

Word-of-mouth promotion and switching behavior in Japanese and American business-to-business service clients

R. Bruce Money*

International Business Department, Moore School of Business, University of South Carolina, Columbia, SC 29208, USA

Abstract

This comparative study examines whether customers in Japan and the US who use referrals to find business-to-business services (e.g., banking, advertising and insurance) are more likely to remain loyal to their service providers. The effects of national culture (Japanese or American) and relative location (foreign or domestic) are anticipated and explored. Regression analysis results indicate that companies who used referrals to source their service providers switched less than those who did not. Furthermore, companies operating in foreign environments (Japanese companies in the US and American firms in Japan) switched more than those operating in domestic environments. Other cross-cultural and international results are presented and discussed.

© 2002 Elsevier Science Inc. All rights reserved.

Keywords: Word of mouth; Services; Industrial marketing; National culture

1. Introduction

According to the Bass model (Mahajan et al., 1990), two kinds of communication dominate a buyer's decision: advertising and word of mouth (WOM). Of the two, the marketing literature has devoted much more attention to the former than the latter, perhaps because of the difficulty of studying the highly informal WOM process. However, evidence persists that WOM is an important means of finding and keeping customers (Duhan et al., 1997), especially for some professional services (Reingen and Kernan, 1986), where mass media advertising is either uncommon or ineffective. This study addresses the issue of switching of WOM-referred customers in the under-researched areas of business-to-business marketing and services, particularly in a cross-national context. Therefore, the research issues and questions of this paper are primarily twofold: First, how do differences in WOM referral behavior affect the switching behavior of industrial service customers who use referrals to find their service providers? For example, would a corporate banking or accounting client be less likely to switch if he/she found the bank or accountant through a referral source who is professionally or personally important to him/her?

Second, do the results differ across international contexts, both by national culture and location? For example, will referral users remain more loyal in their home-country location than in a foreign market? Considering business-to-business customer switching is important because of the relatively higher importance of a single major account to a service provider's profitability (one large advertising client, for example) vis-a-vis a single retail-level customer. Furthermore, if the cost to replace an industrial service customer is high in a domestic setting, that cost increases dramatically given the distance and logistics of marketing in an overseas environment. Perhaps nowhere is this issue better addressed than in the so-called closed markets of Japan. The world's second largest economy, Japan, provides marketers with large, important revenue opportunities and gives academics a context replete with interesting structural and cultural contrasts with the US.

2. Theoretical background, hypotheses and propositions

Fig. 1 shows the study's conceptual model: switching is negatively influenced by WOM sources consulted, tie strength and centrality, terms to be defined. Each of the three constructs is theorized to affect a client's tendency to change service providers, per three hypotheses. National culture (Japanese vs. American) and location of operation

* Tel.: +1-803-777-1040; fax: +1-803-777-3609.

E-mail address: moneyb@sc.edu (R.B. Money).

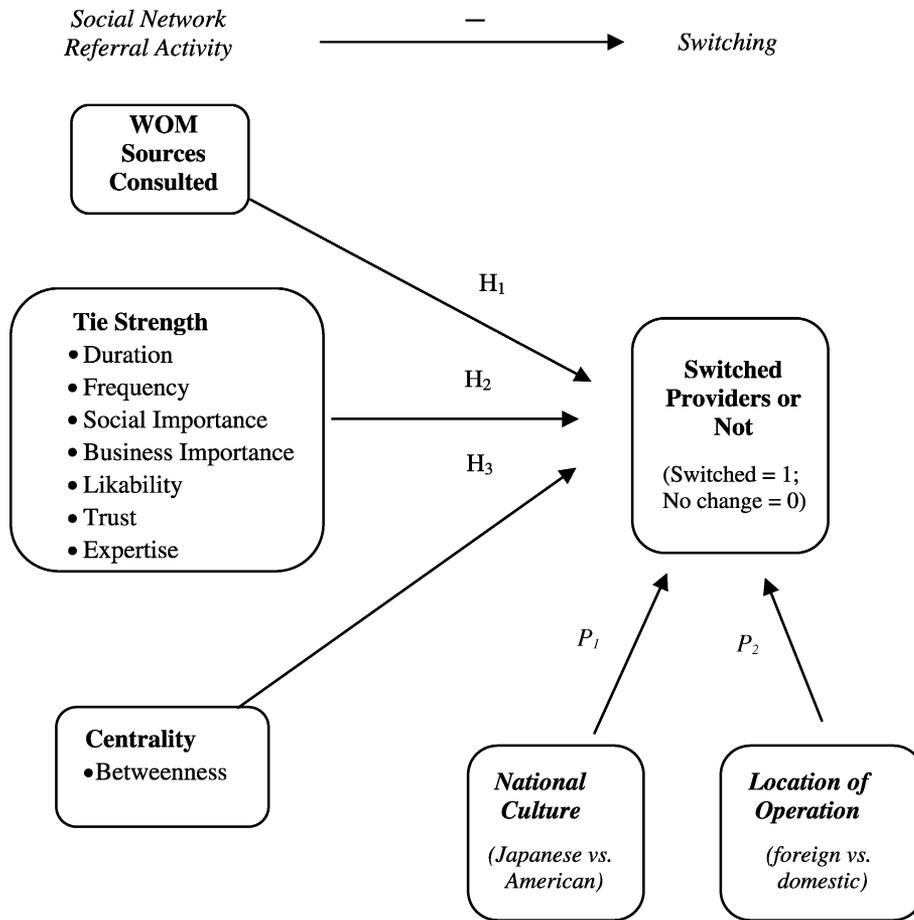


Fig. 1. Conceptual model.

(foreign vs. domestic) effects are also explored through research propositions.

2.1. Referrals and loyalty in commercial services

Jacoby and Chestnut (1978) identified 53 ways to define loyalty, regarding which WOM is seven times more effective than print media and four times more effective than personal selling in getting a customer to switch brands (Katz and Lazarsfeld, 1955). Industrial customer switching is more of a channels issue in a sense and can be somewhat more complicated, particularly in an international context. In one of the few industrial switching behavior studies in a non-US context, loyalty for Norwegian grocery suppliers was associated with expressing dependency, sources of power and stakes in the relationship (Biong, 1993). In Wind’s (1970) seminal article on industrial source loyalty, cost savings and positive WOM were the two most important predictors. The current research attempts to answer his call for more studies on the subject, still few in number despite more recent studies on industrial loyalty (Szeinbach et al., 1997) and

the importance of services (Zeithaml et al., 1985). Furthermore, service switching in an international context, let alone for industrial marketing, is practically unresearched.

2.2. Constructs from social networks theory

Consistent with Granovetter’s (1973) seminal article on the “strength of weak ties,” the current research considers the importance of the characteristics of social ties in studying referral behavior. Most marketing studies have used social network activity as a dependent variable in contexts as diverse as automobiles, cable television services, piano tuners and home selling parties. However, referral behavior exerts an influence on the outcome of purchase behavior as an independent variable, as many studies have found (Frenzen and Nakamoto, 1993). For example, Raymond and Tanner (1994) found that referrals led to 61.4% of new direct sales customers, twice the rate of cold calling. Likewise, in the current study, social network referral activity, in three components explored below, is posited as an independent variable affecting the outcome of switching.

متن کامل مقاله

دریافت فوری ←

ISIArticles

مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات