & Lee, 1996), and salesperson turnover negatively influences loyalty to the selling firm (Bendapudi & Leone, 2002), Palmatier, Scheer, and Steenkamp (2007) showed that there is a 'salesperson owned loyalty' which is independent of the salesperson's affiliation with the selling firm. While loyalty to the salesperson was found to positively impact loyalty to the selling firm (Macintosh & Lockshin, 1997; Reynolds & Beatty, 1999), salesperson owned loyalty can be threatening to the selling firm in two obvious ways: 1) if the salesperson owned loyalty is a major share of the customer's reported loyalty to the selling firm, then the loyalty to the selling firm can fall quickly with a decline in the relationship with the salesperson, and 2) a strong salesperson owned loyalty may eventually cause the selling firm to lose the customer when the salesperson leaves the firm (Palmatier et al., 2007). Our research builds on these prior research outcomes and examines how collaborative and non-collaborative environments between the salesperson and the customer, as induced by a more relational vs. transactional nature of dyadic communication, differentially affect loyalty to the salesperson and loyalty to the firm.

The perceived collaborative nature of communication is determined by degree of bidirectionality, frequency and formality (Mohr, Fisher, & Nevin, 1996). Bidirectionality of communication refers to its two-way flow between the parties. A greater flow generally would ensure harmony within the dyad by alleviating misunderstandings and language barriers (Fisher, 1978; Fisher et al., 1997). Frequency refers to the number of interactions between the parties within a given time frame. While a certain level of frequency is desired, a communication overload may exert detrimental impact on dyadic relationships (Farace, Monge, & Russell, 1977; Maltz & Kohli, 1996; Mohr et al., 1996). Finally, greater degree of formality in communication (conventionality and boundness by the rule (Kraut, Fish, Root, & Chalfonte, 1990)) may enhance perceived psychological distance between the parties overtime which may eventually lead to negative assessment of communication in terms of its relationality (Johnson, Donohue, Atkin, & Johnson, 1994; Lai, 2016; Mohr & Sohi, 1995). Thus a general finding in prior literature is that the type of communication that facilitates a more collaborative environment within the marketer-customer dyad endures greater frequency, bidirectionality, and informality. In our research, we find that these facets of communication (bidirectionality, frequency and formality) differentially impact loyalty to the salesperson and loyalty to the firm. In addition, we find an interesting moderation effect by self-construal.

Prior research shows that consumers' preference for closeness, and relationship breadth may vary depending upon his/her attachment style (Mende, Bolton, & Bitner, 2013). Similar variation is plausible across cultures since culture significantly influences people's norms, values and orientation to relationships. Research in cultural psychology introduces the concept of self-construal which basically explains people's degree of orientation to the self than to others (Markus & Kitayama, 1991). When "individualistic" self-construal is dominant, people's primary focus is on the self and they tend to differentiate themselves from others, inducing a contrast effect in social judgments (Stapel & Koomen, 2001; van Baaren, Maddux, Chartrand, de Bouter, & van Knippenberg, 2003). On the other hand, when "collectivistic" self-construal is dominant, people primarily focus on group

memberships and develop representation of self as part of a group (Brewer & Gardner, 1996; Markus & Kitayama, 1991). Therefore, while "individualistic" self-construal gears people's focus towards their own self and uniqueness, "collectivistic" self-construal shifts focus on their relationship with others. As a result, while an 'independent self' values inner thoughts and feelings more than other's thoughts, a 'collectivist self' values other's opinion more and strive to fit in to social norms and relational roles (Masuda & Nisbett, 2001). Therefore, the collaborative environment induced by relational communication flow should be valued differently by the individualists and collectivists, and the outcomes of such communication should vary between these two groups of individuals. In our research, we find that communication's influence on customer loyalty, in terms of its strength and significance, indeed varies across the individualistic and collectivistic groups.

Effective ways of adopting relationship marketing across cultures still remains an important empirical prerogative (Samaha, Beck, & Palmatier, 2014). Prior research typically studied effectiveness of relationship marketing in one cultural dimension (Ozdemir & Hewett, 2010). Since Hofstede's (1980) cultural dimensions have rarely been linked to relationship marketing research (Samaha et al., 2014), our research significantly advances our understanding of how self-construal may differentially impact effectiveness of relationship marketing activities.

In what follows, we present our conceptual development and hypothesis. We then present our study that was conducted among retailer customers of a manufacturing firm that is located in southern U.S. We conclude with our presentation of theoretical and practical implications of our findings.

2. Theoretical framework

2.1. Communication and psychological distance

Collaborative communication is likely to play a critical role in attenuating psychological distance between entities. Liberman and Trope (2008) refer to psychological distance as temporal, spatial, social and hypothetical distance of others from the self. People perceive psychologically close events to be more familiar than those that are distant (Amit, Algom, & Trope, 2009), exhibit stronger emotional bonds with psychologically close individuals (Ein-Gar & Levontin, 2013; Moore & McFerran, 2017), align with close other's (than distant others) moral verdicts (Haidt, 2001) and exhibit greater acceptance of word-of-mouth from psychologically close individuals (Zhao & Xie, 2011). Social Impact Theory (Latané, 1981) provides direct account of the fact that individuals are persuaded more by psychologically close others than distant others. In addition to reducing social impact, people's attention, memory and persuasion all should decline with reduction of psychological distance (Latané, Liu, Nowak, Bonevento, & Zheng, 1995).

Overall, reduced psychological distance between the parties stimulates harmony within the dyad and increases the chances of being persuaded by each other. Greater relationality in bilateral communication should reduce psychological distance and facilitate persuasive power by creating stronger emotional bonds, alignment of interest, alleviation of misunderstandings and, overall, inducing stronger sense of similarity with each other. Research shows that even people's choices of communication medium is influenced by their psychological distance from their partner in communication. For example, more personal modes of communication are preferred over more impersonal modes when people communicate with near others than distant others (Dimmick, Kline, & Stafford, 2000; Utz, 2010).

2.2. Communication, psychological distance and loyalty

Research on customers' identification with the company delineates how attenuation of psychological distance with the company enhances customer loyalty. Effective communication enhances customer-

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