

Old Dominion University

## ODU Digital Commons

---

Theses and Dissertations in Business  
Administration

College of Business (Strome)

---

Spring 2020

# Three Essays on the Roles of Review Valence and Conflict in Online Relationships

Ran Liu

*Old Dominion University*, [rliu001@odu.edu](mailto:rliu001@odu.edu)

Follow this and additional works at: [https://digitalcommons.odu.edu/businessadministration\\_etds](https://digitalcommons.odu.edu/businessadministration_etds)



Part of the [Marketing Commons](#)

---

### Recommended Citation

Liu, Ran. "Three Essays on the Roles of Review Valence and Conflict in Online Relationships" (2020).  
Doctor of Philosophy (PhD), Dissertation, Marketing, Old Dominion University, DOI: 10.25777/vqs8-ma84  
[https://digitalcommons.odu.edu/businessadministration\\_etds/127](https://digitalcommons.odu.edu/businessadministration_etds/127)

This Dissertation is brought to you for free and open access by the College of Business (Strome) at ODU Digital Commons. It has been accepted for inclusion in Theses and Dissertations in Business Administration by an authorized administrator of ODU Digital Commons. For more information, please contact [digitalcommons@odu.edu](mailto:digitalcommons@odu.edu).

Spring 2020

## Three Essays on the Roles of Review Valence and Conflict in Online Relationships

Ran Liu  
*Old Dominion University*, [rliu001@odu.edu](mailto:rliu001@odu.edu)

Follow this and additional works at: [https://digitalcommons.odu.edu/businessadministration\\_etds](https://digitalcommons.odu.edu/businessadministration_etds)



Part of the [Marketing Commons](#)

---

### Recommended Citation

Liu, Ran. "Three Essays on the Roles of Review Valence and Conflict in Online Relationships" (2020).  
Doctor of Philosophy (PhD), Dissertation, Marketing, Old Dominion University, DOI: 10.25777/vqs8-ma84  
[https://digitalcommons.odu.edu/businessadministration\\_etds/127](https://digitalcommons.odu.edu/businessadministration_etds/127)

This Dissertation is brought to you for free and open access by the College of Business (Strome) at ODU Digital Commons. It has been accepted for inclusion in Theses and Dissertations in Business Administration by an authorized administrator of ODU Digital Commons. For more information, please contact [digitalcommons@odu.edu](mailto:digitalcommons@odu.edu).

**THREE ESSAYS ON THE ROLES OF REVIEW VALENCE AND  
CONFLICT IN ONLINE RELATIONSHIPS**

By

**Ran Liu**

M.B.A May 2013, University of Bridgeport, USA

D.B.A. May 2016, Globe University, USA

A Dissertation Submitted to the Faculty of  
Old Dominion University in Partial Fulfillment of the  
Requirements for the Degree of  
DOCTOR OF PHILOSOPHY

BUSINESS ADMINISTRATION-MARKETING  
(MINOR IN INTERNATIONAL BUSINESS)

OLD DOMINION UNIVERSITY

April 2020

Approved by:

John B. Ford (Director)

Chuanyi Tang (Member)

Weiyong Zhang (Member)

## **ABSTRACT**

### **THREE ESSAYS ON THE ROLES OF REVIEW VALENCE AND CONFLICT IN ONLINE RELATIONSHIPS**

Ran Liu

Old Dominion University, 2020

Director: Dr. John B. Ford

In the context of online marketing, product reviews and online relationships have played essential roles in determining consumer's decision making. The three essays examine how valence and volume of online reviews affect consumers' perceived relationships with a firm, as well as the boundary effect of the causal link. Previous literature has been focusing on the direct effects of word-of-mouth (WOM) on consumers' short-term purchase decisions and treating WOM solely as an outcome of a relationship. Consequently, the role of online reviews has been underestimated by contemporary literature and how electric WOM (eWOM) changes consumers' perception with an exchange partner is under-researched.

The first essay provides a theoretical foundation of how the valence of WOM relates to the constructs of a consumer-firm relationship. Based on the literature review, the essay suggests that there might be a systematic linkage between review valence and relationship constructs, and perceived partner' commitment plays moderating roles during these processes. Specifically, being exposed to

negative reviews will significantly increase consumers' perceived conflict with the focal firm, leading to a reduced level of perceived relational benefit and trust, and therefore undermining consumers' loyalty and purchase intentions.

Through five lab experiments in the second and third essays, the results demonstrate there is a serial of chain effects of online reviews and consumer-firm relationships, indicating eWOM is not only a consequence of relationship marketing (RM) but also an antecedent. The effects of valence on relational outcomes are contingent upon other factors, such as perceived commitment, review volume, and financial constraints. Specifically, the adverse effect of negative reviews will be mitigated by low volume, low perceived commitment, and high financial constraints.

These findings provide an incremental knowledge of how online reviews shape consumers' perception of a relationship, contributing to RM theories as well as marketing practices. By adding WOM as an antecedent of the RM model (Palmatier,2006), a chain of effects from eWOM to relationship is established. The examination of moderators suggests that not all negative reviews are equal and that marketers may use different online strategies for different target segments in different situations.

Copyright © 2020 Ran Liu. All Rights Reserved.

This work is dedicated to my parents, my wife, and my daughter. Their unconditional love and support inspire me to strive for happiness through deep thinking.

## ACKNOWLEDGEMENT

The journey of pursuing a Ph.D. is a process of intellectual growth that needs guidance and help from many advisors. First of all, I would like to express my extreme gratitude to Dr. John B. Ford, who is my chair, mentor, and friend indeed. Dr. Ford has taught and guided me during the whole journey of the Ph.D. program. Being his student is one of the highest honors and greatest treasures in life. As my advisor, his academic passion, optimistic personality, and cross-cultural marketing knowledge have become the guidelines in leading my academic pursuit. So many times, Dr. Ford encouraged me to look forward, move forward, and be optimistic whenever there were hurdles. The time spent with him became unforgettable memories, which provides unlimited topics and insights as I do research and teach. The invaluable comments provided by Dr. Ford serve as cornerstones of this research.

I want to express my gratitude to Dr. Chuanyi Tang. As one of my professors and committee members, Dr. Tang provided encouraging and sharp instructions. He played a decisive role in shaping the structure of the research. His deep insights on online information and relationship marketing theories are essential in structuring this work. When I struggled to find a theory to support my research ideas, it was Dr. Tang who suggested the possibility of using social exchange theory (SET). I followed his advice, and SET has become a fundamental umbrella theory for the research.

I extend my deepest gratitude to Dr. Weiyong Zhang, who serves as a committee member and provided plenty of insightful comments that helped me improve the methodology. To me, Dr. Zhang is not only my advisor but also one of my best friends. I did not hesitate to call him whenever I had a question for a broad range of issues such as mathematical modeling, student mentoring, or with my academic job search. Dr. Zhang spent so many hours advising me with his valuable and honest opinions. Dr. Zhang's advice on my methodology is one of the essential bases

of this research.

My special thanks go to Ms. Katrina Davenport, who is our Ph.D. program manager, but she is also my mentor in many ways. For each email I sent her for whatever reason, she replied almost instantly. All Ph.D. students speak about Katrina using the same language: "I could not have made it without Katrina." That is certainly the case for me as well.

It is unthinkable to accomplish my Ph.D. degree without the full support from all the outstanding professors at Strome College of Business. For that, I would like to thank Dr. Mahesh Gopinath, Dr. Aaron D. Arndt, Dr. Yuping Liu-Thompkins, Dr. Anusorn Singhapakdi, Dr. Jeff Tanner, Dr. Kiran Karande, Dr. George Steven Rhiel, Dr. Edward Markowski, Dr. David D. Selover, and many other professors in business college. Their advice and inspiration have made the journey productive and enjoyable.

Last but not least, I have to say I could have achieved nothing without the support of my wife and my daughter. They have served as my advisors 24/7. They have been the most straightforward critics when I was overconfident and provided the warmest encouragement when I experienced challenges. Their company makes me feel everything is worth it.

## TABLE OF CONTENTS

## Page

LIST OF TABLES .....	X
LIST OF FIGURES .....	0
ESSAY 1 .....	1
ABSTRACT .....	1
INTRODUCTION .....	1
LITERATURE REVIEW: ROLES OF REVIEW VALENCES ON RM .....	6
VALENCE AND THE NEGATIVITY EFFECT OF WOM COMMUNICATION .....	11
REAPPRAISE RM IN THE ONLINE CONTEXT .....	14
IS eWOM ONLY AN OUTCOME OF RM? .....	17
THE PIVOTAL ROLE OF CONSUMER PERCEIVED CONFLICT IN HOW eWOM AFFECTS RM .....	19
THEORETICAL FRAMEWORK AND PROPOSITION DEVELOPMENT .....	20
DISCUSSION .....	30
IMPLICATIONS .....	32
LIMITATIONS AND FUTURE RESEARCH .....	33
REFERENCES .....	35
ESSAY 2 .....	55
ABSTRACT .....	55
INTRODUCTION .....	56
THEORETICAL BACKGROUND .....	58
STUDY 1: EFFECT OF REVIEW VALENCE ON CONFLICT .....	63
HYPOTHESES DEVELOPMENT .....	63
METHODOLOGY .....	65
RESULTS AND DISCUSSION .....	69
STUDY 2: THE MEDIATION THROUGH CONFLICT .....	71
HYPOTHESES DEVELOPMENT .....	71
METHODOLOGY .....	72
Design and Procedures .....	72
Results and Discussion .....	73
STUDY 3: EFFECT OF CONFLICT ON RELATIONAL BENEFIT AND TRUST .....	75
HYPOTHESES DEVELOPMENT .....	75
METHODOLOGY .....	76
Design and Procedures .....	76
RESULTS AND DISCUSSION .....	78
GENERAL DISCUSSION .....	79
LIMITATIONS AND FUTURE RESEARCH .....	81

REFERENCES .....	82
TABLES AND FIGURES .....	93
APPENDICES .....	100
APPENDIX A: REVIEW STIMULI .....	100
APPENDIX B: MODEL 1 .....	101
APPENDIX C: REVIEW STIMULI (STUDY 2) .....	102
APPENDIX D: MODEL 2 (STUDY 2) .....	103
APPENDIX E: REVIEW STIMULI (STUDY 3) .....	105
ESSAY 3 .....	106
ABSTRACT .....	106
INTRODUCTION .....	106
CONCEPTUAL BACKGROUND .....	108
STUDY 1: MODERATING EFFECT OF REVIEW VOLUME .....	110
HYPOTHESIS DEVELOPMENT .....	110
METHODOLOGY .....	111
Design and Procedures .....	111
RESULTS AND DISCUSSION .....	112
STUDY 2: MODERATING EFFECT OF FINANCIAL CONSTRAINTS .....	114
HYPOTHESIS DEVELOPMENT .....	114
METHODE .....	116
RESULTS AND DISCUSSION .....	117
GENERAL DISCUSSION .....	119
LIMITATION AND FUTURE RESEARCH .....	121
REFERENCE .....	123
TABLES AND FIGURES .....	127
VITA .....	134

## LIST OF TABLES

Table	Page
TABLE 1: SCALE SUMMARY (ESSAY 2).....	93
TABLE 2: INTERACTION ANALYSIS.....	94
TABLE 3: STUDY 2 – MODERATED MEDIATION .....	95
TABLE 4: STUDY 3 – MODERATED MEDIATION .....	96
TABLE 5: MODERATED MEDIATION (ESSAY 3 TABLE 1) .....	127
TABLE 6: MODERATED MEDIATION (ESSAY 3 TABLE 2) .....	128
TABLE 7: SCALE SUMMARY (ESSAY 3 TABLE 3).....	129

## LIST OF FIGURES

Figure	Page
FIGURE 1: CONCEPTUAL MODEL (ESSAY 1).....	54
FIGURE 2: CONCEPTUAL MODEL (ESSAY 2 FIGURE 1) .....	97
FIGURE 3: STUDY 2–MEDIATION FIGURES (ESSAY 2 FIGURE 2) .....	98
FIGURE 4: STUDY 3–MEDIATION FIGURES (ESSAY 2 FIGURE 3) .....	99
FIGURE 5: CONCEPTUAL FRAMEWORK (ESSAY 2: FIGURE 1) .....	130
FIGURE 6: HOTEL REVIEW (ESSAY 2 FIGURE 2) .....	131
FIGURE 7: STUDY 1–MEDIATION FIGURES (ESSAY 2: FIGURE 3) .....	132
FIGURE 8: STUDY 2–MEDIATION FIGURES (ESSAY 2 FIGURE 4) .....	133

## **ESSAY 1**

### **THEORETICAL INVESTIGATION OF THE ANTECEDENT ROLE OF REVIEW VALENCE IN BUILDING ONLINE RELATIONSHIPS**

#### **ABSTRACT**

The valence of online reviews (positive or negative) offers a systematic online relationship between consumers and company brands. Online reviews can deteriorate or improve online relationships. The findings of a thorough analysis of a set of organizational and individual behavioral theories indicate that negative reviews increase a consumer's perceived conflict with a focal firm, leading to a reduced level of perceived relational benefit and trust, undermining the consumer's loyalty. Fundamental propositions indicate that researchers should focus more on word-of-mouth (WOM) as an antecedent of relationship marketing, and marketers should focus on proactive WOM campaigns, critical for establishing long-term reciprocal relationships with consumers.

#### **INTRODUCTION**

An industry study reports that over 2.4 billion brand-related word-of-mouth (WOM) activities occur daily (Keller & Fay 2012); marketing managers and researchers have been investing heavily to understand the patterns behind WOM (Libai, Muller, & Peres, 2013), and this has been the center of marketing research for decades (Palmatier et al., 2006). Previous studies demonstrate that WOM valence

plays a critical role in influencing consumer behavior (Kumar & Pansari, 2016), consumers' purchasing decisions (Anderson & Salisbury, 2003; King et al., 2014), post-usage perceptions, and WOM retransmissions (Baker, Donthu, & Kumar, 2016). The impact of WOM on the consumer's purchase behavior is stronger than traditional advertising, such as print ads, personal selling, or radio ads (Anderson & Salisbury, 2003; Bone, 1995; Herr, Kardes, & Kim, 1991; Zeithaml, Bitner, & Drenler, 1996). However, few studies have explored the role of WOM in relationship marketing (RM) and the effects of electronic WOM (eWOM) on online RM. These are vital for understanding consumer online shopping behavior and the success of e-commerce (Colgate & Danaher, 2000). Empirical studies support that RM plays a pivotal role in firms' strategic goals, and its importance in marketing strategy and consumer behavior has been extensively studied (Melancon & Dalakas, 2018). An interest in RM has grown over the years as a result of Morgan and Hunt's (1994) critical mediating variable (KMV) model, highlighting the vital roles of both commitment and trust in relationship building. The RM theories illustrate a relationship between consumers and providers (for services) and sellers (for goods) for creating additional values for both parties (Grönroos, 2000). These values increase customer cooperation (Anderson & Narus, 1990), loyalty (Sirdeshmukh, Singh, & Sabol, 2002), enhance seller performance (Reynolds & Beatty, 1999), and influence the likelihood of customer-to-customer referrals (Hennig-Thurau, Gwinner, & Gremier, 2002). RM serves as a driver of WOM. Antecedents to WOM creation have been found to be altruism, self-enhancement, satisfaction, taking vengeance, buyer, and seller relationships. These gave a direct linkage between marketing strategy and desired outcomes (Berger, 2014; Hennig-Thurau et al., 2004). The WOM-as-outcome theory suggests that WOM plays a vital role in RM (Hennig-Thurau et al., 2002), and firms

should improve consumer relationships to encourage repurchase, reduce negative WOM experienced from disgruntled customers, and attract new customers (Zhang et al., 2016).

Various studies focus on RM and the effects of WOM on sales (Chung & Shin, 2010; Lee, Cheng, & Shih, 2017; Tsai, Chen, & Chaung, 2019). However, their scope is minimal regarding the impact of eWOM on marketing outcomes in particular. Despite an extensive formulation of RM theoretical frameworks on the influence of WOM on consumers' short-term behavior, the empirical testing on the impact of new media and eWOM on consumers' relationships with company brands remains limited (Hennig-Thurau et al., 2010). As stated by Hennig-Thurau et al. (2010): "it is unclear how existing brand relationships are affected by new media services" (p.317) and eWOM as well. The relationship between valence and consumers' explicit attitudes, such as buying intentions, is documented in the eWOM literature. The effects of online reviews on consumers' implicit online attitudes remain unclear till date (Chung & Shin, 2010). Moreover, empirical studies focus on the effect of eWOM on consumers' buying intentions primarily in specific industries, such as the fashion industry (Saleem & Ellahi, 2017), electronic products industry (Baber et al., 2016), and the food industry (Shih, Sresteesang, Nguyen, & Wu, 2018). It has also been shown that the indirect effects of eWOM on consumer behaviors have largely been ignored (Zhao et al., 2010).

In the present study, the effects of eWOM valences on consumers' perception and relationship with the business partner are examined. The study also examines the role that relational factors, such as perceived conflicts, benefits, commitment, and trust, play in this process. This research attempts to find evidence that WOM, especially eWOM, serves as an antecedent to RM (Palmatier et al., 2006). The

argument is driven by social exchange theory (SET) (Blau, 1964), signal theory (Kelley, 1988), and perceived fairness theory (Singer et al., 2006). SET social exchanges, including information exchanges, have the ability and potential to alter relationships (Cropanzano & Mitchell, 2005). Signal theory offers mix elements such as information signals of the brand's position and the quality of a product (Kelley, 1988; Kirmani, 1990), revealing that the valence of information can signal the consumer about the perceived risks associated with a brand (Davis, 1991). In line with signal theory, the theory of perception of fairness also supports a continuous relationship between the valence of information and the brand (Singer et al., 2006). Service fairness is a customer's perception of a firm's behavior and its services (Narteh, 2016). In a sustainable relationship, all social exchange partners should share a similar perception of fairness (Blau, 1964) because unbalanced perceptions of the justice involved may affect the relationship, behaviors (Kumar et al., 1995), satisfaction or potential for conflict (Brown, Cobb, & Lusch, 2006). Fairness perception theory reveals that a negative review will make consumers change their perceived fairness toward a partner and reevaluate their relationship constructs (Faullant, Fueller, & Hutter, 2017; Hulland, Nenkov, & Barclay, 2012).

This research conceptualizes the pivotal role of eWOM in online relationship marketing and establishes a new theoretical model wherein eWOM serves not only as a consequence of online relationship but also a critical causal mechanism in changing consumers' perception of an online relationship, which has emerged as a dominant exchange mode for both goods and service industries (Yusuf Dauda & Lee, 2015). The findings of cross-industrial studies provide a robust examination of how eWOM shapes consumers' perception; therefore, marketers need to adjust strategies accordingly.

In addition, this study contributes to marketing theory and practice. The findings offer implications for brand managers intending to build long-term relationships with consumers. By identifying the process of how positive (negative) online reviews increase (decrease) consumers' level of conflict with a business partner, the research provides evidence that WOM is an important antecedence of RM. To conduct meaningful RM activities, the findings indicate that marketers should recognize the importance of the potential deterioration of consumers' perceived relationships with the company/brand when they are exposed to negative reviews. Therefore, firms should reduce potential conflict with consumers and create positive reviews across service and durable goods industries. Moreover, the findings will help marketers to evaluate eWOM campaign using improved RM as a novel Key Performance Indicator, rather than solely relying on sales (Saura et al., 2017). Second, extant theories of RM focus on how WOM affects consumers' short-term decisions (Anderson & Salisbury, 2003), such as purchase or retransmission intentions, suggesting that WOM serves as an outcome of a relationship (Palmatier et al., 2006). Consistent with signal theory and fairness perception theory, this study demonstrates the critical role of online reviews in shaping consumers' perceptions of product and service company relationships. While previous studies reveal how WOM affects firms' short-term performance (Hennig-Thurau, Wiertz, & Feldhaus, 2015), this research provides varied perceptions of consumers regarding their different relationships with firms, explained by the valence and extremity of reviews. As the present work focuses on online reviews, its validity can be applied to other forms of eWOM, such as discussions on Twitter and Facebook. Lastly, this work complements growing research interest on the role of electronic interactions in

determining online relationships and relevant marketing outcomes (Kozinets et al., 2010; Steinhoff et al., 2018).

## **LITERATURE REVIEW: ROLES OF REVIEW VALENCES ON RM**

Online WOM or eWOM is one of the most common and preferred marketing communications allowing consumers to interact with multiple relational partners (King et al., 2014). William H. Whyte, Jr. was the first to introduce the term “WOM” in 1954. In urban areas, Whyte observed that consumers’ informal communications with neighbors significantly influenced their purchasing habits of family appliances (e.g., air conditioners and television sets). Whyte Jr. (1954) identified clusters of homes equipped with window air conditioners and groups of homes without these appliances, suggesting that this phenomenon influenced a decision of consumers in their consumption of these types of appliances. Arndt (1967) believed that WOM was closely related to sales and defined it as informal “person-to-person communication between a perceived noncommercial communicator and a receiver concerning a brand, a product, or a service offered for sale” (p. 190). Berger (2014) describes WOM as context- and content-driven communications. He identifies context-driven WOM as a set communication channels for the audience, in which communicators themselves decide which content to share. In content-driven WOM, people must choose the kind of channel to use and the type of people to communicate with. In this case, communicators decide whom to share their contents with. For decades, WOM communication has been an important area for marketing research (Palmatier et al., 2006), and it is considered one of the significant drivers of purchase intention and firm performance (Moon, Bergey, & Iacobucci, 2010).

Extensive research has illustrated that informal informational exchanges may influence consumers' purchase intentions even more than formal exchanges (Anderson & Salisbury, 2003). For example, WOM has more impact on consumers' purchase behaviors than traditional advertising, such as print ads, personal selling, or radio ads (Bone, 1995; Herr, Kardes, & Kim, 1991; Zeithaml & Bitner, 1996; Bond et al., 2018). WOM recommendations are one of the leading influencers on brand choices in service industries such as car insurance (East et al., 2005) and the choice of a university (Ford et al., 1999).

Besides purchasing behavior, WOM plays a vital role in consumers' short-term decisions, such as the intent to purchase and retransmission (Baker et al., 2016). For decades, WOM is credited as being more effective than print adverts, personal selling, and radio adverts (seven times, four times and two times more effective, respectively) at affecting consumers' purchasing intentions (Katz and Lazarsfeld, 1955). Dichter (1966) claimed that 80% of brand choice decisions were from other people's recommendations. However, recent studies focus on new brands rather than brand switching (Hennig-Thurau et al., 2015). Their claims may have little application on brand choice. Regarding brand switching, Keaveney (1995) documented that 50% of brand switching was related to the choice of a service provider based on WOM. Bettman (1979) divided the consumer decision-making process into three different stages. The multi-stage process includes awareness, interest, and the final decision, which consists of a sequence of mental operations to determine purchasing decisions.

Besides proposing different stages of the consumer's decision-making process, Rogers (1962) created a five-stage model using trial and evaluation; Van den Bulte and Lilien (2001) suggested a combination of awareness and interest or

evaluation and interest; however, the most commonly used model is the three-stage decision-making framework. At the awareness stage, information recipients face a decisive choice on whether to expose themselves to available information (Rezaei, 2015). Potential benefits and risks of the information are important factors to consider when making a decision. The potential benefit is the value derived from the message; potential risks include wasted time or exposure to a harmful message. The interest stage is the second stage. Recipients conduct a cost/benefit analysis based on their tie with the sender and the available information about a product or service. In the final stage, the recipient decides whether to accept or deny the offer based on the previous cost/benefit analysis; tie strength with the sender has limited influence on the decision outcome (De Bruyn & Lilien, 2008). The impact of decision costs, benefits, and cues vary (Hansen & Helgeson, 1996; Ratchford, 1982). WOM communications and precursors to WOM's influence, such as tie strength, demographic similarity, and affinity, impact all stages of the decision-making process (De Bruyn & Lilien, 2008). Nevertheless, not all WOM is the same. Multiple factors influence its power, and these include valence, tie strength, source expertise, and characteristics (Lin, 1971; Weimann, 1983).

Regarding the impact on consumer behavior, WOM communications often occur among consumers' close ties, such as friends and family members. Moreover, the volume of eWOM communication increases among consumers' weak ties—individuals. Despite never meeting offline, eWOM produces instant and widespread dissemination of information among consumers (Kimmel & Kitchen, 2014). Presently this involves user-generated content via the Internet and mobile communications, such as tweets and Amazon product reviews. This plays a crucial role in the effectiveness of marketing communications (Ransbotham, Lurie, and Liu,

2018). eWOM refers to any positive or negative reviews about a product or company via online communities (Hennig-Thurau, Gwinner, Walsh, & Gremler, 2004). Yadav and Pavlou (2014) define eWOM as Internet-mediated communications among different groups of consumers. As many consumers rely on the Internet to make a purchase, eWOM plays a significant role in their decision (Cheung and Lee, 2012; Goldsmith and Horowitz, 2006).

Besides numerous studies focusing on how eWOM affects sales, many companies are investing substantial portions of their marketing budgets on managing eWOM (You et al., 2015). eWOM differs from the traditional WOM in four facets. The first is interactivity; some eWOM involves one-way communication, and instant interaction is not possible. The ratio of one sender to multiple receivers is the second. In many cases, an online review is received by many consumers at different times and reviewed through offline WOM. The third is the degree of reliability of the source. Some eWOM is subjected to deception. This causes people to be suspicious of the content they read online rather than offline. Finally, in the role of tie strength, offline WOM happens more between close ties, whereas a large amount of eWOM can affect consumers' behavior with weak tie strength (East et al., 2016).

As eWOM is written, it affects consumers' willingness to purchase products (Pavlou & Dimoka, 2006), and it has an impact on the firm performance (Trusov, Bucklin, & Pauwels 2009). Whitler (2014) designates eWOM as an essential social medium for marketers, and Wilson et al. (2017) identify social media as the most critical priority in determining consumers' purchasing behaviors. In congruence with these findings, Mintel (2015) reports that many American consumers seek online opinions before making a purchasing decision. Presently, social networking is an important marketing platform for many firms (Brown, Broderick, & Lee, 2007).

The present generation of consumers is more informed and skeptical than previous generations, affecting firm marketing strategies and consumer behavior (Melumad et al., 2019). These behaviors took shape under the traditional marketing tools, such as offline advertising, promotional activities, and personal selling (Bruhn & Schnebelen, 2017). With the recent advancements in technology, the role of social media in marketing communication has altered consumer behavior. While marketers can reach consumers more efficiently, they are of a lesser influence on actual consumer behavior (Moran & Muzellec, 2017). As a result, while it has become easier for marketers to build relationships with consumers, these relationships are more fragile and can be harmed by the online activities of consumers. This process occurs because online information contrasts with offline information in many ways (Baker et al., 2016). As defined by most contemporary literature, a significant difference between eWOM and traditional communication is the direction of information exchange (Maslowska, Malthouse & Bernritter, 2017) between sellers and buyers (Morgan & Hunt, 1994; Palmatier et al., 2006). eWOM can be multidirectional, including communication between sellers and buyers, sellers and sellers, and, most often, buyers and buyers (Bruhn & Schnebelen, 2017). eWOM is also different from traditional communication as it takes multiple forms, which include customer product reviews, email referrals, and posts on Internet forums; this has produced a dramatic change in firms' marketing strategies (Steinhoff et al., 2018). Despite the importance and complexity of eWOM, contemporary research has focused on the direct effect of eWOM and treated it as a consequence of RM. Nevertheless, very few studies have addressed the potential indirect impact of eWOM (Colgate & Danaher, 2000; Kozlenkova et al., 2017).

### **Valence and the negativity effect of WOM communication**

eWOM valence is the messages, expressed positively, negatively, or neutrally, which serve as a critical metric of eWOM messages (You et al., 2015). Previous studies have shown that positivity and negativity of information on a specific issue affect consumer arousal and purchase intentions (Berger & Milkman, 2012; Berger, Sorensen, & Rasmussen, 2010). Extant literature has demonstrated that tie strength, source expertise, source relationship, and perceptual affinity are all factors influencing WOM. In essence, the valence and volume of WOM are the most salient determinants of WOM effects (Bansal & Voyer, 2000; Frenzen & Nakamoto, 1993; Gilly et al., 1998). Existing literature shows that high eWOM variance affects its volume and valence. Volume is the total amount of eWOM messages; valence represents the direction of signals. The conflicting findings in contemporary research suggest a need to understand whether eWOM is created equally or has different effects across different platforms, such as blogs, social media sites, and forums (Babić Rosario et al., 2016). In the movie industry, Chintagunta, Gopinath, and Venkataraman (2010) find that valence is more important than volume when determining box office performance, whereas Liu (2006) finds that the impact of volume outweighed that of valence. While volume serves as a promising predictor of sales, much is still unknown in terms of valence because of the complexity in defining concepts such as sentiment, extremity, and variance of ranking (Babić Rosario et al., 2016). Nevertheless, an ongoing debate shows that WOM valence does have an effect on consumer decisions (Whitler, 2014).

Previous studies have explored the negativity effects of WOM valence. Negativity effects refer to peoples' propensity to offer more negative information than positive information when evaluating judgments (Ahluwalia, 2002). Negative

information, such as negative emotional words, serve as the essential cues in eWOM communications (Tang, 2010). This is perceived as more informative and diagnostic than positive information for categorizing targets. Nevertheless, negative information has a higher weight in evaluations (Lynch, 2006). The accessibility-diagnostics theory suggests that people make decisions based on their preexisting memories, and memory retrieval depends on the accessibility of the input and its accumulated diagnosticity (Lynch, 2006). Consumers evaluate information to help them make an informed decision (Moon et al., 2010). Diagnosticity is perceived as the correlation between a measurable cue and an unobservable property (Dick, Chakravarti, and Biehal, 1990). This is studied because of its relevance and importance (Miniard, Sirdeshmukh, and Innis, 1992); it also helps in classifying objects to make an effective decision (Herr, Kardes and Kim, 1991). People's responses to questions are affected by their diagnosis of a previous decision involving earlier problems. Perceived diagnosticity has a positive relationship with the degree people respond to questions based on prior experiences (Fishbein & Ajzen, 2011). The determinants of diagnosticity are not the same across different judgments and choices (Feldman and Lynch, 1988). If the perceived negative diagnostic information is low, the negativity effect decreases correspondingly (Skowronski & Carlston, 1987). As diagnosticity is a perception rather than an objective criterion, its effects connect to human behaviors, and individual ability may overshadow the negative diagnostic information, which undercuts the negativity effect (Ahluwalia, 2002). Negative WOM (NWOM) is more potent than positive WOM (PWOM) because NWOM occurs more frequently than PWOM (Silverman, 2001). Hennig-Thurau et al. (2015) examined the effect of NWOM on early

adoptions of movies and found that the impact of negative tweets dominated those of positive ones.

Other literature explains that the negativity effect is rare, and the incidence of PWOM exceeds that of NWOM. However, negative information is more useful for diagnostic information and attracts consumer attention (Lacziniak, DeCarlo, and Ramaswami, 2001). East et al. (2007) conclude that the ratio of the positive to negative WOM is 3:1, and Siegel (2006) finds that the ratio favors PWOM by 6:1. Oetting et al. (2010) conclude that 89% of consumers record positive instances of WOM rather than NWOM based on findings of a 20000 sample-size survey. The PWOM is larger than NWOM because over 83% of consumers are satisfied with their purchased product (Mittal and Lassar, 1998). Since large consumers are likely to offer negative advice about brands that they have never owned, PWOM is often created about a user's (currently used) brand (East, Hammond and Wright, 2007). Fitzsimons and Lehmann (2004) studied the reactance effect and found that people were more committed to a favorite brand when exposed to NWOM. Although PWOM has a more significant effect than NWOM on brand choice, if the recipients have a preferred brand, neither PWOM nor NWOM are likely to impact their choice (East et al., 2007). Fitzsimons and Lehmann (2004) studied the reactance effect and found that people are more committed to their favorite brand when they are exposed to NWOM. However, the cause of this phenomenon is unclear. The extremity of the valence may be the cause. Extreme reviews are often more informative and assist consumers to make an informed buying decision (De Keyzer et al., 2017). Pavlou and Dimoka (2006) examine the role of extremity on consumers buying decision and conclude that buyers rely on extreme reviews to make decisions rather than moderate reviews.

Similarly, Forman et al. (2008) find that this insight applies to Amazon users since 3-star over five-star or 1-star ratings does not influence consumer choice. Extreme reviews possess attitude certainty, influencing its salience and helpfulness. Consumers who post a 1-star (negative) or 5-star (positive) review often have higher attitudinal confidence about the product or services than consumers who post a 3-star rating. Therefore, extreme reviews are more helpful in reducing consumers' attitudinal uncertainty (Chua & Banerjee, 2016).

With the complexity and significance of eWOM, small and midsize businesses have invested over \$700 million yearly in online reputation management services to remove negative customer reviews and increase consumers' brand loyalty (Wilson et al., 2017). However, extensive research suggests that marketing managers should desist from focusing on negative customer reviews given the ambiguous effect on consumer purchasing. Instead, they suggest that brand building should be a priority in brand reputation management for RM (Wilson et al., 2017).

### **Reappraise RM in the online context**

Morgan and Hunt (1994) define RM as marketing activities to establish, develop, and maintain relationship exchanges. They believe that RM requires commitment and trust. However, RM is different from transaction marketing. While discrete transactions are characterized by short duration and sharp endings, relational exchanges highlight reciprocal agreements, are rare long-term in duration, and reflect an ongoing process (Dwyer, Schurr, & Oh, 1987; Kumar et al., 2013). RM is a system-oriented marketing concept with the potential to develop into the first general marketing theory (Grönroos, 1995). RM is a focus for marketing research practitioners as it can generate stronger consumer brand loyalty and enhance the

company's financial performance and strategic goals (King et al., 2014). A broad spectrum of marketing literature suggests that RM models are affected by different constructs, including trust, commitment, relationship satisfaction, perceived benefits, overall relationship quality, and business context, all of which indicate relationship strength and further impact relationship exchange performance (Zhang et al. 2016).

Business contexts and characteristics affect RM outcome (Chung & Shin, 2010). Although marketers and scholars believe that the paradigm of exchanges is transforming from transactional to relational, the speed and scope of those changes vary across different industries. For example, a transactional exchange highlights the importance of the relationship in services, consumers and service firms are more involved in exchanges as compared with companies in other industries (Scheer et al., 2015; Zeithaml, Parasuraman, and Berry, 1985; Zhang et al. 2016). The importance of RM depends on business characteristics, and relationships are more critical in business markets than in consumer markets (Anderson & Narus, 1990). Traditional RM literature emphasizes business-to-business (B2B) relationships because channel partners require more coordinated interactions and a higher level of interdependence. Thus, channel partner exchanges are perceived as more relevant than indirect exchanges (Steinhoff et al., 2018; Anderson and Weitz, 1989). With a rise in e-commerce, business-to-consumer (B2C) relationships are formed, and they are affected by the online community across different business contexts (Kumar et al., 2013).

Doney and Cannon (1997) find that different patterns of trust depend on the target of an individual or an organization. Empirical research shows that people make judgments about organizations more confidently and quickly than making judgments about individuals (Hamilton and Sherman, 1996). Moreover, the

relationships are more relevant to organizations' performance than to individuals' transactions.

Although the above factors influence RM, they strengthen the different levels of relationships. Among all the constructs, communication is more effective in generating stronger relationships as compared with other antecedents, such as increasing customer dependency or developing relationship benefits (Palmatier et al., 2006). In RM, the traditional two-way communication is an essential antecedent to developing and maintaining relationships (De Matos and Rossi, 2008). Firms need to communicate valuable information to their exchange partners in both B2B and B2C contexts (Anderson & Weitz, 1989). This two-way communication positively affects the level of trust, which is an antecedent to positive relationship mediators, such as seller expertise (Chung & Shin, 2010). Extant RM models have been limited to the two-way channel communication between companies and consumers, which are, in many cases, free of valence and have limited scope in shaping consumers perception to long-term relationships (Kumar et al., 2013). With an increase in communication channels, many eWOM discussions or reviews are about brands. This evolution has created communication channels that cannot be considered dyadic (Melumad et al., 2019). Therefore, further research is required to address how non-dyadic communication channels affect the relationship. More specifically, online reviews, created in different e-commerce and social media websites, reappraise eWOM relationships (Ransbotham et al., 2018). Nevertheless, few studies have addressed how WOM affects consumers' long-term behavioral changes, critical to the emerging RM paradigm in terms of building and maintaining relationships between buyers and sellers (Hennig-Thurau et al., 2010).

The benefit of RM is far from conclusive. While Palmatier et al. (2006) states that a positive relationship between RM and corporate performance is well supported by existing research, some researchers find disappointing outcomes in RM efforts. Others identify a negative relationship between performance and RM investment (De Wulf, Odekerken-Schröder, & Iacobucci 2001; Hibbard et al., 2001). This inconsistency in the literature shows that the effectiveness of RM investments varies based on underlying multiple factors beyond what researchers have found (Reinartz and Kumar, 2003). Thus, investigating RM using disaggregate approaches is required. For example, it is critical to identify which primary variables and drivers are most related to RM effectiveness, as well as how these factors correlate with consumer engagement (Hollebeek et al., 2019). Primarily, the Internet provides new tools for consumers to make purchasing decisions. Experts in blogs and online product reviews offer avenues for consumers to search for relevant information regarding the choice of the products and evaluate their trusts products and services (Kim & Hanssens, 2017).

### **Is eWOM only an outcome of RM?**

Besides repeated purchase behavior and customer loyalty, WOM enhances RM (Hollebeek et al. 2016). WOM influences customer loyalty, attitudes, and behaviors as it enhances the likelihood of a customer recommending a product to another potential buyer, thereby reducing negative WOM. Seller performance and cooperation with customers are also consequences of relational mediators (Zhang et al., 2016).

Even though the effects of WOM on consumer purchase decisions have been well-studied, their impact on RM remains unclear. Extant literature has tested WOM

as an outcome of RM activities. Using a comprehensive meta-analysis, Palmatier et al. (2006) categorized the antecedents of RM as customer-focused, seller-focused, and dyadic antecedents. They propose WOM as one of the five outcomes of their relational mediator meta-analytic framework, essential in RM. In another meta-analytic review, De Matos and Rossi (2008) found that RM activities significantly affect WOM activities and that customer commitment has a substantial effect on WOM intentions. While their study is beneficial in understanding the role of WOM in marketing, they considered correlation in a general business context rather than analyzing the complex structure of RM.

Focusing on WOM solely as a consequence of a relationship is myopic and does not capture the full interaction of WOM and RM. eWOM, such as online reviews, has become a crucial communication proxy in e-commerce, which assists in enhancing dynamic online relationships with consumers using social media or e-commerce website, such as eBay, Amazon, or Yelp (Kumar et al., 2016). With an increase in eWOM usage in the form of consumer product reviews, email referrals and posts on Internet forums, the way marketers measure and improve RM have changed dramatically (Steinhoff et al., 2018). Marketers realize that the Internet offers different ways to leverage marketing possibilities using both company-to-consumer communications and consumer-to-consumer communications, which is more cost-effective than traditional offline marketing (Krishnamurthy, 2001). A very limited amount of studies has demonstrated the potential antecedent role of WOM in RM (You et al., 2015). For example, Awad and Ragowsky (2008) study how the quality of WOM affects consumer trust in an e-commerce context. They find that WOM quality significantly affects consumer trust. Awad and Ragowsky's (2008) is one of the few studies that establish a causal relationship of how WOM affects trust.

However, they mainly distinguish the decision-making patterns of men and women, limited to retailers' websites. As consumers become increasingly cautious about unsolicited WOM resources, electronic communication strategies to attract recipient attention becomes increasingly challenging (De Bruyn & Lilien, 2008). Furthermore, a notable gap is identified in how eWOM affects relationships between exchange partners. Thus, this research aims at examining the effect of eWOM on RM, and adding incremental knowledge to the role of WOM as an outcome of RM and determinants of the RM conceptual model.

While extensive research focuses on how eWOM affects consumers' decisions via its valence, it largely remains unknown how eWOM valence serves as an antecedent of a relationship between buyers and sellers and the causes of this underline process (King et al., 2014, Wright, 2007; Feldman and Lynch, 1988). This article focuses on one of the most common types of eWOM, product reviews, to investigate the potential role(s) of eWOM in RM. The study illustrates that WOM is an outcome of RM activities and an important antecedent of RM that has both a direct and an indirect impact on the two most import mediators of relationship: relational trust and commitment.

### **The pivotal role of consumer perceived conflict in how eWOM affects RM**

Perceived conflict (or conflict) represents consumers' overall disagreement with exchange partners and serves as a critical dyadic antecedent of RM (Kumar, Scheer, & Steenkamp, 1995). Of all dyadic antecedent relationships, one will have a positive impact on relationships. Unlike traditional communication, conflict serves as an essential factor that negatively affects relational mediators. The presence of conflict significantly undermines the positive effects of other relational antecedents

(Palmatier et al., 2006; Anderson and Weitz, 1989). Cheng et al. (2012) find that consumers may feel they are under attack when they are exposed to negative online WOM regarding their brands. This finding is congruent with Gilbert et al.'s (1998) study, suggesting that people have psychologically immune systems to defend their self-integrity from environmental threats. Most importantly, increased conflict can lead to a loss of confidence with a partner and decreases business interest (Grayson, 2007; Morgan & Hunt, 1994), especially for tangible and high financial risk products in e-commerce platforms (Babić Rosario et al., 2016).

### **Theoretical Framework and Proposition Development**

SET is employed to explain the psychological mechanism underlying the relationships between WOM and relationship outcomes. In particular, PWOM indicates that customers receive good service and support from a company and perceive low conflict with the company. According to SET, customers will have the social obligation to build and maintain good relationships with the company in return for the company's excellent service and support. SET argues for building reciprocal and rewarding transactions and relationships; accordingly, the exchange partners need to seek fairness and take rewarding actions of the relationship partners (Cropanzano & Mitchell, 2005). SET serves as an important theoretical foundation in explaining organizational behaviours and exchange relationships (Meeker, 1971). In a marketing context, interpersonal exchanges involve individual decision and contingency upon perceiving justification to both the relational partners (Simonson, 1989; Meeker, 1971; Blau, 1964). SET includes six types of exchange resources—love, status, information, money, goods, and services—that result in either an economic or a socioemotional outcome. The former refers to tangible financial reward, and the latter sends the message that a person is respected and treated fairly

(Foa & Foa, 1980; Shore, Tetrick, & Barksdale, 2001). As consumers receive decent goods or services (as shown in a PWOM), consumers are willing to pay money so that the exchange is fair, and the relationship is reciprocal (Cropanzano & Mitchell, 2005). In cases wherein an individual does not agree with the relational partner's behavior (as shown in NWOM) and therefore perceived conflict increases, the relationship is altered by this perception, and the individual is more likely to behave unfavorably to the relationship (Graen & Uhl-Bein, 1995). In this case, the consequence of the initial social exchange ultimately undermines consumer trust in the seller and causes consumers to be less loyal to the relationship (Molm, 2000).

Under the umbrella of SET, multiple theories explain how WOM valence alters perceived conflict in a relationship. One of the factors inducing conflict based on social exchange theory is perceived unfairness, which is often emotionally laden, serving as a salient factor in shaping consumer exchange outcomes, satisfaction, and sales performance (Samaha & Palmatier, 2015). Perceived fairness includes distributive fairness. Procedural fairness is related to process-oriented and interactional fairness (Greenberg, 1986; Bies & Moag, 1986). Distributive justice is based on equity theory, where people compare their rewards and contributions to others and adjust their behavior to maintain an equitable state (Greenberg, 1984). Procedural fairness is about the perceived fairness to make a decision, in which the decision-making process should meet a specific criterion, such as consistency among people and being free from bias, and is believed to be fair (Leventhal, 1980). Interactional fairness is related to the treatment of and communication between two parties, consisting of both interpersonal and informational dimensions (Bies and Shapiro 1987). Interpersonal aspects pertain to the politeness and dignity people receive in an interaction and informational exchange, using a specific procedure

(Bies and Shapiro 1987). All these types of fairness: distributive, procedural, and interactional are not based on objective standards, but the perception of a decision is the comparison with a reference to a standard of judgment (Cropanzano & Schminke 2001). These findings are consistent with the reciprocity theory, which suggests that people are driven to punish unfair behaviors even with their accrued costs (Offerman, 2002). As consequences, while distributive and procedural unfairness leads to a reduced level of satisfaction and trust, interactional and informational injustice are related to negative agent-referenced evaluations and undesirable outcomes (Colquitt et al., 2001). Distributive and procedural unfairness are also responsible for decreased relationship quality (Kumar et al., 1995), adverse affective reactions (Frazier et al., 1988) and unfavorable experiences (Kozlenkova et al., 2017).

As one of these unfavorable affective reactions, negative WOM behaviors signal negative sentiment, and consumers use NWOM as a channel to retaliate against an offending retailer (Blodgett et al., 2001). Other potential buyers use the negative signal to evaluate their purchase risk by testing suitability and reciprocity of a relationship (Kozlenkova et al., 2017). The power of the negative effect that signals an individuals' attitude depends upon the diagnosticity of the reviews (Tirunillai and Tellis, 2011). For example, if a product is technologically complicated and involves high purchase risk, written online product reviews may provide consumers with limited diagnosticity, and the signal effect might be ambiguous. In this case, video product reviews which provide more detailed information have a potentially higher impact on consumers' behaviors, firms' cash flow as well as stock returns (Tirunillai and Tellis, 2011). Consumers evaluate the level of the diagnosticity of information based on the extent to which the input can

help them make a judgment or decision and allow them to accomplish their goals (Lynch, 2006). As negative information is perceived as more informative or diagnostic than positive information for categorizing targets, negative information has a higher weight in evaluations (Ahluwalia, 2002). Although in some circumstances, the individual's ability and success may overshadow the signal from diagnosticity of negative information (Skowronski & Carlston, 1987), the signal effect of NWOM, in which others' emotional states activate the observer's empathy-related sensations (Singer et al., 2006). It is plausible that when others are in a bad situation, people's perceived fairness is likely to be affected by unjustified circumstances and respond to it accordingly with an increased level of emotions such as anger, frustration, and resentment (Singer et al., 2006). Observations or the mere presence of an object may unconsciously affect the consumers' cognitive processes (Ward et al., 2017). Furthermore, consumers' attitudes toward a brand are not only affected by the signal effects of reviews posted by others, but also by their reviews, which serve as "self-signals" to reinforce their attitudes toward a product (Grewal, Stephen, & Coleman, 2018, p.199). Low volume and high-dispersed WOM often signal increased product adoption risk (Bond, He & Wen, 2018).

Regarding a flood of research, including literature previously discussed on the relationship between WOM and consumers' attitude and behavior, how consumers generate WOM based on their buying experiences; a lack of insight is remarked regarding how WOM directly or indirectly affects RM. To fill up this research gap, the present study highlights eWOM as a significant communication proxy to measure consumers' attitudes toward a relationship. Similarly, Higgins and Rholes (1978) find that being exposed to positive or negative information substantially affects subsequent evaluations. Based on the aforementioned perceived

fairness and signal theories, it is plausible to propose that a consumer's disagreement with a firm occurs if they are exposed to either negative or positive reviews about the firm. In some cases, consumers create NWOM to release negative emotions or retaliate against a firm (Richins, 1984; Sweeney, Soutar, & Mazzarol, 2005). They may also create a scenario, in which NWOM may exacerbate a poor experience with the intent to criticize the involved partner and push the partner to resolve the issue. Due to the negativity effect mentioned here (Please see Figure 1), the following proposition is offered:

*P1: Review valence affects consumers' perceived conflict, which plays an essential role in determining relationships.*

The extent to which the perceived conflict might be affected by review valence depends on consumer characteristics. Cook and Emerson (1978) state that commitment is a variable, which distinguishes social exchange from economic exchange. Steinhoff et al. (2018) propose that commitment is a psychological process that can be stimulated by virtual agents in online relationship marketing. SET argues that while the social exchange alters the relationship, the causal direction might be the opposite of what would be expected (Eisenberger et al., 2001). In other words, while commitment is affected by relational constructs, it is common that commitment serves as the key determinant of the relationships (Bishop et al., 2000). Kumar, Hibbard, and Stern (1994) identify two dimensions of commitment: affective and calculative commitment. Affective commitment is measured based upon an exchange partner's willingness to maintain a relationship and a general positive feeling toward others. Calculative commitment is the desire of an exchange partner to keep a relationship based on the costs and benefits associated with it. Calculative

commitment is usually treated as a negatively-oriented motivation because the relationship is maintained out of a lack of availability of an alternative connection (Kumar et al., 1994; Konovsky & Cropanzano, 1991). Wiener (1982) states that commitment is a motivational phenomenon that mediates behavioral antecedents and outcomes. In talking about membership commitment, Gruen, Summers, and Action (2000) suggest three levels: continuance, normative, and affective commitment. Continuance commitment is the psychological bondage to an organization based upon perceived costs and benefits; normative commitment is a sense of moral obligation; and affective commitment focuses on a positive emotional attachment to an organization (Allen & Meyer, 1990). Moreover, in building and enhancing a relationship, the perception of relational partner's level of commitment is also crucial (Jap and Ganesan, 2000). Consumers who believe their business partner has a low level of commitment have little desire to maintain a relationship; so, they are not sensitive to either positive or negative reviews. On the other hand, consumers who perceive their partner is strongly committed are more likely to be affected by the review valence in the evaluation of conflict. As previous work has shown that commitment positively affects loyalty, the following proposition is posited:

*P2: The strength of the relationship between a review valence and consumers' perceived conflict depends upon the consumers' perception of partner's level of commitment to the relationship. Consumers who perceive their partner has weak commitment are less likely to be affected compared to those who believe their partner has a strong commitment.*

Along with commitment, trust is another critical cornerstone of RM. Trust is a willingness to rely on and have confidence in another individual's word (Moorman, Zaltman, & Deshpandé, 1992; Rotter, 1967; Sitkin & Roth, 1993). This definition reflects both cognitive and behavioral facets of trust. Morgan and Hunt (1994) describe trust as the confidence an exchange party has in the "reliability and integrity" of others, which is associated with qualities such as consistency, competency, honesty, fairness, responsibility, helpfulness, and benevolence (p. 23). Doney and Cannon (1997) find the different patterns by which trust develops depend on whether the target is an individual or an organization. Trust influences relational commitment, which decreases or increases the level of commitment in a relationship and shifts the transaction toward either a long- or short-term direction. Lohmann (2000) identifies trust as the fiduciary obligation to place others' interests before one's own. He further argues that trust is a tool which consumers use to avoid risks when making a decision.

The concept of trust is categorized as ability beliefs, benevolence beliefs, and integrity beliefs. Ability beliefs refer to the level of confidence a consumer has in a firm's capability to implement their tasks. Benevolence beliefs are confidence that a consumer has of a company regarding its positive attitude toward customer welfare beyond the pursuit of profit. Integrity beliefs are the consumer's assurance that a firm follows a series of moral and professional standards when providing its products or services (McKnight, Choudhury & Kacmar, 2002; Mayer, Davis & Schoorman, 1995). These three dimensions of trust are conceptually separated but also closely connected. Researchers treat these concepts as either an aggregate or as distinct facets of trust, depending on whether or not they are attempting to create a global measure (Kumar, Scheer & Steenkamp, 1995; Doney & Cannon (1997);

Schlosser, White & Lloyd, 2006). The behavioral aspect of trust that involves a willingness of consumers to put themselves at risk to maintain the relationship is important in the e-commerce literature. Taking risks is the most significant distinction between trusting intentions and other behavioral intentions. Online purchasing is mainly dependent on the level of trust intention because consumers must take risks when they decide to buy something and disclose their resources, such as their credit card number and address, online. Another risk involves the receiving of an inferior product or service (Sclosser et al., 2006; Moorman, Zaltman & Deshpande, 1992). Sclosser et al. (2006) argue that trusting beliefs may or may not positively impact corresponding intentions to trust. The level of trustworthiness improves dramatically for unknown consumers if the information's source is from a trusted website.

Awad and Ragowsky (2008) study how the quality of WOM affects consumer trust in an e-commerce context. They refer to the perceived quality of WOM on a retailer's website and find that WOM quality significantly affects consumer's trust across both genders. Awad and Ragowsky's (2008) study is one of the few that establishes a causal relationship from WOM to trust. However, their research distinguishes between the decision-making patterns of men and women and is limited to retailers' websites; therefore, how the valence of WOM affects relational trust and commitment not conclusive. In an online relational context, consumers are not aware if their personal information will be protected by an online retailer or will be shared for varied reasons, not to mention whether the quality of the product or services is reliable (Urban, Sultan, & Qualls, 2000). This information asymmetry highlights the pressing need for the building of a trust-based online relationship between the seller and buyer. Statistics show that 80% of the firm's

revenues come from 20% of the customer base, and these key customers continue to buy from the company because of a solid trust relationship that they have with the company (Urban, Sultan, & Qualls, 2000). When consumers are exposed to WOM with different valences from what was expected, it may challenge their existing perceived trust and thus jeopardize their intention of posting reviews. For example, if consumers see a negative review about a firm with which they are currently doing business, they may begin to doubt their previous trust in the firm, especially when they have previously had a negative experience with the firm. In this case, it is likely that they will be motivated to post a similar review or add a comment such as “I have had the same bad experience.” In this scenario, what is being seen is a potential mediation effect of perceived trust between review valence and review posting intention. As discussed in the previous section, the level of commitment would affect this indirect effect of the review valence on the posting intention. This discussion leads to the following propositions:

*P3: Relational trust plays a mediating role in the process of review valence and affects relational outcomes, such as the review posting or purchase intentions.*

*P4: The impact of review valence on trust and effects of trust on relational outcome (i.e., posting and purchase intentions) is contingent on the level of perceived commitment that relational partners possess.*

Oliver (1999) defines loyalty as a desire to re-patronize a preferred brand and be resistant to other brands. Loyalty appears in two stages: attitudinal loyalty and behavioral loyalty, indicating an intention the loyal consumer forms and then translates the intention into actual purchase behavior (Oliver, 1999). In other words, loyalty represents a customers' willingness to improve their relationship with the

company (Palmatier et al., 2006), which is further reflected in repeat buying behavior and the spreading of PWOM (Zeithaml, Berry, & Parasuraman, 1996). Sirdeshmukh et al. (2002) consider PWOM as a factor of loyalty, which they define as the intention to conduct behaviors to maintain a relationship with an organization. When consumers have a high level of conflict with a firm, they are more likely to challenge their beliefs about the firm's ability, benevolence, and integrity, thus leading to a reduced level of trust, which is an antecedent of loyalty.

Morgan and Hunt (1994) propose that relationship commitment and trust are developed only when a firm provides resources and opportunities that benefit their exchange partners. Relationship benefits affect relationships positively, and it is an essential factor for an exchange partner to believe that an ongoing relationship is valuable enough to justify their maximum patronage (Morgan & Hunt, 1994). To motivate the consumer's willingness to strengthen the relationship, the company involved needs to ensure that the exchange is reciprocal and of particular benefit to the customer (Hibbard, Kumar, & Stern, 2001). Extant literature shows a positive relationship between customer benefits and relational mediators (Morgan & Hunt, 1994; Hibbard, Kumar, & Stern, 2001). Morgan and Hunt (1994) find that relationship benefits affect how consumers cooperate with sellers. To maintain a healthy relationship, both the exchange parties should share the benefits from that relationship, such as convenience, social status, or improved decision making. Palmatier et al. (2006) find that relationship benefits are one of the most influential RM antecedents. The level of benefits depends on the consumer's perception of the potential rewards from the relationship, and that perception is a response to other social objects (Campbell, 1950). According to SET, fairness, which is highly related to perceived conflict, plays a key role in the maintenance of a relationship between

exchange partners (Cropanzano & Mitchell, 2005). As online relationships are omnichannel, networked, and anthropomorphized (Steinhilber et al., 2018), disagreements or conflict between relational partners is common, even unavoidable, and any hostility and bitterness from those conflicts are detrimental to the consumer's perceived benefits, which have been shown as an antecedent of loyalty. Thus, this leads to the following propositions:

*P5: Relational trust mediates consumers' perceived conflict and relational loyalty.*

*P6: Consumers' perceived benefits mediate consumers' perceived conflict and relational loyalty.*

## **DISCUSSION**

A review of the literature on eWOM reveals a dearth of research on how eWOM affects the consumer's decision and how firms can bolster online reviews (De Bruyn & Lilien, 2008; King et al. 2014). Moreover, the impact of eWOM on RM mostly remains unknown. Several factors influence these gaps. First, most of the contemporary research has relied on retrospective data collected from successful eWOM communications and has often excluded unsuccessful ones. Moreover, the extant literature has focused on the eWOM effect on active consumers seeking information, but there is a gap in terms of the impact on passive consumers (Bristol, 1990; Bansal & Voyer, 2000; Wangenheim & Bayon, 2004). Another issue is that previous research has primarily focused on the direct effect of eWOM on marketing outcomes and has ignored the indirect impact in testing mediation significance. This impedes further theoretical development (Zhao et al., 2010). By identifying the

pivotal role of consumer perceived conflict in serving the linkage between review valence and relational mediators, the current research proposes that being passively exposed to certain types of reviews would significantly affect consumers' perceived relationships with the partner and ultimately change their review creation intention. Compared with positive reviews, the study proposes that negative reviews will increase perceived relational conflict, and this valence effect is expected to exist when consumers' commitment is high. The propositions presented here reveal that increased conflict will cause a reduced level of perceived trust and benefit, thereby undermining relational loyalty and further decreasing the intention of posting positive reviews.

Overall, current research has concluded that WOM is a consequence of relational mediators in consumer-focused outcomes, reflected by two dimensions of customer loyalty: attitude and behavior (De Matos et al., 2008). This suggests that a customer will recommend a product to another potential buyer. Sellers' actual performance and cooperation with customers are two other consequences of relational mediators. A controversial aspect of this model is that it includes WOM only as an outcome of RM, ignoring its impact on relational mediators. Based on the review of literature, firms do not actively pursue WOM as a strategic goal in building customer relationships and rather attempt to use it as a marketing tool to increase consumers' perceived credibility of products or services. The present study illustrates that WOM is an outcome of RM activities and an essential antecedent of RM that has both direct and indirect impacts on multiple relational antecedents, moderators, and consequences.

## IMPLICATIONS

This research offers several implications for marketing researchers and managers. Contemporary research has focused on how firms' marketing activities influence buyers' WOM creation in RM. Considering that WOM serves as a solely passive outcome of a relationship, which is a useful tool for improving financial performance, this study proposes that WOM is a consequence of a relationship and essential antecedent that may strengthen or undermine relational trust and benefit through consumers' levels of perceived conflict. Previous RM studies have categorized the antecedents of RM into different dimensions, such as buyers, sellers, and dyadic (Palmatier et al., 2006); however, the present study shows that WOM may not be categorized in any of those groups; it is independent because of the unique multidirectional characteristics that WOM possesses. As Dunning (2005) describes, consumers make a decision to revise attitudes in order to flatter their self-image. Thus, marketers should consider how their marketing efforts threaten or augment consumers' beliefs when evaluating marketing activities. In a business environment, this study adds incremental knowledge on the role of WOM in building a strong relationship, indicating that executives must recognize the importance of creating positive WOM for using it as a direct marketing tool to minimize the fallout from potential consumer conflict. Managers also need to realize that WOM is closely related to the consumer's perceived benefit and trust from a relationship, and they should allocate a proportion of their budget for WOM campaigns to improve the RM investment. Moreover, managers should be aware that review valence only affects highly committed consumers, which highlights the importance of maintaining and enhancing a reciprocal relationship with consumers. These findings are consistent with previous literature arguing that the payoffs from

consumer committed reciprocal relationships are more than a unilateral relationship in which consumers commitments are low (Kozlenkova et al., 2017).

eWOM is an antecedent of RM that does not belong solely to buyers or sellers or is dyadic in nature. Since eWOM should be treated as an independent antecedent of RM that has direct and indirect effects on both relational trust and commitment, managers should focus on developing customer loyalty, which is identified as an essential moderator that affects a direct relationship between WOM, relational trust, and commitment. For firms that are conducting marketing strategies toward consumers who have strong customer loyalty, it is likely that little effort is needed to create WOM campaigns that will affect relational trust and commitment. Contrarily, for firms employing marketing strategies toward consumers with low customer loyalty, their efforts to create WOM campaigns may be more productive.

### **LIMITATIONS AND FUTURE RESEARCH**

This study is limited in its scope since it is one of the first articles to examine the active role of eWOM in RM. Firstly, using the valence of eWOM to test hypotheses may inadequately represent the characteristics of eWOM. Any empirical study on propositions mentioned above should control for review volume, which is another critical review metric embedded in the effects of eWOM on all marketing outcomes. Future research may look at other attributes of eWOM, such as variance and contents of eWOM, which may impact RM differently. Secondly, because eWOM has a global impact, a single cultural context may have limited validity in cross-cultural or international business applications. Future research should examine the different roles eWOM plays in building and maintaining relationships across national cultures since the strength of eWOM in RM will probably be culturally

related. For example, in countries that have a low level of rule-based governance, firms may rely more on consumer relationship to support their investments and enhance firm performance (Li and Filer, 2007). In these countries, eWOM may affect relational constructs differently. Thirdly, this study focuses on how eWOM affects a limited number of RM mediators; future research might focus on the effect of eWOM on more relational constructs to get an accurate picture of eWOM's role as an antecedent of RM.

Furthermore, the present study does not differentiate among different business contexts, which may have limited scope in terms of applicability. Prior research has shown that business contexts affect relationships (Zeithaml, Parasuraman, and Berry, 1985). For example, the effects of eWOM on a relationship are presumably different in B2B and B2C settings (Anderson & Weitz, 1989). Future research may extend the relationship to different types of businesses, such as B2B vs. B2C, products vs. services, and test the potential moderating effect of those business types on the relationship between eWOM valence and RM.

## REFERENCES

- Ahluwalia, R. (2002). How prevalent is the negativity effect in consumer environments? *Journal of Consumer Research*, 29(2), 270–279.
- Allen, N. J., & Meyer, J. P. (1990). The measurement and antecedents of affective, continuance and normative commitment to the organization. *Journal of Occupational and Organizational Psychology*, 63(1), 1–18.
- Anderson, E. W., & Salisbury, L. C. (2003). The formation of market-level expectations and its covariates. *Journal of Consumer Research*, 30(1), 115–124.
- Anderson, E., & Weitz, B. (1989). Determinants of continuity in conventional industrial channel dyads. *Marketing Science*, 8(4), 310–323.
- Anderson, J. C., & Narus, J. A. (1990). A model of distributor firm and manufacturer firm working partnerships. *Journal of Marketing*, 54(1), 42–58.
- Arndt, J. (1967). Role of product-related conversations in the diffusion of a new product. *Journal of Marketing Research*, 4(3), 291–295.
- Awad, N. F., & Ragowsky, A. (2008). Establishing trust in electronic commerce through online word of mouth: An examination across genders. *Journal of Management Information Systems*, 24(4), 101–121.
- Babić Rosario, A., Sotgiu, F., De Valck, K., & Bijmolt, T. H. (2016). The effect of electronic word of mouth on sales: A meta-analytic review of platform, product, and metric factors. *Journal of Marketing Research*, 53(3), 297–318.
- Baber, A., Thurasamy, R., Malik, M. I., Sadiq, B., Islam, S., & Sajjad, M. (2016). Online word-of-mouth antecedents, attitude and intention-to-purchase

- electronic products in Pakistan. *Telematics and Informatics*, 33(2), 388–400.  
doi:10.1016/j.tele.2015.09.004
- Bansal, H. S., & Voyer, P. A. (2000). Word-of-mouth processes within a services purchase decision context. *Journal of Service Research*, 3(2), 166–177.
- Baker, A. M., Donthu, N., & Kumar, V. (2016). Investigating how word-of-mouth conversations about brands influence purchase and retransmission intentions. *Journal of Marketing Research*, 53(2), 225–239.
- Berger, J., & Milkman, K. L. (2012). What makes online content viral? *Journal of Marketing Research*, 49(2), 192–205.
- Berger, J., Sorensen, A. T., & Rasmussen, S. J. (2010). Positive effects of negative publicity: When negative reviews increase sales. *Marketing Science*, 29(5), 815–827.
- Bettman, J. R. (1979). *An information processing theory of consumer choice*. Addison-Wesley Publishing Co.
- Bies, R. J., & Moag, J. S. (1986). Interactional communication criteria of fairness. *Research in Organizational Behavior*, 9, 289–319.
- Bies, R. J., & Shapiro, D. L. (1987). Interactional fairness judgments: The influence of causal accounts. *Social Justice Research*, 1(2), 199–218.
- Bishop, J. W., Scott, K. D., & Burroughs, S. M. (2000). Support, commitment, and employee outcomes in a team environment. *Journal of Management*, 26(6), 1113–1132.
- Blau, P. M. (1964). Justice in social exchange. *Sociological Inquiry*, 34(2), 193–206.
- Blodgett, J. G., Lu, L. C., Rose, G. M., & Vitell, S. J. (2001). Ethical sensitivity to stakeholder interests: A cross-cultural comparison. *Journal of the Academy of Marketing Science*, 29(2), 190–202.

- Bond, S. D., He, S. X., & Wen, W. (2018). Speaking for “free”: Word of mouth in free-and paid-product settings. *Journal of Marketing Research*, 56(2), 276-290. <https://doi.org/10.1177/0022243718821957>
- Bone, P. F. (1995). Word-of-mouth effects on short-term and long-term product judgments. *Journal of Business Research*, 32(3), 213–223.
- Bristol, J. M. (1990). Enhanced explanations of word of mouth communications: The power of relationships. *Research in Consumer Behavior*, 4(1), 51–83.
- Brockman, B. K., Park, J. E., & Morgan, R. M. (2017). The role of buyer trust in outsourced CRM: Its influence on organizational learning and performance. *Journal of Business-to-Business Marketing*, 24(3), 201–219.
- Brown, J. R., Cobb, A. T., & Lusch, R. F. (2006). The roles played by interorganizational contracts and justice in marketing channel relationships. *Journal of Business Research*, 59(2), 166–175.
- Brown, J., Broderick, A. J., & Lee, N. (2007). Word of mouth communication within online communities: Conceptualizing the online social network. *Journal of Interactive Marketing*, 21(3), 2–20.
- Bruhn, M., & Schnebelen, S. (2017). Integrated marketing communication – From an instrumental to a customer-centric perspective. *European Journal of Marketing*, 51(3), 464–489.
- Campbell, D. T. (1950). The indirect assessment of social attitudes. *Psychological Bulletin*, 47(1), 15.
- Cheung, C. M., & Lee, M. K. (2012). What drives consumers to spread electronic word of mouth in online consumer-opinion platforms. *Decision Support Systems*, 53(1), 218–225.

- Cheung, C. M. Y., Sia, C. L., & Kuan, K. K. (2012). Is this review believable? A study of factors affecting the credibility of online consumer reviews from an ELM perspective. *Journal of the Association for Information Systems*, 13(8), 618.
- Chua, A. Y., & Banerjee, S. (2016). Helpfulness of user-generated reviews as a function of review sentiment, product type and information quality. *Computers in Human Behavior*, 54, 547–554.
- Chung, K. H., & Shin, J. I. (2010). The antecedents and consequents of relationship quality in internet shopping. *Asia Pacific Journal of Marketing and Logistics*, 22(4), 473–491.
- Colgate, M. R., & Danaher, P. J. (2000). Implementing a customer relationship strategy: The asymmetric impact of poor versus excellent execution. *Journal of the Academy of Marketing Science*, 28(3), 375–387.
- Colquitt, J. A., Conlon, D. E., Wesson, M. J., Porter, C. O. L. H., & Ng, K. Y. (2001). Justice at the millennium: A meta-analytic review of 25 Years of organizational justice research. *Journal of Applied Psychology*, 86(3), 425–445.
- Cook, K. S., & Emerson, R. M. (1978). Power, equity and commitment in exchange networks. *American Sociological Review*, 43, 721–739.
- Cropanzano, R., & Mitchell, M. S. (2005). Social exchange theory: An interdisciplinary review. *Journal of Management*, 31(6), 874–900.
- Cropanzano, R., Rupp, D. E., Mohler, C. J., & Schminke, M. (2001). Three roads to organizational justice. In G. R. Ferris (Ed.), *Research in personnel and human resources management* (pp. 1–113). Emerald Group Publishing Limited.

- Crosby, L. A., Evans, K. R., & Cowles, D. (1990). Relationship quality in services selling: An interpersonal influence perspective. *The Journal of Marketing*, 54(3), 68–81.
- Davis, S. (1991). *Signaling product quality to and through a retailer*. Unpublished manuscript, School of Business, Washington University, St. Louis, MO.
- De Bruyn, A., & Lilien, G. L. (2008). A multi-stage model of word-of-mouth influence through viral marketing. *International Journal of Research in Marketing*, 25(3), 151–163.
- De Matos, C. A., & Rossi, C. A. V. (2008). Word-of-mouth communications in marketing: A meta-analytic review of the antecedents and moderators. *Journal of the Academy of Marketing Science*, 36(4), 578–596.
- De Keyzer, F., Dens, N., & De Pelsmacker, P. (2017). Don't be so emotional! How tone of voice and service type affect the relationship between message valence and consumer responses to WOM in social media. *Online Information Review*, 41(7), 905–920.
- Dichter, E. (1966). How word-of-mouth advertising works. *Harvard Business Review*, 44(6), 147–166.
- Dick, A. S., & Basu, K. (1994). Customer loyalty: Toward an integrated conceptual framework. *Journal of the Academy of Marketing Science*, 22(2), 99–113.
- Doney, P. M., & Cannon, J. P. (1997). An examination of the nature of trust in buyer-seller relationships. *The Journal of Marketing*, 61(2), 35–51.
- Dunning, J. H. (2005). More-yet more-on globalization. *Transnational Corporations*, 14(2), 159.
- Dwyer, F. R., Schurr, P. H., & Oh, S. (1987). Developing buyer-seller relationships. *The Journal of Marketing*, 51(2), 11–27.

- East, R., Hammond, K., & Wright, M. (2007). The relative incidence of positive and negative word of mouth: A multi-category study. *International Journal of Research in Marketing*, 24(2), 175–184.
- East, R., Singh, J., Wright, M., & Vanhuele, M. (2016). *Consumer behaviour: Applications in marketing*. SAGE Publications Ltd.
- Eisenberger, R., Armeli, S., Rexwinkel, B., Lynch, P. D., & Rhoades, L. (2001). Reciprocation of perceived organizational support. *Journal of Applied Psychology*, 86, 42–51.
- Faullant, R., Fueller, J., & Hutter, K. (2017). Fair play: Perceived fairness in crowdsourcing competitions and the customer relationship-related consequences. *Management Decision*, 55(9), 1924–1941. doi:10.1108/MD-02-2017-0116.
- Feldman, J. M., & Lynch, J. G. (1988). Self-generated validity and other effects of measurement on belief, attitude, intention, and behavior. *Journal of Applied Psychology*, 73(3), 421–435.
- Fishbein, M., & Ajzen, I. (2011). *Predicting and changing behavior: The reasoned action approach*. Psychology Press.
- Fitzsimons, G. J., & Lehmann, D. R. (2004). Reactance to recommendations: When unsolicited advice yields contrary responses. *Marketing Science*, 23(1), 82–94.
- Foa, E. B., & Foa, U. G. (1980). Resource theory. In *Social exchange* (pp. 77-94). Springer, Boston, MA
- Ford, J. B., Joseph, M., & Joseph, B. (1999). Importance-performance analysis as a strategic tool for service marketers: The case of service quality perceptions of

- business students in New Zealand and the USA. *Journal of Services Marketing*, 13(2), 171–186.
- Forman, C., Ghose, A., & Wiesenfeld, B. (2008). Examining the relationship between reviews and sales: The role of reviewer identity disclosure in electronic markets. *Information Systems Research*, 19(3), 291–313.
- Frenzen, J., & Nakamoto, K. (1993). Structure, cooperation, and the flow of market information. *Journal of Consumer Research*, 20(3), 360–375.
- Gilly, M. C., Graham, J. L., Wolfinbarger, M. F., & Yale, L. J. (1998). A dyadic study of interpersonal information search. *Journal of the Academy of Marketing Science*, 26(2), 83–100.
- Goldsmith, R. E., & Horowitz, D. (2006). Measuring motivations for online opinion seeking. *Journal of Interactive Advertising*, 6(2), 2–14.
- Grayson, K. (2007). Friendship versus business in marketing relationships. *Journal of Marketing*, 71(4), 121–139.
- Greenberg, J. (1987). Using diaries to promote procedural justice in performance appraisals. *Social Justice Research*, 1(2), 219–234.
- Grewal, L., Stephen, A. T., & Coleman, N. V. (2019). When posting about products on social media backfires: The negative effects of consumer identity signaling on product interest. *Journal of Marketing Research*, 56(2), 197–210. <https://doi.org/10.1177/0022243718821960>
- Grönroos, C. (1995). Relationship marketing: The strategy continuum. *Journal of the Academy of Marketing Science*, 23(4), 252–254.
- Grönroos, C. (2000). Creating a relationship dialogue: Communication, interaction and value. *The Marketing Review*, 1(1), 5–14.

- Greenberg, J. (1986). Determinants of perceived fairness of performance evaluations. *Journal of Applied Psychology*, 71(2), 340.
- Gruen, T. W., Summers, J. O., & Acito, F. (2000). Relationship marketing activities, commitment, and membership behaviors in professional associations. *Journal of Marketing*, 64(3), 34–49.
- Hajli, N., Shanmugam, M., Papagiannidis, S., Zahay, D., & Richard, M. O. (2017). Branding co-creation with members of online brand communities. *Journal of Business Research*, 70, 136–144.
- Hamilton, D. L., & Sherman, S. J. (1996). Perceiving persons and groups. *Psychological Review*, 103(2), 336.
- Hansen, D. E., & Helgeson, J. G. (1996). Choice under strict uncertainty: Processes and preferences. *Organizational Behavior and Human Decision Processes*, 66, 153–164.
- Harmeling, C. M., Moffett, J. W., Arnold, M. J., & Carlson, B. D. (2017). Toward a theory of customer engagement marketing. *Journal of the Academy of Marketing Science*, 45(3), 312–335.
- Hennig-Thurau, T., Gwinner, K. P., & Gremler, D. D. (2002). Understanding relationship marketing outcomes: An integration of relational benefits and relationship quality. *Journal of Service Research*, 4(3), 230–247.
- Hennig-Thurau, T., Gwinner, K.P., Walsh, G., & Gremler, D.D. (2004). Electronic word-of-mouth via consumer-opinion platforms: What motivates consumers to articulate themselves on the internet? *Journal of Interactive Marketing*, 18(1), 38–52. doi:10.1002/dir.10073

- Hennig-Thurau, T., Malthouse, E. C., Friege, C., Gensler, S., Lobschat, L., Rangaswamy, A., & Skiera, B. (2010). The impact of new media on customer relationships. *Journal of Service Research*, 13(3), 311–330.
- Hennig-Thurau, T., Wiertz, C., & Feldhaus, F. (2015). Does Twitter matter? The impact of microblogging word of mouth on consumers' adoption of new movies. *Journal of the Academy of Marketing Science*, 43(3), 375–394.
- Herr, P. M., Kardes, F. R., & Kim, J. (1991). Effects of word-of-mouth and product-attribute information on persuasion: An accessibility-diagnostics perspective. *Journal of Consumer Research*, 17(4), 454–462.
- Hibbard, J. D., Brunel, F. F., Dant, R. P., & Iacobucci, D. (2001). Does relationship marketing age well? *Business Strategy Review*, 12(4), 29–35.
- Hibbard, J. D., Kumar, N., & Stern, L. W. (2001). Examining the impact of destructive acts in marketing channel relationships. *Journal of Marketing Research*, 38(1), 45–61.
- Higgins, E. T., & Rholes, W. S. (1978). "Saying is believing": Effects of message modification on memory and liking for the person described. *Journal of Experimental Social Psychology*, 14(4), 363–378.
- Hollebeek, L. D., Srivastava, R. K., & Chen, T. (2019). SD logic–informed customer engagement: Integrative framework, revised fundamental propositions, and application to CRM. *Journal of the Academy of Marketing Science*, 47(1), 161–185.
- Hulland, J., Nenkov, G. Y., & Barclay, D. W. (2012). Perceived marketing–sales relationship effectiveness: A matter of justice. *Journal of the Academy of Marketing Science*, 40(3), 450–467. doi:10.1007/s11747-011-0257-2

- Jap, S. D., & Ganesan, S. (2000). Control mechanisms and the relationship life cycle: Implications for safeguarding specific investments and developing commitment. *Journal of marketing research*, 37(2), 227-245.
- Katz, E., & Lazarsfeld, P. F. (1955). *Personal influence; The part played by people in the flow of mass communications*. Free Press.
- Keaveney, S. M. (1995). Customer switching behavior in service industries: An exploratory study. *Journal of Marketing*, 59(2), 71–82.
- Keller, E., & Fay, B. (2012). Word-of-mouth advocacy: A new key to advertising effectiveness. *Journal of Advertising Research*, 52(4), 459–464.
- Kelley, C. A. (1988). An investigation of consumer product warranties as market signals of product reliability. *Journal of the Academy of Marketing Science*, 16(2), 72–78.
- Kimmel, A. J., & Kitchen, P. J. (2014). WOM and social media: Presaging future directions for research and practice. *Journal of Marketing Communications*, 20(1–2), 5–20.
- King, R. A., Racherla, P., & Bush, V. D. (2014). What we know and don't know about online word-of-mouth: A review and synthesis of the literature. *Journal of Interactive Marketing*, 28(3), 167–183.
- Kirmani, A. (1990). The effect of perceived advertising cost on brand perceptions. *Journal of Consumer Research*, 17, 160–171.
- Krishnamurthy, S. (2001). A comprehensive analysis of permission marketing. *Journal of Computer-Mediated Communication*, 6(2), JCMC623.
- Kozinets, R. V., De Valck, K., Wojnicki, A. C., & Wilner, S. J. (2010). Networked narratives: Understanding word-of-mouth marketing in online communities. *Journal of Marketing*, 74(2), 71–89.

- Konovsky, M. A., & Cropanzano, R. (1991). Perceived fairness of employee drug testing as a predictor of employee attitudes and job performance. *Journal of Applied Psychology*, 76(5), 698.
- Kozlenkova, I. V., Palmatier, R. W., Fang, E., Xiao, B., & Huang, M. (2017). Online relationship formation. *Journal of Marketing*, 81(3), 21–40.
- Kumar, A., Bezawada, R., Rishika, R., Janakiraman, R., & Kannan, P. K. (2016). From social to sale: The effects of firm-generated content in social media on customer behavior. *Journal of Marketing*, 80(1), 7–25.
- Kumar, V., Dalla Pozza, I., & Ganesh, J. (2013). Revisiting the satisfaction–loyalty relationship: Empirical generalizations and directions for future research. *Journal of Retailing*, 89(3), 246–262.
- Kumar, N., Hibbard, J. D., & Stern, L. W. (1994). *The nature and consequences of marketing channel intermediary commitment* (Report No. 94-115). Marketing Science Institute.
- Kumar, N., Scheer, L. K., & Steenkamp, J. B. E. (1995). The effects of supplier fairness on vulnerable resellers. *Journal of Marketing Research*, 32(1), 54–65.
- Kumar, N., Scheer, L. K., & Steenkamp, J. B. E. (1995). The effects of perceived interdependence on dealer attitudes. *Journal of Marketing Research*, 32(3), 348–356.
- Kumar, V., & Pansari, A. (2016). Competitive advantage through engagement. *Journal of Marketing Research*, 53(4), 497–514.
- Laczniak, R. N., DeCarlo, T. E., & Ramaswami, S. N. (2001). Consumers' responses to negative word-of-mouth communication: An attribution theory perspective. *Journal of Consumer Psychology*, 11(1), 57–73.

- Lee, W., Cheng, S., & Shih, Y. (2017). Effects among product attributes, involvement, word-of-mouth, and purchase intention in online shopping. *Asia Pacific Management Review*, 22(4), 223–229. doi:10.1016/j.apmr.2017.07.007
- Leventhal, G. S. (1980). What should be done with equity theory? In K.J. Gergen, M. S. Greenberg, & R. H. Willis (Eds.), *Social exchange: Advances in theory and research* (pp. 27–55). Springer.
- Li, S., & Filer, L. (2007). The effects of the governance environment on the choice of investment mode and the strategic implications. *Journal of World Business*, 42(1), 80–98.
- Libai, B., Muller, E., & Peres, R. (2013). Decomposing the value of word-of-mouth seeding programs: Acceleration versus expansion. *Journal of Marketing Research*, 50(2), 161–176. doi:10.1509/jmr.11.0305
- Lin, N. (1971). Information flow, influence flow and the decision-making process. *Journalism Quarterly*, 48(1), 33–61.
- Lohmann, S. (2000, April 27). Management by avoiding the political heat: Administrative rationality in the research university. *Presented at the Annual Midwest Political Science Association Conference*, Chicago, IL.
- Lynch, J. G., Jr. (2006). Accessibility-diagnosticsity and the multiple pathway anchoring and adjustment model. *Journal of Consumer Research*, 33(1), 25–27. doi:10.1086/504129
- Maslowska, E., Malthouse, E. C., & Bernritter, S. F. (2017). Too good to be true: The role of online reviews' features in probability to buy. *International Journal of Advertising*, 36(1), 142–163.

- Mayer, R. C., Davis, J. H., & Schoorman, F. D. (1995). An integrative model of organizational trust. *Academy of Management Review*, 20(3), 709–734.
- McKnight, D. H., Choudhury, V., & Kacmar, C. (2002). Developing and validating trust measures for e-commerce: An integrative typology. *Information Systems Research*, 13(3), 334–359.
- Meeker, B. F. (1971). Decisions and exchange. *American Sociological Review*, 36(3), 485–495.
- Melancon, J. P., & Dalakas, V. (2018). Consumer social voice in the age of social media: Segmentation profiles and relationship marketing strategies. *Business Horizons*, 61(1), 157–167.
- Melumad, S., Inman, J. J., & Pham, M. T. (2019). Selectively emotional: How smartphone use changes user-generated content. *Journal of Marketing Research*, 56(2), 259–275. <https://doi.org/10.1177/0022243718815429>
- Miniard, P. W., Sirdeshmukh, D., & Innis, D. E. (1992). Peripheral persuasion and brand choice. *Journal of Consumer Research*, 19(2), 226–239.
- Mintel Academic. (2015). *Social media: BPC - UK - June 2015*. Mintel Group Ltd. <https://academic.mintel.com/display/740998/>
- Mittal, B., & Lassar, W. M. (1998). Why do customers switch? The dynamics of satisfaction versus loyalty. *Journal of Services Marketing*, 12(3), 177–194.
- Molm, L. D., (2000). Theories of social exchange and exchange networks. In G. Ritzer & B. Smart (Eds.), *Handbook of social theory*: 260–272. SAGE Publications Ltd.
- Moon, S., Bergey, P. K., & Iacobucci, D. (2010). Dynamic effects among movie ratings, movie revenues, and viewer satisfaction. *Journal of Marketing*, 74(1), 108–121.

- Moorman, C., Zaltman, G., & Deshpande, R. (1992). Relationships between providers and users of market research: The dynamics of trust within and between organizations. *Journal of Marketing Research*, 29(3), 314.
- Moran, G., & Muzellec, L. (2017). eWOM credibility on social networking sites: A framework. *Journal of Marketing Communications*, 23(2), 149–161.
- Morgan, R. M., & Hunt, S. D. (1994). The commitment-trust theory of relationship marketing. *The Journal of Marketing*, 58(3), 20–38.
- Narteh, B. (2016). Service fairness and customer behavioral intention. *African Journal of Economic and Management Studies*, 7(1), 90–108.  
doi:10.1108/AJEMS-06-2015-0064
- Oetting, M., Niesyto, M., Sievert, J., & Dost, F. (2010). *Positive word-of-mouth is more effective than negative – Because it sticks!* TRND.  
<http://trnd.com/company>
- Offerman, T. (2002). Hurting hurts more than helping helps. *European Economic Review*, 46(8), 1423–1437.
- Oliver, R. L. (1999). Whence consumer loyalty? *Journal of Marketing*, 63(4\_suppl1), 33–44.
- Palmatier, R. W., Dant, R. P., Grewal, D., & Evans, K. R. (2006). Factors influencing the effectiveness of relationship marketing: A meta-analysis. *Journal of Marketing*, 70(4), 136–153.
- Pavlou, P. A., & Dimoka, A. (2006). The nature and role of feedback text comments in online marketplaces: Implications for trust building, price premiums, and seller differentiation. *Information Systems Research*, 17(4), 392–414.

- Ransbotham, S., Lurie, N. H., & Liu, H. (2018). Creation and consumption of mobile word-of-mouth: How are mobile reviews different? *Marketing Science*, 38(5), 733-912.
- Ratchford, B. T. (1982). Cost-benefit models for explaining consumer choice and information seeking behavior. *Management Science*, 28(2), 197-212.
- Reinartz, W. J., & Kumar, V. (2003). The impact of customer relationship characteristics on profitable lifetime duration. *Journal of Marketing*, 67(1), 77-99.
- Reynolds, K. E., & Beatty, S. E. (1999). Customer benefits and company consequences of customer-salesperson relationships in retailing. *Journal of Retailing*, 75(1), 11-13.
- Rezaei, J. (2015). Best-worst multi-criteria decision-making method. *Omega*, 53, 49-57.
- Richins, M. L. (1984). Word-of-mouth communications as negative information. In T. C. Kinnear (Ed.), *Advances in consumer research* (Vol. 11, pp. 697-702). Association for Consumer Research.
- Rogers, C. R. (1962). The interpersonal relationship. *Harvard Educational Review*, 32(4), 416-429.
- Rotter, J. B. (1967). A new scale for the measurement of interpersonal trust. *Journal of Personality*, 35(4), 651-665.
- Sahlins, M. (1972). *Stone age economics*. Aldine-Atherton.
- Saleem, A., & Ellahi, A. (2017). Influence of electronic word of mouth on purchase intention of fashion products on social networking websites. *Pakistan Journal of Commerce and Social Sciences*, 11(2), 597-622.

- Samaha, S. A., & Palmatier, R. W. (2015). Anti-relationship marketing: Understanding relationship-destroying behaviors. In R. M. Morgan, J. Turner Parish, & G. Deitz (Eds.), *Handbook on research in relationship marketing* (pp. 268). Edward Elgar Publishing.
- Saura, J. R., Palos-Sánchez, P., & Cerdá Suárez, L. M. (2017). Understanding the digital marketing environment with KPIs and web analytics. *Future Internet*, 9(4), 76.
- Scheer, L. K., Miao, C. F., & Palmatier, R. W. (2015). Dependence and interdependence in marketing relationships: Meta-analytic insights. *Journal of the Academy of Marketing Science*, 43(6), 694–712.
- Schlosser, A. E., White, T. B., & Lloyd, S. M. (2006). Converting web site visitors into buyers: How web site investment increases consumer trusting beliefs and online purchase intentions. *Journal of Marketing*, 70(2), 133–148.
- Shore, L. M., Tetrick, L. E., & Barksdale, K. (2001). *Social and economic exchanges as mediators of commitment and performance*. Unpublished manuscript.
- Shih, K., Sresteesang, W., Nguyen, T. B. D., & Wu, G. (2018). Assessing the relationship among online word-of-mouth, product knowledge, and purchase intention in chain restaurant. *Journal of Accounting, Finance & Management Strategy*, 13(1), 57–75.
- Siegel, L. (2006, May 15). Keller Fay's Talk Track reveals consumer word of mouth.
- Silverman, G. (2001). *The secrets of word-of-mouth marketing: How to trigger exponential sales through runaway word of mouth*. AMACOM.

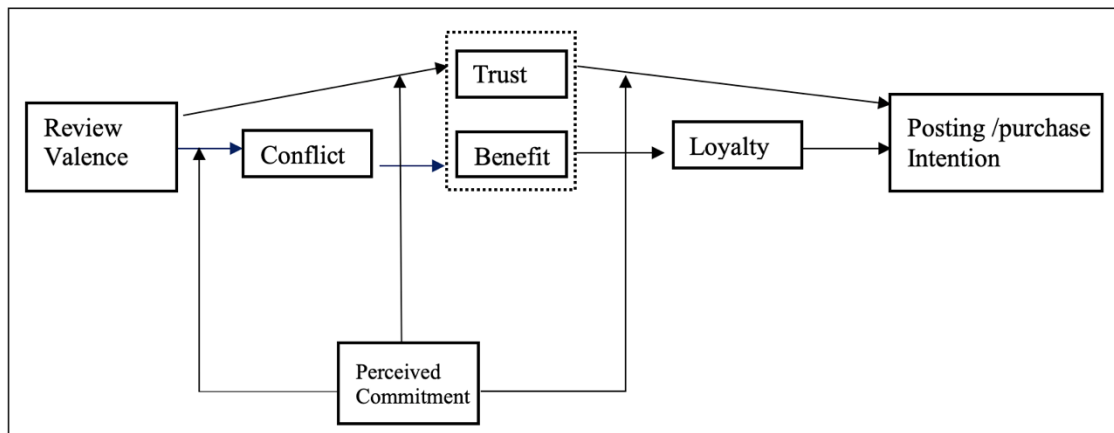
- Simonson, I. (1989). Choice based on reasons: The case of attraction and compromise effects. *Journal of consumer research*, 16(2), 158–174.
- Singer, T., Seymour, B., O'doherty, J. P., Stephan, K. E., Dolan, R. J., & Frith, C. D. (2006). Empathic neural responses are modulated by the perceived fairness of others. *Nature*, 439(7075), 466.
- Sirdeshmukh, D., Singh, J., & Sabol, B. (2002). Consumer trust, value, and loyalty in relational exchanges. *Journal of Marketing*, 66(1), 15–37.
- Sitkin, S. B., & Roth, N. L. (1993). Explaining the limited effectiveness of legalistic “remedies” for trust/distrust. *Organization Science*, 4(3), 367–392.
- Skowronski, J. J., & Carlston, D. E. (1987). Social judgment and social memory: The role of cue diagnosticity in negativity, positivity, and extremity biases. *Journal of Personality and Social Psychology*, 52(4), 689.
- Steinhoff, L., Arli, D., Weaven, S., & Kozlenkova, I. V. (2018). Online relationship marketing. *Journal of the Academy of Marketing Science*, 47(3), 1–25.
- Sweeney, J. C., Soutar, G. N., & Mazzarol, T. (2005). The difference between positive and negative word-of-mouth — Emotion as a differentiator? In S. Purchase (Ed.), *Broadening the boundaries* (pp. 331–337). Promaco Conventions Pty. Ltd.
- Tang, C. (2010). *Understanding the electronic word-of-mouth communication process: Communication effectiveness and analytic tools*. [Doctoral dissertation, The University of Arizona].
- Tirunillai, S., & Tellis, G. J. (2011). Does online chatter really matter? Dynamics of user-generated content and stock performance. *Marketing Science*, 31(2), 198-215.

- Trusov, M., Bucklin, R. E., & Pauwels, K. (2009). Effects of word-of-mouth versus traditional marketing: Findings from an internet social networking site. *Journal of Marketing*, 73(5), 90–102.
- Tsai, C., Chen, Y., & Chaung, Y. (2019). Influences of online negative word of mouth on purchase intention. *International Journal of E-Adoption*, 11(1), 1–11. doi:10.4018/IJEA.2019010101
- Urban, G. L., Sultan, F., & Qualls, W. J. (2000). Placing trust at the center of your Internet strategy. *MIT Sloan Management Review*, 42(1), 39.
- Van den Bulte, C., & Lilien, G. L. (2001). *Two-stage partial observability models of innovation adoption*. Working paper, Wharton School, University of Pennsylvania.
- Vosoughi, S., Roy, D., & Aral, S. (2018). The spread of true and false news online. *Science*, 359(6380), 1146–1151.
- Wangenheim, F., & Bayon, T. (2004). Satisfaction, loyalty and word of mouth within the customer base of a utility provider: Differences between stayers, switchers and referral switchers. *Journal of Consumer Behaviour*, 3(3), 211–220.
- Ward, A. F., Duke, K., Gneezy, A., & Bos, M. W. (2017). Brain drain: The mere presence of one's own smartphone reduces available cognitive capacity. *Journal of the Association for Consumer Research*, 2(2), 140–154.
- Weimann, G. (1983). The strength of weak conversational ties in the flow of information and influence. *Social Networks*, 5, 245–267.
- Whitler, K. A. (2014, July 17). *Why word of mouth marketing is the most important social media*. Forbes.

<https://www.forbes.com/sites/kimberlywhitler/2014/07/17/why-word-of-mouth-marketing-is-the-most-important-social-media/#1d931a1d54a8>

- Whyte, W. H., Jr. (1954). The web of word of mouth. *Fortune*, 50, 140–143.
- Wiener, Y. (1982). Commitment in organizations: A normative view. *Academy of Management Review*, 7(3), 418–428.
- Wilson, A. E., Giebelhausen, M. D., & Brady, M. K. (2017). Negative word of mouth can be a positive for consumers connected to the brand. *Journal of the Academy of Marketing Science*, 45(4), 534–547.
- Wulf, K. D., Odekerken-Schröder, G., & Iacobucci, D. (2001). Investments in consumer relationships: A cross-country and cross-industry exploration. *Journal of Marketing*, 65(4), 33–50.
- Yadav, M. S., & Pavlou, P. A. (2014). Marketing in computer-mediated environments: Research synthesis and new directions. *Journal of Marketing*, 78(1), 20–40.
- You, Y., Vadakkepatt, G. G., & Joshi, A. M. (2015). A meta-analysis of electronic word-of-mouth elasticity. *Journal of Marketing*, 79(2), 19–39.
- Yusuf Dauda, S., & Lee, J. (2015). Technology adoption: A conjoint analysis of consumers' preference on future online banking services. *Information Systems*, 53, 1–15. doi:10.1016/j.is.2015.04.006
- Zeithaml, V. A., Bitner, M. J., & Dremler, D. (1996). *Services Marketing* (International edition). McGraw Hill.
- Zeithaml, V. A., Parasuraman, A., & Berry, L. L. (1985). Problems and strategies in services marketing. *The Journal of Marketing*, 49(2), 33–46.
- Zhang, J. Z., Watson Iv, G. F., Palmatier, R. W., & Dant, R. P. (2016). Dynamic relationship marketing. *Journal of Marketing*, 80(5), 53–75.

**FIGURE 1: CONCEPTUAL MODEL (ESSAY 1)**



*Figure 1. Conceptual model and operationalization of key constructs.*

## **ESSAY 2**

### **REAPPRAISING THE ROLES OF REVIEW VALENCE AND CONFLICT IN ONLINE RELATIONSHIPS**

#### **ABSTRACT**

The conceptual paper of Essay 1 provides new theoretical insights into how online information alters consumer relationships by analyzing the existing eWOM and relationship marketing (RM) literature. The six propositions derived from the analysis of relational exchange theories and business practices provide multiple research avenues. To further consolidate the existing scope of the topic on online social-relational exchanges, and to test the consistency with theories of those propositions, research hypotheses are examined across lab experiments alongside perceived partner's commitment as a moderator that influences the effectiveness of online reviews on RM factors. The present study (Essay 2) addresses these issues concerning the influence of review valence on consumers' perceived relationships with a firm and identifies the causes of these influences and their underlying processes. Based on social exchange theory (SET) and signal theory, the studies identify how conflict plays a pivotal role in connecting review valence and consumers' perceived relational benefit and trust. Study results revealed that the

effect of review valence varies according to the different levels of perceived partner's commitment to the relationship.

## INTRODUCTION

Previous studies have shown that the valence of brand-related word-of-mouth (WOM) practices affect short-term marketing outcomes, including that of purchasing behavior (Anderson & Salisbury, 2003). Existing literature has focused on how online relationship and electronic word-of-mouth (eWOM) affect sales (Lee, Cheng, & Shih, 2017; Tsai, Chen, & Chaung, 2019) or consumer decision-making, such as buying intentions (Baber et al., 2016).

Along with the exponential advancement of Internet-based technologies, new research avenues are emerging in online relationships (Steinhoff et al., 2018). Among these research avenues, the question remains of what potential mechanisms will affect the relationship forming process and therefore affect RM outcomes (Berger, 2014; Steinhoff et al., 2018). Meanwhile, previous literature has demonstrated that WOM serves as a consequence of RM efforts (Palmatier et al., 2006), and the question of how eWOM affects consumers' relationships with an exchange partner is yet to be answered (Hennig-Thurau et al., 2010).

While the direct impact of eWOM on marketing outcomes has been studied and documented, the indirect effects of eWOM are ambiguous (Hennig-Thurau et al., 2010; Palmatier et al., 2006). One reason for why the indirect impact has been ignored is because there is a lack of theoretical justification on the direct linkage between a short-time behavior and a relationship outcome that is long-term oriented (Ganesan, 1994). For instance, RM outcomes, such as customer loyalty, benefit, and

trust, may not be a direct result of WOM activities. In other words, it was assumed that merely being exposed to a positive or negative WOM could not affect customer loyalty, which is a long-term concept (Kumar, 2010). Another reason is that there is a methodological limitation on how to define a mediation effect (Zhao et al., 2010). For example, Baron and Kenny's (1986) principle in establishing a mediation effect argues that to claim a mediation effect (indirect effect) between an independent variable (IV) and a dependent variable (DV), a direct path from the IV to the DV (direct effect) should be confirmed before any mediation effect is established. Baron and Kenny's (1986) work has been cited by countless journal articles and has become the dominant discipline in establishing mediation effect. As a result, this causes many research findings to be ignored or abandoned (Zhao et al., 2010). Zhao et al. (2010) summarize the flaws of Baron and Kenny's (1986) argument and provide a new approach to the procedures of testing the indirect effect. They argue that a direct link between an IV and a DV is not necessary for claiming indirect effect. In line with this new methodological development, the present research argues that online information (like reviews) may not have any direct effect on RM outcomes, but it may affect the results indirectly. This argument is driven by social exchange theory (SET) (Blau, 1964) and signal theory (Kelley, 1988). The present research examines how eWOM serves as an antecedent to RM (Palmatier et al., 2006) and attempts to identify the underlying processes of the change in perception (see Figure 1).

-----  
**Insert Figure 1 about here**  
-----

Findings from this work offered meaningful implications of how existing online relationships may be negatively (positively) affected by mere exposure to a negative (positive) review, and this insight also highlights the importance of managing potential conflict to maximize RM outcomes. The results of this study will contribute to the previous literature by showing that eWOM not only affects consumers' short-term decisions (Anderson & Salisbury, 2003) but also alters the perceptions regarding potentially long-lasting customer-firm relationships. While the study findings will be based upon online review valences from rating websites, external validity can be extended to social media platforms, which demonstrate the growing focus toward building relationships through online interactions (Steinhoff et al., 2018).

## **THEORETICAL BACKGROUND**

eWOM serves as the most common communication platform for consumers to interact with firms (King et al., 2014; Yadav & Pavlou, 2014) and has been considered as one of the most potent influencers for consumers across all stages of the decision-making process, including awareness, interest, and final decision (Moon, Bergey, & Iacobucci, 2010; De Bruyn & Lilien, 2008). Among all types of user-generated contents (UGC), eWOM has been demonstrated to have a significant impact on online shopping behavior (Pavlou & Dimoka, 2006) and firm performance, including e-commerce success (Kozlenkova et al., 2017; Trusov, Bucklin, & Pauwels, 2009).

The eWOM matrix, such as valence, volume, variance, the strength of ties, source expertise, and perceived affinity, affects the extent to which eWOM influences consumers (Bansal & Voyer, 2000; Berger & Milkman, 2012). Among all

factors, valence and volume have been demonstrated to be the most salient determinants of eWOM effects (Babić Rosario et al., 2016). eWOM valence, which refers to the direction of the information, is often expressed positively (PWOM), negatively (NWOM), or neutrally. Negative information serves as an essential cue in eWOM communication and is perceived to be more informative and diagnostic than positive information (Lynch, 2006; Tang, 2010). While several researchers have demonstrated this negativity effect, this phenomenon is far from conclusive, and there are contradicting views in previous literature (Chintagunta, Gopinath, & Venkataraman, 2010; Liu, 2006). For example, Hennig-Thurau et al. (2015) found that negative information is more powerful than positive information, whereas Fitzsimons and Lehmann (2004) found that consumers become more likely to choose a product when they read negative information about it if the information contradicts their initial preference. More studies have confirmed the existence of the negativity effect and that as the valence becomes extreme, the information becomes more useful in reducing consumers' attitudinal uncertainty (Chua & Banerjee, 2016). The ambiguity of previous findings on eWOM valence provides the rationale for reappraising the interaction between brand reputation and review valences (Wilson et al., 2017).

RM connects a series of system-oriented marketing concepts, such as commitment, trust, conflict, and benefit, which play critical roles in cultivating company-customer relationships and also determine marketing outcomes (Grönroos, 1995; King et al., 2014; see Figure 1). Traditional literature on RM highlights the importance of the B2B relationship as a research context because the channel partners are more likely to make a business decision that is based on the level of interdependence and coordinated interaction among the players (Anderson & Weitz,

1989). The rising popularity of online interaction (Internet-based relationships) has become the dominant exchange mode for most consumers and has led to new forms of company-customer relationships (Steinhoff et al., 2018). These online relationships provide both opportunities and challenges for RM managers. On the one hand, web-oriented customer segmentation has led to an increase in sales volume and favors more communication channels for customers (Ansari et al., 2008), while, on the other hand, lower search costs and online anonymity create concerns for marketers (Shanker et al., 2003). As e-commerce has become a predominant focus of online exchange, consumers are seeking online product or service information to evaluate the credibility of their business partners before making any transactions (Kim & Hanssens, 2017). More than 92% of online customers consider product reviews before they make purchases on any e-commerce platforms (Channel Advisor, 2010), and online shoppers trust peer reviews 12 times more than commercial advertising (eMarketer, 2010). Nevertheless, the direction of causality of the relationship between eWOM and RM has yet to be concluded (Palmatier et al., 2006; Hennig-Thurau et al., 2010). Earlier studies have demonstrated that mutual communication between firms and consumers serves as an antecedent of RM and WOM and is a consequence of RM efforts (Morgan & Hunt, 1994; Hennig-Thurau et al., 2002). In an online context, the richness of communication channels, such as online reviews, social media discussions, and mobile apps, provide new characteristics of communication, which has transformed a two-way interaction to an omnichannel and multipartner approach (Geld & Sundaram, 2002; Verhoef et al., 2015). In addition to the richness, eWOM interactions differ from traditional offline communications in such ways as confidentiality, freedom from geographic biases, fewer time constraints, and the

permanence of conversation (Geld & Sundaram, 2002). Despite these technological changes, the WOM-as-consequence RM model still serves as a dominant perspective, and there is scarce research on how WOM affects RM factors (Palmatier et al., 2006; De Matos & Rossi, 2008). There is a research gap in identifying potential antecedent roles by online communications, including eWOM, in establishing and enhancing online relationships and finding the critical constructs in determining this process (Hennig-Thurau et al., 2010; Yadav & Pavlou, 2014).

Among all relational constructs, conflict results in a stronger negative impact on RM than any other RM mechanisms (Kumar, Scheer, & Steenkamp, 1995; Palmatier et al., 2006). The presence of conflict represents a decreased level of distributive fairness (fairness of results), procedural fairness (fairness of process), or both and therefore undercuts relationship quality (Kumar, Scheer, & Steenkamp, 1995). Conflict is viewed as a multistage process that is composed of different stages of disagreement with partners (Brown, Lusch, & Smith 1991), such as latent conflict, perceived conflict, affective conflict, manifest conflict, and conflict aftermath (Kumar, Scheer, & Steenkamp, 1995). Latent conflict refers to the inherent distrust and tension between relational partners; perceived conflict is the awareness of these tensions; affective conflict is when this awareness is transformed into hostile feelings; and manifest conflict refers to the stage where the existence of disagreements is confirmed and can be measured by the intensity of overall disagreement with the partner. These processes result in conflict aftermath, which becomes a conflict episode for future latent conflict (Brown, Lusch, & Smith, 1991; Duarte & Davies, 2003). These conflict stages often overlap with each other and are not necessarily sequential. For example, a latent conflict is not a necessary condition in forming a perceived conflict, and a perceived conflict may be resolved before any

manifest conflict happens (Mohr & Spekman, 1994; Duarte & Davies, 2003). Manifest conflict is one of the major concerns for RM marketers and has been identified as an essential dyadic antecedent and plays a crucial role in determining relationship quality and firm performance (Kumar et al., 1995; Palmatier et al., 2006). Moreover, consumers have a psychological self-defense system to protect their self-integrity from any outside information, as well as an inherent desire to pursue fairness among exchange partners. Therefore, examining the association between eWOM and conflict becomes critical in understanding the potential new role of eWOM in online RM (Grayson, 2007). Given the high relevance to marketing (Kumar et al., 1995), manifest conflict is used as the proxy of conflict in online relationships.

### **Outline of Studies**

Three experiments in laboratory settings were conducted to study the impact of review valence on online relationships between B2C across three service industries: bank, airline, and hotel industries. These three services represent different service categories and have different levels of relationship termination costs, which are one of the biggest bonding forces by RM literature (Bowen, 1990; Sharma & Patterson, 2000). Study 1 examined how being exposed to reviews with different valences could affect consumers' psychological conflict toward the relationship with their bank. Study 2 focused on the effect of review valence on relational benefit and trust with airline services. Finally, Study 3 gauged the hotel service, where conflict was introduced as a mediator for the impact of review valence on perceived relational benefits and trust.

## STUDY 1: EFFECT OF REVIEW VALENCE ON CONFLICT

### HYPOTHESES DEVELOPMENT

As one of the fundamental organizational and relationship exchange theories, SET plays a significant role in connecting multiple disciplines, such as social psychology (Gouldner, 1960), sociology (Blau, 1964), and anthropology (Salins, 1972). SET helps to explain the psychological mechanism connecting eWOM and online RM constructs, since it involves how elements of interdependent social transactions potentially affect relationship quality and how they are influenced by the behaviors of other persons (Blau, 1964; Meeker, 1971; Cropanzano & Mitchell, 2005). SET argues that when individuals exchange resources, such as goods, services, money, information, status, and love, the exchange process depends on a preserved justification for all exchange partners (Foa & Foa, 1980; Simonson, 1989). In a fair and reciprocal relationship, consumers receive goods/services that meet or even exceed their expectations (as in PWOM), so that the relationship is maintained or enhanced by the exchange process (Cropanzano & Mitchell, 2005). Contrariwise, an existing relationship might be jeopardized by the perception that the exchange process lacks fairness and reciprocity, thus leading to increased conflict, as often seen in NWOM (Graen & Uhl-Bien, 1995). This argument is also in line with signal theory which explains that signals sent by consumers or sellers in online shopping communities play critical roles in helping buyers to identify credible sellers and form bilateral relationships (Kozlenkova et al., 2017). NWOM indicates to potential buyers that the exchange partners do not treat each other well and that there might be conflict in the relationship (Blodgett et al., 2001; Kozlenkova et al., 2017).

PWOM is motivated by altruism, product knowledge, self-enhancement, and a reciprocal relationship with the company, while NWOM is often motivated by anxiety, a bad experience, and the need for advice from others about the unfortunate situation (Sundaram, Mitra, & Webster, 1998). As a result, NWOM signals that there are potentially unfair situations or increased risks with social transactions. Nevertheless, the impact of risk-increasing signals varies and is contingent on the consumer's psychological commitment to the relationship. SET shows that the exchange partners' level of commitment is one of the most promising factors that distinguish social exchanges from economic exchanges (Bishop et al., 2000). Commitment is a result of reciprocity efforts in social exchange; however, the causal direction is reversible.

Wiener (1982) treats commitment as a motivational factor bridging behavioral antecedents and consequences. Kumar et al. (1994) provide a twofold explanation of commitment: affective and calculative commitment. They claim that affective commitment measures the level of commitment based on an exchange partner's desire to keep a relationship and an overall positive feeling. Calculative commitment refers to an exchange partner maintaining a relationship based on the calculation of the risks and benefits associated with it. This is usually treated as a negatively oriented motivation because the relationship is maintained out of a lack of availability of an alternative relationship (Allen & Meyer, 1990; Kumar et al., 1994). Gruen et al. (2000) separated calculative commitment into continuance commitment and normative commitment. They state that although both are based on the perceptions of cost and benefits, continuance commitment focuses on the psychological linkage to a relationship partner, while normative commitment focuses on the moral obligation of maintaining a relationship. East et al. (2008) find a close

relationship between the impact of WOM and the prior probability of exchange. They find that consumers who are more committed to purchasing are unlikely to be affected by NWOM and consumers who are less committed to buying are less affected by PWOM. Their findings illustrate that consumers respond to information differently based on their prior willingness to establish or maintain a relationship. When compared with consumers who are not interested in maintaining the relationship (low level of commitment), those who intend to retain the relationship (high level of commitment) would be more concerned regarding the negative issues raised by NWOM. Thus, the present study argues that there is a joint effect of commitment and review valence on conflict (see Figure 1):

*H1: The impact of review valence on conflict is moderated by consumers' perception of their partner's level of commitment to the relationship, such that the effect of review valence is only significant when consumers perceive their partners have a high level of commitment.*

## **METHODOLOGY**

### **Participation and Procedures**

A lab experiment with manipulation of review valence (positive versus negative) between-subjects design was conducted. To identify the effects of review valence on conflict, 166 members of Qualtrics (out of an initial 200) who passed attention checks participated in this survey for nominal payment ( $M_{\text{age}} = 38.58$  years, 36% female). Participants were randomly assigned to one of two conditions (positive or negative reviews) in a between-subjects design. Participants were informed that

the purpose of the study was to understand how online reviews would affect their relationship with their primary bank.

Participants were asked to identify which bank they use and imagine that the reviews they were going to read were about that bank. Before they examined the reviews, they were asked to indicate their perception of their bank's level of commitment to the relationship with them (perceived commitment) and their emotional status using a seven-point scale (1 = "extremely negative," 7 = "extremely positive"). After reading the reviews, the participants' intensity of conflict with their banks were assessed before they provided demographic information, such as age, gender, income, and education.

## **Stimuli**

Since banking settings have been used in previous RM literature for the service industry (Taleghani, Gilaninia, & Mousavian, 2013), a negative and positive review condition will be manipulated based on the star ratings of bank reviews. In the positive condition, there were two manipulated five-star reviews, and the other had a decoy four-star review. In the negative condition, there were two manipulated one-star reviews and a two-star decoy review (see Appendix A). Those reviews were actual bankrate.com reviews and they were selected because they were emotionally equivalent and shared a normal length. No reviewer information was provided, and there were three reviews under each condition. To mimic the real online rating scenario and moderate the extremity, decoy reviews with moderate valence were created.

## Measures

All measures, namely, perceived valence, conflict, commitment, and Relational benefit/trust were used in this study and all measures were adapted from previous literature. Factor analyses were conducted to check loadings and validities by a separated pretest (see Table 1).

*Review Valence.* The seven-point scale developed by Berger (2011) was used to check the manipulation of valence. The participants' perceived valence regarding the online reviews were assessed by asking participants to rate the reviewers' feelings when they wrote those reviews using the seven-point scale, with "−3" indicating "extremely negative" and "3" indicating "extremely positive" (Berger, 2011).

*Conflict.* The intensity of the conflict was assessed using the scale proposed by Jap and Ganesan (2000), who used the scale to measure retailers' perception of the conflict level with suppliers. Given the sound reliability documented (Cronbach's alpha: 0.83) and the meaning of the three items, the scale would be suitable to measure the level of conflict in a bank-client context. Specifically, participants report their level of agreement with the three items on a seven-point scale (1 = "strongly agree," 7 = "strongly disagree"): "The relationship between the bank and I can be best described as tense," "I have significant disagreements in our relationship with the bank," and "I frequently clash with the bank on issues relating to how they should conduct their services."

*Perceived Partner's Commitment.* The level of partner's commitment was assessed using Jap and Ganesan's (2000) scale. Participants indicated their level of agreement with four items on a seven-point scale (1 = "strongly agree," 7 = "strongly disagree";  $\alpha = 0.75$ ): "The bank is quite willing to dedicate whatever

people and resources it takes to help me,” “The bank is continually on the lookout for other customers and ignores its existing customers,” (reversed) “It takes me too much time, effort, and energy to go the bank to resolve my problems,” (reversed) and “The bank’s services are not as expected compared to other bank(s)” (reversed).

*Relational benefit/trust.* As a proxy of measuring benefit/trust, the scale developed by Hennig-Thurau et al. (2002) in measuring confidence benefits/trust in relationships was used. Confidence benefits refers to the feeling of trust and decreased anxiety in the relational partner and is very close to the concept of trust when measuring relationship quality (Gwinner, Gremler, and Bitner, 1998). Hennig-Thurau et al. (2002) developed a combined construct called “confidence benefit/trust” to evaluate relationship marketing outcomes in service industries (p.236). The scale is a four-item, seven-point scale (1 = “strongly agree,” 7 = “strongly disagree”;  $\alpha = 0.87$ ). Statements used in Study 1 are as follows: “I know what to expect when I use this bank,” “This bank’s employees are perfectly honest and truthful,” “This bank’s employees can be trusted completely,” and “This bank’s employees have high integrity.”

### **Pretest and Manipulation Check**

A pretest with factor analysis and examinations of the construct reliability and validity were conducted based on data collected from 101 participants from Amazon Mechanical Turk (out of an initial 110) in the United States. Average variance extracted (AVE) and Cronbach’s alpha were used as proxies to test the scales’ validity and reliability (Kline, 1998). Previous literature suggested that an AVE with a value greater than 0.50 provides sufficient support for convergent validity (Bagozzi & Yi, 1988). Based on this rule of thumb, the test results show that both of the scales used in the study are valid ( $AVE > 0.50$ ) and reliable ( $\alpha > 0.70$ ).

The items had standardized loadings ranging from 0.31 to 0.92, which are within the acceptable level (Kline, 1998). The results of the factor analysis are listed in Table 1. A t-test shows no significant difference in the level of commitment before and after participants read these manipulated reviews, indicating that the level of commitment was not affected by review valence.

-----

**Insert Table 1 about here**

-----

After the assessment of measures, a one-way between-subjects ANOVA on perceived valence as a function of valence (positive vs. negative) was performed. The results show that the effect of valence was significant ( $F(1,80) = 109.55, p < 0.001$ ), and participants in the positive condition believe that the manipulated reviews are more positive, while those in the negative condition believe that the reviews are more negative ( $M_{\text{positive}} = 5.72, M_{\text{negative}} = 2.67$ ).

## RESULTS AND DISCUSSION

I predicted that the negative (positive) reviews would increase (decrease) conflict only when participants believe that their bank has a high level of commitment. To test this, I regressed conflict on review valence (negative = 1, positive = 0), level of commitment, interaction, and a set of control variables (gender, age, income, relationship duration, and emotional status). An ordinary least squares regression was run (see Model 1 in Appendix B), with conflict as the dependent variable; review valence (positive vs. negative), level of commitment, the

interaction of valence, and commitment as independent variables; and a set of variables as control variables.

In a based model without control variables, the effect of negative (positive) reviews on conflict was positive (negative) and significant ( $b = 0.49$ ,  $t = 7.26$ ,  $p < 0.001$ ). Adding control variables related to participants' demographic characteristics that could also conceivably affect perceived conflict did not change the result. The overall model was significant ( $F(6,160) = 12.79$ ,  $p < 0.001$ ). There was no main effect of valence ( $b = -0.09$ ,  $t = -0.42$ ,  $P = 0.68$ ). The interaction effect of valence and level of commitment was significant ( $b = 0.67$ ,  $t = 2.80$ ,  $p = 0.006$ ). A follow-up spotlight analysis (Spiller et al., 2013) revealed that the simple effect of negative (positive) reviews on conflict was positive (negative) and significant for participants who have a higher level of perception of partner's commitment ( $b = 0.83$ ,  $t = 6.27$ ,  $p < 0.001$ ). In contrast, the simple effect of valence on conflict was not significant in the low commitment condition (when participants believe that their partner has low level of commitment;  $b = 0.17$ ,  $t = 1.26$ ,  $p = 0.21$ , see Table 1).

-----

Insert Table 2 about here

-----

The result of this study illustrates that the perception of a relational partner's commitment has a critical role in determining the magnitude of the impact of review valence on conflict. Negative reviews increase consumers' perceived conflict and threaten to deteriorate the relationship only when consumers believe that their partner is highly committed to the relationship. Thus, in the next study, I will

examine how the perceived benefit/trust could be damaged as a result of negative reviews and the boundary conditions of those impacts.

## **STUDY 2: THE MEDIATION THROUGH CONFLICT**

### **HYPOTHESES DEVELOPMENT**

The examination of Study 1 provides a clearer picture of how online review valence possesses a causal impact on a key relational mechanism, perceived conflict. Study 2 aims to further these insights by examining the mediation role of conflict between review valence and relational benefit and trust.

A stable relationship among social exchange partners requires that both of the members share similar perceptions and balanced fairness, which reflects consumers' judgments toward a firm's behaviors and services (Blau, 1964; Narteh, 2016). When consumers are exposed to negative online information, according to SET, consumers' balanced perception(s) will be altered, and a cognitive reevaluation of the exchange relationship will take place. In online contexts, a conflict caused by negative information can be more severe due to the asymmetrical information and limited resolution techniques provided (Mohr & Spekman, 1994). For example, in offline contexts, an emerging conflict can be resolved by face-to-face communication and real-time information sharing. This type of joint problem solving is challenging to recreate for online contexts (Mohr & Spekman, 1994). Consequently, the increased level of conflict induced by negative online information will automatically alter the consumer's perception about the partner, undercut their confidence in the partner, and cause a reduced level of trust (Hennig-Thurau et al.,

2002; Kumar et al., 1995). In other words, SET argues that mutual understanding and positive emotions are part of social exchange resources (Foa & Foa, 1980). Therefore, the intensified conflict undermines these resources, leading to a reduced level of perceived relational benefits. Collectively, this discussion leads to the following hypothesis:

*H2: The effect of review valence on relational benefit and trust will be mediated by the intensity of conflict felt by consumers.*

## METHODOLOGY

### Design and Procedures

To test H2, a lab experiment with manipulation of review valence (positive vs. negative) between-subjects design was conducted. 155 Qualtrics members (out of an initial 190) who passed attention checks completed this survey for nominal payment ( $M_{\text{age}} = 37$  years, 42% female). Participants were randomly assigned to one of two conditions in a two (negative, positive) between-subjects design.

Similar to Study 1, participants were informed that the purpose of the study was to understand how online reviews will affect the relationship with an **airline company**. Participants were asked to identify an airline they were familiar with and report their perception of the airline's commitment to them before they examined the reviews. The stimuli used in Study 2 are developed using a similar approach to Study 1 (see Appendix C). To enhance realism, the language being used in these reviews was directly from airlinequality.com, and half of the reviews had a label displaying the amount of reviews under each condition. Before they read reviews,

participants were asked to indicate their emotional status using a seven-point scale (1 = “extremely negative,” 7 = “extremely positive”).

After this, participants were asked to read the reviews and consider that they were planning to choose an airline for travel. Participants then answered items about the perceived conflict (same items from Study 1;  $\alpha = 0.92$ ) and the perceived benefit/trust of the airline (same items from Study 1 with changed context,  $\alpha = 0.87$ ). In random order, participants answered attention check questions and standard demographic questions.

## Results and Discussion

To examine whether conflict plays a mediating role in the relationship between review valence and benefit/trust, PROCESS Model 8 (Hayes, 2018) was used to estimate a moderated mediation model (see Figure 2).

-----

**Insert Figure 2 about here**

-----

I observed a significant index of moderated mediation ( $b = -0.17$ ,  $se = 0.08$ ,  $CI_{95}[-0.35, -0.04]$ ), and the interaction between review valence and the perceived commitment was significant and positive ( $b = 0.83$ ,  $t = 4.28$ ,  $p < 0.001$ ). The conditional indirect effect of negative valence on benefit/trust, through perceived conflict, was negative and significant when the perception of the airline’s commitment is high but insignificant when the perception of the airline’s commitment is low. Specifically, a follow-up spot analysis showed that the effect of negative reviews when perceived commitment was average ( $M = 4.34$ ,  $SD = 1.18$ )

was negative and significant ( $b = -0.29$ ,  $se = 0.12$ ,  $CI_{95}[-0.55, -0.07]$ ). Similarly, the effect was negative and significant when perceived commitment was greater (1 SD above mean;  $b = -0.48$ ,  $se = 0.20$ ,  $CI_{95}[-0.93, -0.12]$ ). Conversely, when perceived commitment was lower, there was no effect of the valence on benefit/trust (1 SD below mean;  $b = -0.09$ ,  $se = 0.08$ ,  $CI_{95}[-0.28, 0.05]$ ). Alongside this spotlight analysis, I conducted a floodlight analysis using values within the range of perceived commitment in the data. The Johnson–Neyman point was a perceived commitment of 3.34, meaning that the valence effect was not significant ( $p > 0.05$ ) when perceived commitment was smaller than 3.34. The indirect effect of negative (positive) reviews on benefit/trust was negative (positive) and significant when perceived commitment was greater than 3.34. In these analyses, the effect of negative reviews on benefit/trust was negative and significant.

-----

**Insert Table 3 about here**

-----

Study 2 demonstrates that although negative reviews do not affect benefit/trust directly, they increase readers' perceived conflict with a firm and therefore undercut benefit/trust. The results revealed that the detrimental effect is stronger when participants believed that a firm was committed to the relationship, giving marketers an indication of the importance of how to maintain exiting loyal consumers who are more vulnerable to negative information.

### **STUDY 3: EFFECT OF CONFLICT ON RELATIONAL BENEFIT AND TRUST**

#### **HYPOTHESES DEVELOPMENT**

Alongside perceived partner's commitment, trust is another mechanism on which exchange partners build reciprocal online relationships (Verma et al., 2016). Trust involves the exchange partner's reliability and integrity and associates with the fiduciary obligation to prioritize a relational partner's interests (Kumar et al., 1995). In online contexts, the spatial and temporal distances of relationships lead to information asymmetries, particularly emphasizing the importance of trust to form a reliable relationship (Pai and Tsai, 2011). Consumers are willing to pay for the transaction based on the expectation that it will be rewarding, along with the trust that the exchange partner will make the relationship fair and reciprocal (Cropanzano & Mitchell, 2005). However, as SET and signal theory indicate, NWOM will send the opposite unfavorable implication and signal that individuals are not being treated fairly by their exchange partners; this unfairness will lead to a decreased level of trust (Colquitt et al., 2001).

At the same time, consumers use trust as a decision-making tool to minimize risks and maximize benefits (Lohmann, 2000). SET indicates that perceived benefits motivate consumers to strengthen a relationship and that only a reciprocal relationship in which exchanges benefit both partners can be maintained (Hibbard, Kumar, & Stern, 2001). In an online relationship, as the consumer's conflict increases, the relationship becomes less reliable; thus, as Figure 1 indicates, there is a main negative effect of review valence on perceived benefits.

Although negative reviews undercut consumers' perceived benefits and trust, the magnitude of the effect is different depending on how strongly consumers want to maintain the relationship, which can be reflected by commitment (Verma et al., 2016). Commitment has been demonstrated as a relational construct that substantially affects RM (De Matos & Rossi, 2008). SET indicates that social exchange alters commitment and commitment also serves as a determinant of the relationship between exchange partners (Bishop et al., 2000). Since commitment reflects relational partner's willingness to stay (affective commitment), and their judgment on potential risk and benefit (calculative commitment) (Kumar et al., 1994), the exposure of negative information would affect individuals differently depending on their previous willingness and judgments about the relationship. Thus, these discussions lead to the following hypothesis:

*H3: The impact of conflict on relational benefit/trust will be moderated by consumers' perceived firm's commitment such that the negative effect of conflict will be stronger for consumers who have strong beliefs that the firm is committed to the relationship than those who have weak beliefs.*

## **METHODOLOGY**

### **Design and Procedures**

To test H3, a lab experiment featuring manipulation of review valence (positive vs. negative) between-subjects design was conducted. 172 Qualtrics members (out of an initial 190) who passed attention checks completed this survey for nominal payment ( $M_{age} = 39$  years, 40% female). Participants were randomly

assigned to one of two conditions and were informed that the purpose of the study was to understand how online reviews will affect the relationship with a hotel. Participants were asked to identify a hotel they are familiar with and report their perception of the hotel's commitment to them before they examined the reviews.

To check the robustness of the effect of valence, the same content approach in the stimuli was used, which is a different approach than what was used in two previous studies (Grewal and Stephen, 2019). All participants saw the same content under both negative and positive conditions. The only difference between the two conditions is the star ratings. The reviews were two stars in the negative condition and four stars in the positive condition (see Appendix E). Since the negative and positive review texts were mixed and balanced, the same review could be treated as either positive or negative. To enhance realism, the language being used in these reviews was directly from TripAdvisor, and half of the reviews will have a label displaying the amount of reviews under each condition. Before they read reviews, participants were asked to indicate their emotional status using a seven-point scale (1 = "extremely negative," 7 = "extremely positive").

Following the review task, participants were asked to answer items about the perceived conflict (same items from Study 1;  $\alpha = 0.92$ ) and the relational benefit/trust of the hotel (same items from Study 2;  $\alpha = 0.87$ ). In random order, participants answered attention check questions and standard demographic questions.

-----

**Insert Figure 3 about here**

-----

## RESULTS AND DISCUSSION

*Relational benefit/trust.* I predicted that the negative effect of conflict on relational benefit/trust would be stronger for consumers who have higher level of perceived partner commitment. To test this, I regressed relational benefit/trust on conflict, perceived commitment, and their interaction. The overall model was significant ( $F(3,168) = 5.76, p < 0.001$ ). There were both main effect of conflict ( $b = 0.71, t = 2.70, p = 0.008$ ) and perceived commitment ( $b = 0.65, t = 2.62, p < 0.01$ ). The interaction effect of conflict and perceived commitment was significant ( $b = -0.17, t = -3.43, p < 0.001$ ). A follow-up floodlight analysis using values within the range of perceived commitment in the data revealed that the Johnson–Neyman point was a perceived commitment of 4.92, meaning that the negative effect of conflict was not significant ( $p > 0.05$ ) when perceived commitment was smaller than 4.92, but it turned to be negative and significant when the value of perceived commitment was greater than 4.92.

-----

**Insert Table 4 about here**

-----

*Moderated mediation analysis.* PROCESS Model 58 (Hayes, 2018) was used to further examine whether the interaction effect holds in the whole moderated mediation model. A significant interaction between review valence and the perceived commitment ( $b = 0.35, t = 2.22, p = 0.028$ ) was observed, as well as conflict and perceived commitment ( $b = -0.17, t = 4.69, p < .001$ ). While the direct effect of valence on benefit/trust was not significant ( $b = -0.10, se = 0.16, CI_{95}[-0.40, 0.21]$ ), the conditional indirect effect of negative valence on benefit/trust, through perceived

conflict, was negative and significant when the perception of the hotel's commitment is high, but insignificant when the perception of the airline's commitment is low. A follow-up spot analysis showed that the indirect effect of negative reviews was insignificant when perceived commitment was average ( $M = 4.90$ ,  $SD = 1.10$ ,  $b = -0.07$ ,  $se = 0.06$ ,  $CI_{95}[-0.19, 0.04]$ ). Similarly, the effect was insignificant when perceived commitment was smaller (1 SD below mean;  $b = 0.02$ ,  $se = 0.04$ ,  $CI_{95}[-0.03, 0.14]$ ). In addition, a floodlight analysis using values of perceived commitment in the data was conducted. The Johnson–Neyman point was a perceived commitment of 4.24, meaning that the valence effect was not significant ( $p > 0.05$ ) when perceived commitment was smaller than 4.24. The indirect effect of negative (positive) reviews on benefit/trust was negative (positive) and significant when perceived commitment was greater than 4.24.

Study 3 demonstrates that although negative reviews do not affect benefit/trust directly, they increase readers' perceived conflict and therefore undercut benefit/trust (see Figure 3). The results revealed that the detrimental effect is stronger when participants believed that the focal firm was committed to the relationship, giving marketers an indication of the importance of how to maintain exiting loyal consumers who are more vulnerable to negative information.

## GENERAL DISCUSSION

Given the rising influence of UGC and the crucial role of eWOM in consumer decision-making process and in RM, it is necessary to examine how consumers' perception responds to different types of information when processing online reviews. Despite the extensive study on online reviews, how those reviews

affect consumers' perceived relationship with firms is largely underresearched (De Bruyn & Lilien, 2008). Across three studies in different service categories, Essay 2 provides statistical evidence that there is a systematic linkage between review valence and consumers' perceived benefit/trust of a relationship. First, negative reviews (vs. positive reviews) cause intensified conflict with the service provider. Second, because of the increased level of conflict, consumers feel the relationship is less beneficial and the service provider is less truthful. Finally, the review is more persuasive for those who believe that the service provider is strongly committed to the relationship.

The studies follow the call for more research examining how emerging new media affect online relationships (Hennig-Thurau et al., 2010; Steinhoff et al., 2018). Results from all three studies with different service contexts are consistent. These consistent patterns demonstrated across studies provide statistical evidence that online review serves as an antecedent of an existing online relationship. The results revealed that although consumers' perception of a relationship is not affected by reviews directly, the relationship is altered by an indirect path. Those findings reconcile previous RM studies that look at WOM solely as an outcome of RM, which argues that an improved level of trust and benefit will positively affect consumers' intention of PWOM (Palmatier et al., 2006; Steinhoff et al., 2018). This work provides statistical evidence that the causal linkage between relationship and WOM does not stop when consumers post positive or negative WOM; rather, the new WOM will cause another wave of effects that will either enhance or undercut the existing relationships with the firm for consumers who are exposed to the information. WOM serves as both an antecedent and consequence of a relationship, and there is a circulated chain effect between RM and WOM, which requires

researchers to consider when gauging the magnitude of WOM. Also, previous RM literature has been focusing on relationships manifested in B2B contexts; this work provides additional insights of how UGC affect consumers' perception in B2C contexts, which is critical for firms who pursue consumer lifetime value as a strategic goal.

The moderating role perceived commitment plays in the effect of review valence suggests that consumers who have stronger beliefs in the firm are more vulnerable to negative information, highlighting the importance of consistent communication with exiting consumers using positive information to build a reciprocal relationship and reassure firms' commitment to their customers.

## **LIMITATIONS AND FUTURE RESEARCH**

Although the paper established an indirect path through review valence and relational benefit/trust and the moderating impact of perceived commitment on the process, it encounters limitations in its scope and depth that provide multiple avenues for future research. Firstly, more matrix of WOM could be introduced to further studies. For example, current WOM literature has shown that volume of the information also serves as an important variable that affects consumers' perception, about which will be examined in Essay 3. Another direction for future research is to investigate the WOM-RM relationship under cross-cultural contexts. Prior research has demonstrated that culture plays a critical role in international RM, and reciprocal relationships manifested differently in varied cultural environments (Samaha et al., 2014; Shaalan et al., 2013).

## REFERENCES

- Allen, N. J., & Meyer, J. P. (1990). The measurement and antecedents of affective, continuance, and normative commitment to the organization. *Journal of Occupational and Organizational Psychology*, 63(1), 1-18.
- Anderson, E. W., & Salisbury, L. C. (2003). The formation of market-level expectations and its covariates. *Journal of Consumer Research*, 30(1), 115-124.
- Anderson, E., & Weitz, B. (1989). Determinants of continuity in conventional industrial channel dyads. *Marketing Science*, 8(4), 310-323.
- Ansari, A., Mela, C. F., & Neslin, S. A. (2008). Customer channel migration. *Journal of Marketing Research*, 45(1), 60–76.
- Aurier, P., & N'Goala, G. (2010). The differing and mediating roles of trust and relationship commitment in service relationship maintenance and development. *Journal of the Academy of Marketing Science*, 38(3), 303-325.
- Babić Rosario, A., Sotgiu, F., De Valck, K., & Bijmolt, T. H. (2016). The effect of electronic word of mouth on sales: A meta-analytic review of the platform, product, and metric factors. *Journal of Marketing Research*, 53(3), 297-318.
- Baber, A., Thurasamy, R., Malik, M. I., Sadiq, B., Islam, S., & Sajjad, M. (2016). Online word-of-mouth antecedents, attitude, and intention-to-purchase electronic products in Pakistan. *Telematics and Informatics*, 33(2), 388-400. doi:10.1016/j.tele.2015.09.004
- Bagozzi, R. P., & Yi, Y. (1988). On the evaluation of structural equation models. *Journal of the Academy of Marketing Science*, 16(1), 74-94.

- Bansal, H. S., & Voyer, P. A. (2000). Word-of-mouth processes within a services purchase decision context. *Journal of Service Research*, 3(2), 166-177.
- Baker, A. M., Donthu, N., & Kumar, V. (2016). Investigating how word-of-mouth conversations about brands influence purchase and retransmission intentions. *Journal of Marketing Research*, 53(2), 225-239.
- Baron, Reuben M. and David A. Kenny (1986), "Moderator-Mediator Variables Distinction in Social Psychological Research: Conceptual, Strategic, and Statistical Considerations," *Journal of Personality and Social Psychology*, 51 (6), 1173-82.
- Berger, J. (2011). Arousal increases social transmission of information. *Psychological Science*, 22(7), 891-893.
- Berger, J., & Milkman, K. L. (2012). What makes online content viral? *Journal of Marketing Research*, 49(2), 192-205.
- Berger, J. (2014). Word of mouth and interpersonal communication: A review and directions for future research. *Journal of consumer psychology*. 41.
- Bishop, J. W., Scott, K. D., & Burroughs, S. M. (2000). Support, commitment, and employee outcomes in a team environment. *Journal of Management*, 26: 1113-1132.
- Blau, P. M. (1964). Justice in social exchange. *Sociological Inquiry*, 34(2), 193-206.
- Blodgett, J. G., Lu, L. C., Rose, G. M., & Vitell, S. J. (2001). Ethical sensitivity to stakeholder interests: A cross-cultural comparison. *Journal of the Academy of Marketing Science*, 29(2), 190-202.

- Bowen, John (1990), "Development of a Taxonomy of Services to Gain Strategic Marketing Insights," *Journal of the Academy of Marketing Science* 18 (Winter), 43-49.
- Brown, J. R., Lusch, R. F., & Smith, L. P. (1991). Conflict and satisfaction in an industrial channel of distribution. *International Journal of Physical Distribution & Logistics Management*, 21(6), 15-26.
- ChannelAdvisor (2010), *Through the Eyes of the Consumer: 2010 Consumer Shopping Habits Survey*. Morrisville, NC: Channel Advisor Corporation.
- Chua, A. Y., & Banerjee, S. (2016). Helpfulness of user-generated reviews as a function of review sentiment, product type and information quality. *Computers in Human Behavior*, 54, 547-554.
- Colgate, M. R., & Danaher, P. J. (2000). Implementing a customer relationship strategy: The asymmetric impact of poor versus excellent execution. *Journal of the Academy of Marketing Science*, 28(3), 375-387.
- Colquitt, Jason A., Donald E. Conlon, Michael J. Wesson, Christopher O.L.H. Porter and K. Yee Ng (2001). Justice at the Millennium: A Meta-Analytic Review of 25 Years of Organizational Justice Research. *Journal of Applied Psychology*, 86(3), 425-45.
- Cropanzano, R., & Mitchell, M. S. (2005). Social exchange theory: An interdisciplinary review. *Journal of management*, 31(6), 874-900.
- De Bruyn, A., & Lilien, G. L. (2008). A multi-stage model of word-of-mouth influence through viral marketing. *International Journal of Research in Marketing*, 25(3), 151-163.

- DeLeon, A. J., & Chatterjee, S. C. (2016). B2B relationship calculus: Quantifying resource effects in service-dominant logic. *Journal of the Academy of Marketing Science*. doi:10.1007/s11747-015-0467-0. In Press
- De Matos, C. A., & Rossi, C. A. V. (2008). Word-of-mouth communications in marketing: a meta-analytic review of the antecedents and moderators. *Journal of the Academy of Marketing Science*, 36(4), 578-596.
- De Ruyter, K., Moorman, L., & Lemmink, J. (2001). Antecedents of commitment and trust in customer–supplier relationships in high technology markets. *Industrial Marketing Management*, 30(3), 271-286.
- Duarte, M., & Davies, G. (2003). Testing the conflict–performance assumption in business-to-business relationships. *Industrial Marketing Management*, 32(2), 91-99.
- East, R., Hammond, K., & Lomax, W. (2008). Measuring the impact of positive and negative word of mouth on brand purchase probability. *International journal of research in marketing*, 25(3), 215-224.
- East, R., Singh, J., Wright, M., & Vanhuele, M. (2016). Consumer behaviour: Applications in marketing. Sage.
- Erdogan, B., & Liden, R. C. 2002. Social exchanges in the workplace: A review of recent development and future research directions in leader-member exchange theory. In L. L. Neider & C. A. Schriesheim (Eds.), *Leadership*:65-114. Greenwich, CT: Information Age Publishing.
- Eisenberger, R., Armeli, S., Rexwinkel, B., Lynch, P. D., & Rhoades, L. (2001). Reciprocation of perceived organizational support. *Journal of Applied Psychology*, 86: 42-51.

- eMarketer (2010), "What Makes Social Media Trustworthy?" *eMarketer*, (August 10), (accessed June 12, 2019), [available at <https://www.emarketer.com/Article/What-Makes-Social-Media-Trustworthy/1007863>].
- Faullant, R., Fueller, J., & Hutter, K. (2017). Fair play: Perceived fairness in crowdsourcing competitions and the customer relationship-related consequences. *Management Decision*, 55(9), 1924-1941. doi:10.1108/MD-02-2017-0116.
- Filipe, S., Marques, S. H., & de Fátima Salgueiro, M. (2017). Customers' relationship with their grocery store: Direct and moderating effects from store format and loyalty programs. *Journal of Retailing and Consumer Services*, 37, 78-88.
- Fitzsimons, G. J., & Lehmann, D. R. (2004). Reactance to recommendations: When unsolicited advice yields contrary responses. *Marketing Science*, 23(1), 82-94.
- Foa, E. B., & Foa, U. G. (1980). Resource theory. In *Social exchange* (pp. 77-94). Springer, Boston, MA.
- Ford, J. B., Joseph, M., & Joseph, B. (1999). Importance-performance analysis as a strategic tool for service marketers: the case of service quality perceptions of business students in New Zealand and the USA. *Journal of Services marketing*, 13(2), 171-186.
- Ganesan, S. (1994). Determinants of long-term orientation in buyer-seller relationships. *Journal of marketing*, 58(2), 1-19.
- Gouldner, A. W. 1960. The norm of reciprocity: A preliminary statement. *American Sociological Review*, 25: 161-178.

- Graen, G. B., & Uhl-Bien, M. (1995). Relationship-based approach to leadership: Development of leader-member exchange (LMX) theory of leadership over 25 years: Applying a multi-level multi-domain perspective. *The leadership quarterly*, 6(2), 219-247.
- Grayson, K. (2007). Friendship versus business in marketing relationships. *Journal of Marketing*, 71(4), 121-139.
- Grönroos, C. (1995). Relationship marketing: the strategy continuum. *Journal of the Academy of Marketing Science*, 23(4), 252-254.
- Hennig-Thurau, Thorsten, Kevin P. Gwinner, and Dwayne D. Gremler (2002), "Understanding Relationship Marketing Outcomes: An Integration of Relational Benefits and Relationship Quality,' *Journal of Service Research*, 4 (February), 230-47.
- Hennig-Thurau, T., Malhotra, E. C., Frieger, C., Gensler, S., Lobschat, L., Rangaswamy, A., & Skiera, B. (2010). The impact of new media on customer relationships. *Journal of Service Research*, 13(3), 311-330
- Hennig-Thurau, T., Wiertz, C., & Feldhaus, F. (2015). Does Twitter matter? The impact of microblogging word of mouth on consumers' adoption of new movies. *Journal of the Academy of Marketing Science*, 43(3), 375-394.
- Hibbard, J. D., Kumar, N., & Stern, L. W. (2001). Examining the impact of destructive acts in marketing channel relationships. *Journal of Marketing Research*, 38(1), 45-61.
- Jap, S. D., & Ganesan, S. (2000). Control mechanisms and the relationship life cycle: Implications for safeguarding specific investments and developing commitment. *Journal of marketing research*, 37(2), 227-245.

- Kelley, C. A. (1988). An investigation of consumer product warranties as market signals of product reliability. *Journal of the Academy of Marketing Science*, 16(2), 72-78.
- Kim, H., & Hanssens, D. M. (2017). Advertising and word-of-mouth effects on pre-launch consumer interest and initial sales of experience products. *Journal of Interactive Marketing*, 37, 57-74.
- King, R. A., Racherla, P., & Bush, V. D. (2014). What we know and don't know about online word-of-mouth: A review and synthesis of the literature. *Journal of Interactive Marketing*, 28(3), 167-183.
- Kline, R. B. (1998). *Principles and Practice of Structural equation modeling*, Guilford Press, New York, NY.
- Kozlenkova, I. V., Palmatier, R. W., Fang, E., Xiao, B., & Huang, M. (2017). Online relationship formation. *Journal of Marketing*, 81(3), 21-40.
- Kumar, V. (2010). Customer relationship management. *Wiley international encyclopedia of marketing*.
- Kumar, N., Hibbard, J. D., & Stern, L. W. (1994). The nature and consequences of marketing channel intermediary commitment. *Report-marketing science institute Cambridge Massachusetts*.
- Kumar, N., Scheer, L. K., & Steenkamp, J. B. E. (1995). The effects of supplier fairness on vulnerable resellers. *Journal of Marketing Research*, 54-65.
- Lee, W., Cheng, S., & Shih, Y. (2017). Effects among product attributes, involvement, word-of-mouth, and purchase intention in online shopping. *Asia Pacific Management Review*, 22(4), 223-229.
- doi:10.1016/j.apmr.2017.07.007

- Lohmann, Susanne (2000). Management by Avoiding the Political Heat: Administrative Rationality in the Research University. *Presented at the Annual Meeting of the Midwest Political Science Association*, Chicago, IL, April 27-30.
- Lynch, J. G. (2006). Accessibility-Diagnosticity and the Multiple Pathway Anchoring and Adjustment Model. *Journal of Consumer Research*, 33(1), 25-27. doi:10.1086/504129
- Mayer, R. C., Davis, J. H., & Schoorman, F. D. (1995). An integrative model of organizational trust. *Academy of Management Review*, 20(3), 709-734.
- McKnight, D. H., Choudhury, V., & Kacmar, C. (2002). Developing and validating trust measures for e-commerce: An integrative typology. *Information Systems Research*, 13(3), 334-359.
- Meeker, B. F. (1971). *Decisions and exchange*. *American Sociological Review*, 36: 485-495.
- Mimouni-Chaabane, A., & Volle, P. (2010). Perceived benefits of loyalty programs: Scale development and implications for relational strategies. *Journal of Business Research*, 63(1), 32-37.
- Mohr, J. J., Fisher, R. J., & Nevin, J. R. (1996). Collaborative communication in interfirm relationships: moderating effects of integration and control. *Journal of Marketing*, 60(3), 103-115.
- Mohr, J., & Spekman, R. (1994). Characteristics of partnership success: partnership attributes, communication behavior, and conflict resolution techniques. *Strategic management journal*, 15(2), 135-152.

- Moon, S., Bergey, P. K., & Iacobucci, D. (2010). Dynamic effects among movie ratings, movie revenues, and viewer satisfaction. *Journal of marketing*, 74(1), 108-121
- Morgan, R. M., & Hunt, S. D. (1994). The commitment-trust theory of relationship marketing. *The Journal of Marketing*, 20-38.
- Ohanian, R. (1990). Construction and validation of a scale to measure celebrity endorsers' perceived expertise, trustworthiness, and attractiveness. *Journal of advertising*, 19(3), 39-52.
- Palmatier, R. W., Dant, R. P., Grewal, D., & Evans, K. R. (2006). Factors influencing the effectiveness of relationship marketing: a meta-analysis. *Journal of Marketing*, 70(4), 136-153.
- Pai, Pei-Yu, and Hsien-Tung Tsai (2011). How Virtual Community Participation Influences Consumer Loyalty Intentions in Online Shopping Contexts: An Investigation of Mediating Factors. *Behaviour & Information Technology*, 30 (5), 603–15.
- Pavlou, P. A., & Dimoka, A. (2006). The nature and role of feedback text comments in online marketplaces: Implications for trust building, price premiums, and seller differentiation. *Information Systems Research*, 17(4), 392-414.
- Preacher, K. J., Rucker, D. D., & Hayes, A. F. (2007). Addressing moderated mediation hypotheses: Theory, methods, and prescriptions. *Multivariate behavioral research*, 42(1), 185-227.
- Sahlins, M. 1972. *Stone age economics*. New York: Aldine.
- Samaha, S. A., Beck, J. T., & Palmatier, R. W. (2014). The role of culture in international relationship marketing. *Journal of Marketing*, 78(5), 78-98.

- Shaalan, A. S., Reast, J., Johnson, D., & Tourky, M. E. (2013). East meets West: Toward a theoretical model linking guanxi and relationship marketing. *Journal of Business Research*, 66(12), 2515-2521.
- Shankar, V., Smith, A. K., & Rangaswamy, A. (2003). Customer satisfaction and loyalty in online and offline environments. *International Journal of Research in Marketing*, 20(2), 153–175.
- Simonson, I. (1989). Choice based on reasons: The case of attraction and compromise effects. *Journal of consumer research*, 16(2), 158-174.
- Steinhoff, Lena, Denni Arli, Scott Weaven, & Irina V. Kozlenkova (2018). Online relationship marketing. *Journal of the Academy of Marketing Science*, 1-25.
- Sundaram, D. S., Mitra, K., & Webster, C. (1998). Word-of-mouth communications: A motivational analysis. *ACR North American Advances*.
- Taleghani, M., Gilaninia, S., & Mousavian, S. J. (2011). The role of relationship marketing in customer orientation process in the banking industry with focus on loyalty (Case study: Banking industry of Iran). *International Journal of Business and Social Science*, 2(19).
- Tang, C. (2010). Understanding the electronic word-of-mouth communication process: Communication effectiveness and analytic tools.
- Trusov, M., Bucklin, R. E., & Pauwels, K. (2009). Effects of word-of-mouth versus traditional marketing: findings from an internet social networking site. *Journal of marketing*, 73(5), 90-102.
- Tsai, C., Chen, Y., & Chaung, Y. (2019). Influences of online negative word of mouth on purchase intention. *International Journal of E-Adoption*, 11(1), 1-11. doi:10.4018/IJEA.2019010101.

- Verhoef, P. C., Kannan, P. K., & Inman, J. J. (2015). From multi-channel retailing to omni-channel retailing: introduction to the special issue on multi-channel retailing. *Journal of Retailing*, 91(2), 174–181.
- Verma, V., Sharma, D., & Seth, J. (2016). Does relationship marketing matter in online retailing? A meta-analytic approach. *Journal of the Academy of Marketing Science*, 44(2), 206–217.
- Wilson, A. E., Giebelhausen, M. D., & Brady, M. K. (2017). Negative word of mouth can be a positive for consumers connected to the brand. *Journal of the Academy of Marketing Science*, 45(4), 534-547.
- Yadav, M. S., & Pavlou, P. A. (2014). Marketing in computer-mediated environments: Research synthesis and new directions. *Journal of Marketing*, 78(1), 20-40.
- You, Y., Vadakkepatt, G. G., & Joshi, A. M. (2015). A meta-analysis of electronic word-of-mouth elasticity. *Journal of Marketing*, 79(2), 19-39.
- Zapf, D. (2002). Emotion work and psychological well-being: A review of the literature and some conceptual considerations. *Human resource management review*, 12(2), 237-268.
- Zhao, X., Lynch Jr, J. G., & Chen, Q. (2010). Reconsidering Baron and Kenny: Myths and truths about mediation analysis. *Journal of consumer research*, 37(2), 197-206.

## TABLES AND FIGURES

**TABLE 1: SCALE SUMMARY (ESSAY 2)**

Constructs and Measures	Factor Loading
<b><i>Conflict</i></b>	AVE=.87 $\alpha$ =.92
1. The relationship between the bank and I can be best described as tense.	0.88
2. I have significant disagreements in our relationship with the bank.	0.86
3. I frequently clash with the bank on issues relating to how they should conduct their services.	0.86
<b><i>Perceived Partner's Commitment</i></b>	AVE=.65 $\alpha$ =.75
1. The bank is quite willing to dedicate whatever people and resources it takes to help me.	0.57
3. The bank is continually on the lookout for other customers and ignores our existing customers.	0.83
4. It takes me too much time, effort , and energy to get the bank to resolve my problems.	0.92
5. The bank's services is not as expected compared to other bank(s).	0.86
<b><i>Confidence Benefits /Trust</i></b>	AVE=.72 $\alpha$ =.87
I know what to expect when I use this bank.	0.75
This bank's employee are perfectly honest and truthful.	0.87
This bank can be trusted completely.	0.91
This bank has high integrity.	0.85

Notes:  $\alpha$ : Cronbach's  $\alpha$ ; AVE: average variance extracted; CFA: confirmatory factor analysis.

**TABLE 2: INTERACTION ANALYSIS****Table 2.** Interaction Analysis for the effect of Valence and Commitment on Conflict

	Baseline			Simple effect for Low Commitment			Simple effect for High Commitment		
	Estimate		p-Value	Estimate		p-Value	Estimate		p-Value
Primary Predictors									
Valence (Negative)	-.09	(.72)	.73	.18	(.46)	.19	.83***	(.45)	<.001
Commitment	-.38***	(.12)	<.001	-.37***	(.12)	<.001	-.38***	(.12)	<.001
Valence(Negative) * Commitment	0.65**	(.16)	.006	0.43**	(.16)	.006	0.41**	(.16)	.006
Controls									
intercept	4.56***	(.33)	.70	3.80***	(.57)	<.001	1.23	(.79)	.12
Age	-.06	(.01)	.39	-.06	(.01)	.37	-.06	(.01)	.37
Gender (Female)	.01	(.23)	.90	-.03	(.23)	.68	-.03	(.23)	.68
Education	.22**	(.08)	.002	.22**	(.08)	.002	.22**	(.08)	.002
Emotion status	-.05	(.08)	.68	.05	(.08)	.50	.05	(.08)	.50
Model Fit									
R-square						.35			
AIC						686.1			
BIC						615.8			
F-statistic						12.37 (7,159)***			p-Value < .001

\*p &lt; .10. \*\*p &lt; .05 \*\*\*p &lt; .001

Notes: Standard errors in parentheses.

**TABLE 3: STUDY 2 – MODERATED MEDIATION****Table 3.** Moderated Mediation Table Study 2

	M (Conflict)			Y ( Benefit/Trust)		
	Estimate		p-Value	Estimate		p-Value
Primary Predictors						
X (Valence_Negative)	-2.18***	(1.02)	<.001	-1.01	(.69)	.15
M (Conflict)	-	-	-	-.20**	(.07)	.006
W (Peceived Commitment)	-1.05***	(.15)	<.001	.001	(.14)	.99
Valence(Negative) × P.Commitmen	0.83***	(.19)	<.001	-	-	-
Controls						
intercept	7.65***	(1.02)	<.001	5.56***	(.96)	<.001
Age	-.016	(.01)	.26	-.02**	(.01)	.06
Gender (Female)	.24	(.23)	.30	-.36**	(.18)	.05
Education	.03	(.09)	.40	.01***	(.07)	<.001
Emotion status	.07	(.08)	.41	.27***	(.05)	<.001
Model Fit						
R-square			.686			.564
F-statistic	14.75 (7,116)***		p-Value < .001	6.70 (8,115)***		p-Value < .001

\* $p < .10$ . \*\* $p < .05$  \*\*\* $p < .001$ 

Notes: Standard errors in parentheses.

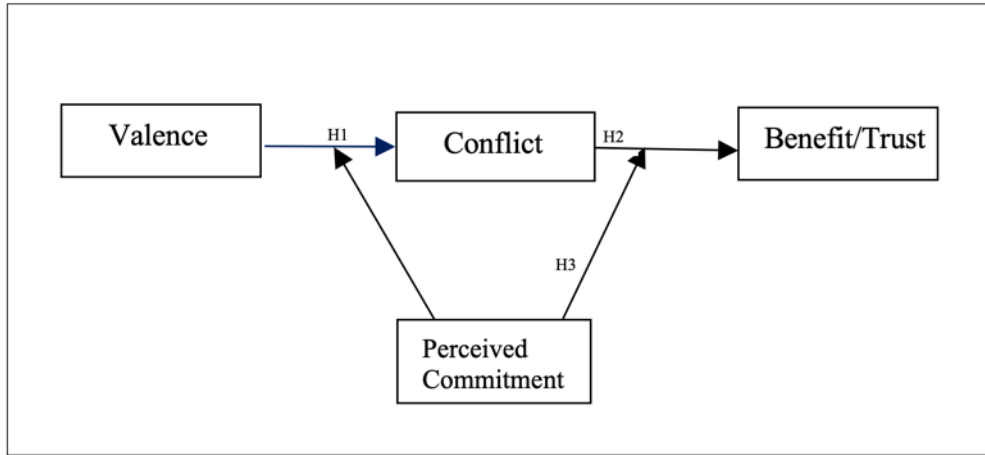
**TABLE 4: STUDY 3 – MODERATED MEDIATION****Table 4.** Moderated Mediation Table Study 3

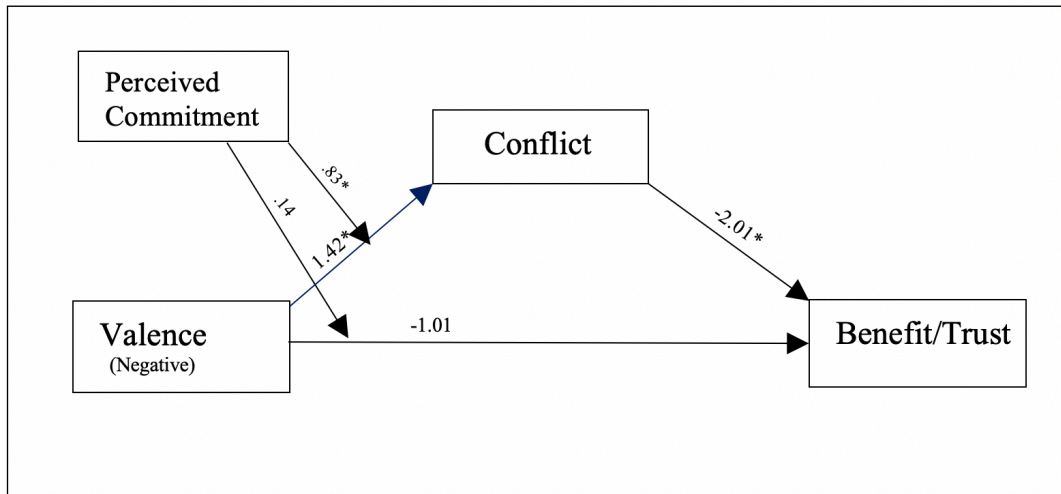
	M (Conflict)			Y ( Benefit/Trust)		
	Estimate		p-Value	Estimate		p-Value
Primary Predictors						
X (Valence_Negative)	-1.01	(.79)	.17	-.10	(.16)	.54
M (Conflict)	-	-	-	.70**	(.26)	.008
W (Peceived Commitment)	-.61***	(.11)	<.001	.64**	(.25)	.01
Valence(Negative) × P.Commitmen	0.35**	(.16)	.028	-	-	-
Conflict × P.Commitment	-	-	-	-.17***	(.05)	.001
Controls						
intercept	6.84***	(.78)	<.001	1.82	(1.47)	.22
Age	-.02**	(.01)	.008	-.01	(.01)	.12
Gender (Female)	-.33*	(.18)	.07	-.09	(.16)	.57
Education	.13*	(.08)	.098	-.06	(.07)	.39
Emotion status	.09	(.06)	.17	.25***	(.05)	<.001
Model Fit						
R-square			.552			.464
F-statistic	10.27	(7,164)***	p-Value < .001	5.60	(8,163)***	p-Value < .001

\*p &lt; .10. \*\*p &lt; .05 \*\*\*p &lt; .001

Notes: Standard errors in parentheses.

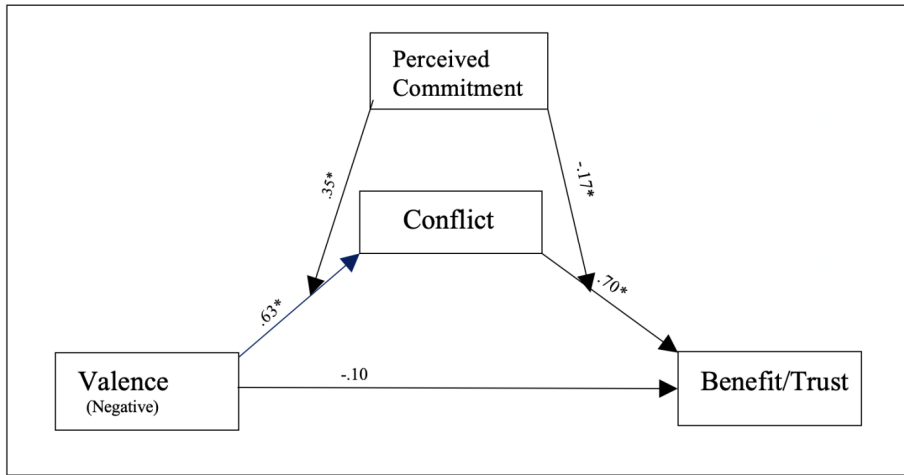
**FIGURE 2: CONCEPTUAL MODEL (ESSAY 2 FIGURE 1)**



**FIGURE 3: STUDY 2—MEDIATION FIGURES (ESSAY 2 FIGURE 2)**

*Notes:* \* Coefficients significant at the 95% CI based on bootstrapping with 5000 samples

**FIGURE 4: STUDY 3—MEDIATION FIGURES (ESSAY 2 FIGURE 3)**



*Notes:* \* Coefficients significant at the 95% CI based on bootstrapping with 5000 samples

## APPENDICES

### APPENDIX A: REVIEW STIMULI

	Positive valence	Negative valence
Manipulated review	<p>★★★★★ -This bank is great! They have great locations. They also offer state of the art services that help you avoid standing in line.</p> <p>★★★★★ I am typically leery of banks in general, but the bank uses advanced technology to protect my privacy, I do feel very secure with the bank.</p> <p>★★★★★ The bank has an excellent mobile app. You can quickly transfer funds and set up to be notified of any account activity immediately as it occurs. At my local branch, the customer service agents are friendly and helpful.</p>	<p>★☆☆☆☆ -This bank is terrible! They have poor locations. They also offer very old-fashioned services that make you stand in line for a long time.</p> <p>★★☆☆☆ I am typically not leery of banks in general, but the recent data breach report makes me feel unsafe with my account info.</p> <p>★☆☆☆☆ The mobile app is terrible. It's so difficult to transfer funds, and there is no way to set up to be notified of any account activity immediately as it occurs. The customer service agents are rude and unhelpful.</p>

## APPENDIX B: MODEL 1

The regression model was as follows:

$$Y_c = \alpha_0 + \alpha_1 V + \alpha_2 C_m + \alpha_3 VC_m + \alpha_4 \sum \text{control variables} + \varepsilon \quad (\text{Model 1})$$

where  $Y_c$  is the estimation of consumers' conflict, the coefficient  $\alpha_s$  is the ordinary least regression (OLS) parameter estimate of the regression coefficients,  $V$  is the review valence,  $C_m$  is the consumers' level of commitment to the relationship, and  $VC_m$  is the interaction of valence and commitment. Control variables, such as age, gender, income, relationship duration, and emotional status, are included.  $\varepsilon$  is the error term.

# APPENDIX C: REVIEW STIMULI (STUDY 2)

	Positive valence	Negative valence
Manipulated review	<p>★★★★★            Their customer service is fantastic. All agents are sweet and kind. Especially the gate agents, they are so patient and professional, and they treat passengers with respect.</p> <p>★★★★★            Although my connection flight was delayed for 4 hours, they provide free food and compensation. A customer agent came to me several times, asking me if I need any help. I think I will fly again with this airline.</p> <p>★★★★★            The flight was very clean, and the crew was professional! I found the meals were excellent. There were a variety of meal to choose, wine and liquor are also provided. Overall, the service, entertainment, and professionalism made this a pleasant flight.</p>	<p>★☆☆☆☆            Their customer service is abysmal. All agents are rude and threatening. Especially the gate agents, they are ignorant, and they couldn't even be bothered to answer my question!</p> <p>★★★★★            They delayed my connection flight, and I have to wait in the airport for an additional 4 hours, there is no compensation, and they only gave us some water. I think I won't use it if there is another option.</p> <p>★★★★★            They have a dirty cabin and hungover crew! Do you like cleaning your seat of some fresh organic stain? Then this might be the airline for you as they gave me a hot towel to clean it myself! And the food tastes terrible, and you don't have a choice.</p>

## APPENDIX D: MODEL 2 (STUDY 2)

*Effects of review valence on relational benefits and trust.* To test H2, a moderated mediation model with 5,000 bootstrapping mediation methods were employed (Preacher, Rucker, & Hayes, 2007). In particular, PROCESS Model 8 (Hayes, 2018), which could be explained mathematically below, was used (Model 2a and Model 2b):

$$Y_c = \alpha_0 + \alpha_1 V + \alpha_2 C_m + \alpha_3 VC_m + \alpha_4 \sum \text{control variables} + \varepsilon$$

(Model 2a)

$$Y_{t,b} = \beta_0 + \beta_1 V + \beta_2 C_m + \beta_3 VC_m + \beta_4 Y_c + \beta_5 \sum \text{control variables} + E$$



(Model 2b)

where  $Y_{t,b}$  is the estimation of consumers' trust or benefit, the coefficient  $\beta$ s are OLS parameter estimates of the regression coefficients,  $V$  is the review valence,  $C_m$  is the consumers' level of commitment to the relationship,  $VC_m$  is the interaction of valence and commitment, and the variable within parenthesis are those stated in Model 1 of Study 1. Control variables, such as age and gender, are included.  $\varepsilon$  and  $E$  are the error terms.

In Model 3b, the effect of Conflict on Trust/Benefit is  $\beta_4$ ; the direct effect of valence on Trust/Benefit is  $\beta_1$ , and the indirect effect is  $\beta_4 \alpha_1$ . Both direct and indirect effects are expected to be negative (when using a positive review group as a reference group); however, their magnitude is determined by the level of

commitment. Spotlight analyses are expected to show that the magnitude of the effect of valence ( $\beta_1$ ) will be weaker when the level of commitment is low.

**APPENDIX E: REVIEW STIMULI (STUDY 3)za**

	Positive valence	Negative valence
Manipulated review	 <p>The hotel has clean rooms and friendly staff. You have plenty to do for both adults and kids. There were pool games, big gyms, water features, and breakfast was great. However, the hotel had some issues in management, it took us about thirty minutes to check in because the front desk staff had to ask housekeepers to find which room was available.</p>	 <p>The hotel has clean rooms and friendly staff. You have plenty to do for both adults and kids. There were pool games, big gyms, water features, and breakfast was great. But the hotel had some issues in management, it took us about thirty minutes to check in because the front desk staff had to ask housekeepers to find which room was available.</p>

### **ESSAY 3**

## **WHAT DISCOUNTS REVIEW VALENCE IN BUILDING ONLINE RELATIONSHIP?**

### **ABSTRACT**

The present research aims to reconcile the previous two Essays by examining review volume and financial constraint as a moderator during the mediation process between valence and purchase intention. Through two lab experiments, this work shows that in addition to perceived firm's commitment, review volume and consumer's financial constraints provide boundary conditions for the effect of valence, through conflict and relational benefit/trust, on purchase intentions. Specifically, the studies indicate that a higher review volume enhances the negative effect of conflict on relational benefit/trust, and the benefit of relational benefit/trust is weaker when consumers have high financial constraints. The findings increment the knowhows in establishing an online relationship and help marketers to manage online reviews with more effective leverage.

### **INTRODUCTION**

Previous three studies have explored the influence of review valence on key constructs of online relationships. Specifically, the causal direction points to the significant impact of review valence on perceived conflict, which serves as a critical antecedent in building an online relationship. However, how volume and valence jointly influence the effect of reviews on consumers' perception, and what are the

potential mechanisms during the process is yet to be concluded. The contemporary research provides a complex and contradictory picture of how different matrix of eWOM would affect consumer attitude (Babić Rosario et al., 2016). Some scholars believe that the volume of online information is predictive of sales (Godes and Mayzlin, 2004; Liu, 2006), and others find the valence of eWOM is more predictive than volume (Gruhl et al., 2005). In the movie industry, Chintagunta, Gopinath, and Venkataraman (2010) find that valence is more important than volume when determining box office performance, whereas Liu (2006) finds that the impact of volume outweighed that of valence. While volume serves as a promising predictor of sales, much is still unknown in terms of valence because of the complexity in defining concepts such as sentiment, extremity, and variance of ranking (Babić Rosario et al., 2016). Nevertheless, the question of how different aspects of eWOM, including review valence and volume, play different roles in relationship marketing is under-researched (Hennig-Thurau et al., 2010).

While valence refers to the level of positivity or negativity of a message, the volume represents the total number of eWOM units that signal the popularity of a product, both of which reduce consumers' uncertainty and increases their awareness of the product (Liu, 2006). There is an increasing number of studies demonstrating valence and volume works cohesively in affecting consumers' decisions making process (Whitler, 2014; Babić Rosario et al., 2016). As an incremental work and triangulation of the previous two essays, Essay 3 aims to examine how volume and valence play different roles in building online relationships, which is critical in the consumer's decision-making process.

While the effect of valence is a more likely result from social exchange theory and signal theory, the effect of volume could also be explained by herd behavior

theory. Herd behavior theory argues that individuals are easily influenced by what others are doing and like clustering behavior to deal with information asymmetry and potential risks (Banerjee, 1992).

## **CONCEPTUAL BACKGROUND**

Social exchange theory (SET) suggests as new elements, including information, participate in an exchange, the balance between the exchange partners would be altered, and the relationship seeks rebalancing (Blau, 1964; Cropanzano & Mitchell, 2005). As consumers are exposed to negative information, in which the magnitude of negativity is largely depended upon how many people have the same opinion, their perception of the reciprocity is changed, causing them to reevaluate the fairness of the relationship and value of exchange resources evolved (Simonson, 1989; Cropanzano & Mitchell, 2005). In line with whose theoretical foundations, Van den Bulte and Lilien (2001) state that the effect of volume (i.e., the number of reviews) outweighs that of valence (the preference of reviews) in determining consumers' decision making. The power of volume can also result from the bandwagon effect in which consumers act as a hive mind and blindly mimicking other's behavior (Van den Bulte and Lilien, 2001). This behavioral pattern also refers to the bandwagon effect, which is also rooted in social behavior wherein consumers are likely to follow others' behavior in order to reduce their perceived risk (Banerjee, 1992; Rosario et al., 2016).

Critically, how to review volume and valence jointly affect consumer purchase decisions have been intensively studied by marketing researchers but are still debated (King et al. 2014). Some researchers argue that volume is more salient than valence in determining revenue (Liu, 2006; Duan et al., 2008). SET indicates that socioemotional and economic factors are equally important in building social

relationships (Foa & Foa, 1980; Shore, Tetrick, & Barksdale, 2001). In the process of building an online relationship, information volume and valence serve as socioemotional factors. Financial constraints, which represent a subjective belief that one's financial situation that limits his or her purchase and consumption behavior, serves as a psychological economic factor in maintaining a social relationship (Tully et al. 2015). Consumers use WOM to reduce their perceived financial risk, which refers to the potential monetary loss incurred if a product fails or does not meet consumers' expectations, which is a function of financial constraints (Roselius, 1971). The higher financial constraints, consumers are more risk-averse, and more likely to consider economic factors, rather than socioemotional factors in making purchase decisions (Lin and Fang, 2006; Moe and Trusov, 2011; Shore et al., 2001).

Based on the theoretical foundation provided by eWOM and RM literature, this research argues that a high level of review volume will strengthen the relationship between conflict caused by a negative review, leading to a reduced level of relational benefit/trust, which is an antecedent of purchase intention. In addition, the positive effect of relational benefit/trust on purchase intention is weaker for consumers who have a high level of financial constraints. The conceptual framework is demonstrated in Figure 1.

---

**Insert Figure 1 about here**

---

## STUDY 1: MODERATING EFFECT OF REVIEW VOLUME

### HYPOTHESIS DEVELOPMENT

Babić Rosario et al. (2016) find that the bandwagon effect is more critical than the persuasion effect when explaining eWOM effectiveness. In other words, the volume of eWOM is measured as being more effective than sole valence. eWOM effectiveness is maximized when the persuasion effect is combined with the bandwagon effect. In this case, the effect of both volume and valence are triangulated together. It is essential to evaluate the valence and volume of eWOM when explaining how it helps sales; otherwise, the effectiveness of valence can be overestimated. Therefore, review volume itself may have impacts on sales performance such that high review volume has a positive influence on revenue, especially for mass products (Yang et al., 2012). Babić Rosario et al. (2016) argue it is essential to examine the effect of both valence and volume so that the combined influence of the persuasion and bandwagon effects could be investigated. As previous studies show, the valence of a review provides an opinion about a relational partner, leading to a changed level of conflict and then consumers' perception of relational trust/benefit. Furthermore, the presence of the number of reviews is likely to make the effect of the relationship more salient. This discussion leads to the following hypothesis:

*H1: The negative impact of conflict on relational benefit/trust will be moderated by review volume such that the effect of conflict will be stronger when the review volume is high than when the review volume is low.*

## METHODOLOGY

### Design and Procedures

A 2 (positive, negative)  $\times$  2 (high volume, low volume) between-subjects design was used in this Study. To check the manipulation of review volume, I conducted an ANOVA analysis using Mturk data with perceived volume as the dependent variable, and volume type as dependent variable. The effect of volume type on perceived volume was significant ( $F_{1,101} = 23.69$ ,  $p < .001$ ). Respondents who were assigned to the high-volume condition perceived the manipulated review to higher volume compared with those who were in the low volume condition ( $M_{\text{low volume}} = 3.19$ ,  $M_{\text{high volume}} = 5.30$ ). A similar ANOVA was performed with perceived valence as the dependent variable. The effect of valence type on perceived valence was significant ( $F_{1,101} = 263.73$ ,  $p < .001$ ). participants assigned to the negative condition believe the reviews to be negative and those who in the positive condition perceive the reviews to be positive ( $M_{\text{negative}} = 3.17$ ,  $M_{\text{positive}} = 5.81$ ).

Two hundred twenty undergraduate students at a large university in the United States completed this survey for the main study ( $M_{\text{age}} = 21.23$  years, 49% female). Students were randomly assigned to one of four conditions. Participants who did not pass the attention checks were dropped, which left me with data of 196 participants. Participants were asked to identify a hotel they are familiar with and used most and report their perception of the hotel's commitment to them before they examined the reviews.

The same stimuli were used with Study 3 in Essay 2, in which all participants saw the same content under both negative and positive conditions. The only

difference between the four conditions is the star ratings and the volume labels. The reviews were two stars in the negative condition and four stars in the positive condition. In the high-volume condition, there is a label indicated, "3,452 reviews", which is an identical way to show review volume on TripAdvisor. In the low volume condition, there is no volume label attached (see Figure 2). The language being used in these reviews was directly from TripAdvisor. Following the review task, participants were asked to answer items about the perceived conflict and the relational benefit/trust of the hotel, which are the same measures used in Essay 2. In random order, participants answered attention, check questions, and standard demographic questions.

-----

Insert Figure 2 about here

-----

## RESULTS AND DISCUSSION

I predicted that the negative effect of conflict on relational benefit/trust would be stronger for consumers who have a higher level of perceived partner commitment, and that effect would be stronger under the high-volume condition than under the low-volume condition. To test this, I used the moderated mediation model (PROCESS Model 64, Hayes, 2018) in which relational benefit/trust was regressed on valence, perceived commitment, and a set of control variables (age, gender, education, and emotion status), with the conflict serves as the mediator (see Figure 3). The significant interaction between review valence and the perceived

commitment ( $b = 0.29, t = 1.85, p = 0.065$ ), conflict and perceived commitment ( $b = -0.16, t = -3.51, p < .001$ ), and conflict and volume ( $b = -0.20, t = -1.91, p < .058$ ) were observed (see Table 1). While the direct effect of valence on benefit/trust was not significant ( $b = -0.15, se = 0.14, CI_{95}[-0.43, 0.14]$ ), the conditional indirect effect of negative valence on benefit/trust, through perceived conflict, was negative and significant when the perception of the hotel's commitment is high under high volume condition. But the effect is insignificant when the perception of the airline's commitment is low, as well as when the review volume is low. A follow-up spot analysis showed that the indirect effect of negative reviews was insignificant when perceived commitment was average under low volume condition ( $M = 4.89, SD = 1.08, b = -0.02, se = 0.07, CI_{95}[-0.17, 0.12]$ ). However, the effect turned to be significant at the same level of perceived commitment under high volume conditions ( $b = -0.16, se = 0.07, CI_{95}[-0.31, -0.04]$ ). In addition, the indirect effect was insignificant when perceived commitment was smaller (1 SD below mean) under both high-volume condition ( $b = -0.02, se = 0.04, CI_{95}[-0.11, 0.07]$ ) and low-volume condition ( $b = 0.06, se = 0.07, CI_{95}[-0.02, 0.22]$ ). When the perceived commitment was higher (1 SD above mean), the effect was significant under high-volume condition ( $b = -0.40, se = 0.15, CI_{95}[-0.74, -0.17]$ ) but insignificant under low-volume condition ( $b = -0.20, se = 0.13, CI_{95}[-0.51, 0.01]$ ).

-----

**Insert Figure 3 about here**

-----

Study 1 demonstrated that valence and volume jointly affect the indirect path between online reviews and relational benefit/trust. The results show that in addition

to perceived commitment, the effects of review valence are more salient when there is a large volume of information with the same valence. When participants saw there were a large number of negative (positive) reviews, the negative effect of conflict was strengthened (mitigated) by the volume. Specifically, the results indicate volume serves as a contingent condition for a review valence to be strong enough to alter a relationship and that a single review might not be sufficient to impact relational perceptions. The results also indicate that consumers' information processing was affected by multiple factors. It is crucial to investigate more elements to understand the whole picture better. Thus, the purpose of Study 2 is to investigate the moderating effect of financial constraints during the process.

## **STUDY 2: MODERATING EFFECT OF FINANCIAL CONSTRAINTS**

### **HYPOTHESIS DEVELOPMENT**

Study 2 examines the last link in the conceptual model—relational benefit/trust to purchase intentions—by investigating a boundary condition of financial constraints, which has been shown as a function of perceived risk (Dhar and Wertenbroch, 2000). Consumers evaluate risk differently depending on the characteristics of a product; that is, the risk is assumed to be higher for services, hedonic products, and new products, in contrast to tangible goods, utilitarian products, and mature products (Dhar and Wertenbroch, 2000). In this regard, the hotel industry is an excellent proxy to establish the validity of financial constraints in

the model proposed. The paper predicts that the effect of relational benefit/trust on purchase intention will be weakened as consumers' financial constraints increase.

Financial constraints as a psychological state represent an individual's perception of his or her restricted monetary resources and do not imply that the individual is an absence of financial ability (Paley, Tully, & Sharma, 2018). Nevertheless, individuals' income level may relate to one's financial constraints, although it does not necessarily imply one's objective financial metrics (Sharma and Alter 2012). Financial constraints prompt individuals to behave in a way that directly or indirectly reflects their financial stress (Sharma and Alter 2012). Consumer researchers have demonstrated that consumers aim at alleviating their financial unpleasantness during their decision-making processes. For instance, consumers may seek resources that have the potential to be perceived as redressing perceptions of financial scarcity (Mullainathan & Shafir 2013; Sharma & Keller 2017). Consumers who have a higher level of personal wealth are more likely to choose stimuli or consumption items to alleviate perceived constraints (Sharma et al. 2014).

Previous research has shown that financial constraints affect consumers' purchase and post-purchase behaviors. For example, Lalwani et al. (2018) find that financial constraints reduce consumers' WOM intention due to the decreased pleasure of purchase. In other words, as the level of financial constraints increase, based on SET, consumers are less likely to consider socioemotional factors, such as relationships when making purchase decisions (Foa & Foa, 1980; Shore, Tetrick, & Barksdale, 2001). Therefore, it is plausible to predict financial constraints will moderate the effects of a good relationship on purchase intention,

*H2: The positive effect of relational benefit/trust on purchase intention will be moderated by financial constraints such that the effect will be weaker for consumers who have a high level of financial constraints compared to those who have a low level of financial constraints.*

## **METHODE**

Two hundred forty-one members of Qualtrics's sample pool (out of an initial 260) who passed attention checks participated in this survey and received nominal payment ( $M_{\text{age}} = 36.72$  years, 44% female). Participants were randomly assigned to a condition in two (positive, negative) between-subjects design. All participants were asked to indicate their level of financial constraints.

All participants saw the same hotel reviews used in Studies 1. The negative condition has a two-star label, and the positive condition has a four-star label (see Figure 2). After participants read the reviews, in randomized order, participants reported their purchase intentions (same as in prior studies), level of conflict ( $\alpha = .87$ ), relational benefit /trust ( $\alpha = .87$ , see Table 1). Lastly, participants also reported standard attention check and demographic questions.

## **Measures**

Three measures, including perceived valence, conflict, and relational benefit/trust, are the same measures being used in Essay 2, and two new measures, purchase intention, and financial constraints were adapted from previous literature. Factor analyses were conducted to check loadings and validities by a separated pretest (see Table 3).

---

**Insert Table 3 about here**

---

*Purchase intention.* As a proxy of measuring benefit/trust, the scale developed by Kuo et al. (2009) in measuring purchase intention in service. The scale is a three-item, seven-point scale (1 = “strongly agree,” 7 = “strongly disagree”;  $\alpha = 0.87$ ): “I intend to use the hotel in the future,” “The likelihood for me to use this hotel in future is high,” “I rate my chances of using this hotel for my next travel as high.”

*Financial constraints.* The financial constraint is measured by a four-item, seven-point scale (1 = “strongly agree”, and 7 = “strongly disagree”;  $\alpha = .84$ ): “I feel financially constrained.”; “I feel I can spend money as much as I can.”; “Compared to the financial situation of my peers, my financial situation is better. ”; “I feel satisfied with my financial situation.” (Paley, Tully, & Sharma, 2018).

## RESULTS AND DISCUSSION

*Purchase intentions.* We predicted that the positive effect of relational benefit/trust on purchase intentions would be stronger for the people who have low financial constraints compared to those who have high financial constraints. To test this, I regressed purchase intentions on relational benefit/trust, financial constraints, and their interaction.

The overall model was significant ( $F(7,233) = 25.79, p < .001$ ), and the main effects of relational benefit /trust and financial constraints were both significant (benefit/trust:  $b = 1.66, t = 6.61, p < .001$ ; financial constraints:  $b = .76, t = 3.30, p <$

.001, see Figure 4). As expected, the interaction of the two variables was also significant ( $b = -.14$ ,  $t = -3.12$ ,  $p < .05$ ).

---

**Insert Figure 4 about here**

---

*Serial mediated moderation.* I then tested the whole mechanism (valence → conflict → benefit/trust → purchase intention; see Figure 4). I expected the indirect effect of valence on purchase intentions to be negative and significant through this process. However, the indirect effect would be weaker for those who have high financial constraints. To test our full serial mediation process, I ran a serial moderated mediation model that included the moderator on the links between the second mediator (i.e., benefit/trust) and dependent variable (Hayes 2018, PROCESS Model 87), along with a set of covariates (i.e., age, gender, education, and emotion status).

---

**Insert Table 2 about here**

---

I observed a significant index of moderated mediation ( $b = .014$ ,  $se = .01$ ,  $CI_{95} [.001, .034]$ ). Specifically, I found that the conditional indirect effect of valence, through conflict and then relational benefit/trust, is negative and significant at all levels of financial constraints (see Table 2). A pairwise contrasts between

conditional indirect effects revealed the effects were weaker for participants who had high financial constraints condition (1 SD above average;  $b = -.07$ ,  $se = .03$ ,  $CI_{95} [- .14, -.01]$ ) than those who had low financial constraints (1 SD below average;  $b = -.11$ ,  $se = .05$ ,  $CI_{95} [-.22, -.02]$ ), the difference between the two effects was significant (Contrast = .04,  $CI_{95} [.005, .10]$ ).

Study 2 demonstrates that consumers' buying decisions are not only affected by the valence of online information directly; they are also indirectly influenced by an altered consumer-firm relationship caused by online information. However, despite the fact that the valence effect through conflict and relational benefit/trust is significant for all consumers, the effect is weaker for consumers who have higher financial constraints. I believe this because financially stressful consumers are more likely to consider other factors, such as price, rather than relationship when making purchase decisions.

## GENERAL DISCUSSION

Given the rising influence of user-generated content (UGC) and online information in consumer decision making, it is essential to understand the link between online information and consumer perception and the potential mechanisms involved. Through two lab experiments, the paper demonstrated that consumers make meaningful inferences when reading reviews with different valence depending on some boundary conditions, including review volume and financial constraints. First, consumers' negative emotion about a service provider is offset when reading a large amount of positive information about the firm, therefore their relationship with the service provider is enhanced. Secondly, consumers under high financial pressure are less likely to consider the impact of the relationship with the firm when making purchase decisions compared to those who are less financially stressful. These

findings are consistent with the theoretical foundation of SET, which argues both socioemotional and economic factors participate in the process of building a social relationship (Foa & Foa, 1980; Shore, Tetrick, & Barksdale, 2001). By investigating the moderating roles of review volume and financial constraints in the linkage of valence and consumers' decision making, the paper helps to reconcile the inconsistent views of the joint effects of valence and volume in building online relationships, providing an incremental theory structure of this process. Also, the paper confirms the importance of financial constraints as a boundary condition for consumers' decision making based on varied UGC provided, calling marketers to use segmentation-based different online marketing strategies.

The work offers marketing managers a new perspective on how to maintain a reciprocal consumer-firm relationship in the context of UGC dominated online media. First of all, as the findings suggest the joint effect valence and volume on relationships, marketers need to realize that the online relationship is not deteriorated abruptly with a small amount of negative information. It is the accumulation of the adverse effect that triggers the altered perception about the firm, indicating marketers to allocate their resources on dealing with the information that has significant negative potential, especially those that result from severe conflicting events. At the same time, the findings indicate that online relationships are not equally important for all consumers at all times, suggesting marketers to tailor their marketing strategy accordingly. For instance, for consumers who are at high financial pressure, non-relationship factors play a determining role in decision making. In these cases, the investment in online relationship marketing may not as effective as it should be for those who are less financially stressed.

## LIMITATION AND FUTURE RESEARCH

The paper has limitations in its scope and depth due to the nature of its research design and process management. For example, the studies used Amazon's MTurk data for pretesting and measurement assessment, which has potential issues of data quality controls that jeopardize the external validity (Ford, 2017). In addition, while different metrics of online reviews may play different roles in building online relationship, as the studies indicated, the present work only looked at review valence and volume. Thus, it would be valuable to examine other matrices, such as review extremity and variance. At the same time, this paper used a modest rating for testing the validity of valence. It would be interesting to look at what happens when consumers are exposed to extreme reviews because reviews that have the same valence may differ in terms of the degree of negativity (vs. positivity) and emotional words being used. The extremity illustrates how salient a valence is and indicates the magnitude of negativity or positivity of a review (Linville, 1982). Previous literature has demonstrated how extreme reviews affect consumers' buying decisions; nevertheless, few studies have illustrated how extremity affects consumers' relationships with service providers.

Another potential review matrix affecting online relationship is variance, which captures the heterogeneity or homogeneity of consumer opinion. Higher variance indicates divided consumer opinion on a product or service, while low variance means that consumers share either mostly negative or mostly positive eWOM about certain products (Babić Rosario et al., 2016). Future research can address the role of variance in RM contexts and investigate when reviews with varied ratings are more or less salient in building online relationships.

In addition, the findings of this paper may offer a new avenue for exploring the role of national culture in the contexts of online relationships. In this work, I focused on U.S. consumers, who have a relatively high level of rule-based governance and less dependent on personal relationships in decision makings (Li and Filer, 2007). It is necessary to examine the extent to which the findings of this paper will hold in cross-cultural business contexts. I hope this work encourages more studies that investigate the mechanisms that online information is affecting relationship marketing.

## REFERENCE

- Babić Rosario, A., Sotgiu, F., De Valck, K., & Bijmolt, T. H. (2016). The effect of electronic word of mouth on sales: A meta-analytic review of platform, product, and metric factors. *Journal of Marketing Research*, 53(3), 297-318.
- Banerjee, A. V. (1992). A simple model of herd behavior. *The quarterly journal of economics*, 107(3), 797-817.
- Blau, P. M. (1964). Justice in social exchange. *Sociological Inquiry*, 34(2), 193–206.
- Cadario, R. (2015). The impact of online word-of-mouth on television show viewership: An inverted U-shaped temporal dynamic. *Marketing Letters*, 26(4), 411-422.
- Chintagunta, P. K., Gopinath, S., & Venkataraman, S. (2010). The effects of online user reviews on movie box office performance: Accounting for sequential rollout and aggregation across local markets. *Marketing science*, 29(5), 944-957
- Cropanzano, R., & Mitchell, M. S. (2005). Social exchange theory: interdisciplinary review. *Journal of Management*, 31(6), 874–900.
- Dhar, R., & Wertenbroch, K. (2000). Consumer choice between hedonic and utilitarian goods. *Journal of marketing research*, 37(1), 60-71.
- Duan, W., Gu, B., & Whinston, A. B. (2008). The dynamics of online word-of-mouth and product sales—An empirical investigation of the movie industry. *Journal of Retailing*, 84(2), 233- 242.
- Foa, E. B., & Foa, U. G. (1980). Resource theory. In *Social exchange* (pp. 77-94). Springer, Boston, MA
- Ford, J. B. (2017). Amazon's Mechanical Turk: a comment. *Journal of Advertising*, 46(1), 156-158.

- Godes, D., & Mayzlin, D. (2004). Using online conversations to study word-of-mouth communication. *Marketing science*, 23(4), 545-560.
- Gruhl, D., Guha, R., Kumar, R., Novak, J., & Tomkins, A. (2005, August). The predictive power of online chatter. In *Proceedings of the eleventh ACM SIGKDD international conference on Knowledge discovery in data mining* (pp. 78-87).
- Hennig-Thurau, T., Malthouse, E. C., Friege, C., Gensler, S., Lobschat, L., Rangaswamy, A., & Skiera, B. (2010). The impact of new media on customer relationships. *Journal of Service Research*, 13(3), 311-330
- King, R. A., Racherla, P., & Bush, V. D. (2014). What we know and don't know about online word-of-mouth: A review and synthesis of the literature. *Journal of Interactive Marketing*, 28(3), 167-183.
- Kumar, N., Scheer, L. K., & Steenkamp, J.-B. E. M. (1995). The Effects of Perceived Interdependence on Dealer Attitudes. *Journal of Marketing Research*, 32(3).
- Kuo, Y. F., Wu, C. M., & Deng, W. J. (2009). The relationships among service quality, perceived value, customer satisfaction, and post-purchase intention in mobile value-added services. *Computers in human behavior*, 25(4), 887-896. 348. doi:10.2307/3151986
- Lalwani, V., & Chakraborty, M. (2018). Quality investing in the Indian stock market. *Managerial Finance*.
- Lin, T. M., & Fang, C. H. (2006). The effects of perceived risk on the word-of-mouth communication dyad. *Social Behavior and Personality: an international journal*, 34(10), 1207-1216.
- Liu, Y. (2006). Word of mouth for movies: Its dynamics and impact on box office revenue. *Journal of Marketing*, 70(3), 74-89.

- López, M., & Sicilia, M. (2014). eWOM as Source of Influence: The Impact of Participation in eWOM and Perceived Source Trustworthiness on Decision Making. *Journal of Interactive Advertising*, 14 (2), 86-97
- Moe, W. W., Schweidel, D. A., & Trusov, M. (2011). What influences customers' online comments. *MIT Sloan Management Review*, 53(1), 14.
- Morrison, A., Cheong, H., and McMillan, S. (2013). Posting, Lurking, and Networking: Behaviours and Characteristics of Consumers in the Context of User-Generated Content. *Journal of Interactive Advertising*, 13 (2), 97–108.
- Mullainathan, Sendhil and Eldar Shafir (2013), *Scarcity: Why Having Too Little Means So Much*, New York: Holt, Henry & Company, Inc.
- Paley, A., Tully, S. M., & Sharma, E. (2018). Too Constrained to Converse: The Effect of Financial Constraints on Word of Mouth. *Journal of Consumer Research*, 45(5), 889-905.
- Palmatier, R. W., Dant, R. P., Grewal, D., & Evans, K. R. (2006). Factors influencing the effectiveness of relationship marketing: a meta-analysis. *Journal of marketing*, 70(4), 136-153.
- Roselius, T. (1971). Consumer rankings of risk reduction methods. *Journal of marketing*, 35(1), 56-61.
- Sharma, Eesha and Adam L. Alter (2012), “Financial Deprivation Prompts Consumers to Seek Scarce Goods,” *Journal of Consumer Research*, 39 (3), 545–60.
- Sharma, Eesha, Nina Mazar, Adam L. Alter, and Dan Ariely (2014), “Financial Deprivation Selectively Shifts Moral Standards and Compromises Moral Decisions,” *Organizational Behavior and Human Decision Processes*, 123 (2), 90–100.

- Sharma, Eesha and Punam A. Keller (2017), "A Penny Saved Is Not a Penny Earned: When Decisions to Earn and Save Compete for Consumer Resources," *Journal of the Association for Consumer Research*, 2 (1), 64–77.
- Shore, L. M., Tetrick, L. E., & Barksdale, K. (2001). *Social and economic exchanges as mediators of commitment and performance*. Unpublished manuscript.
- Spiller, Stephen A. (2011), "Opportunity Cost Consideration," *Journal of Consumer Research*, 38 (4), 595–610.
- Tully, S. M., Hershfield, H. E., & Meyvis, T. (2015). Seeking lasting enjoyment with limited money: Financial constraints increase preference for material goods over experiences. *Journal of Consumer Research*, 42(1), 59-75
- Van den Bulte, C., & Lilien, G. L. (2001). *Two-stage partial observability models of innovation adoption*. Working paper, Wharton School, University of Pennsylvania.
- Whitler, K. A. (2014). Why word of mouth marketing is the most important social media. *Forbes.com*.
- Yang, J., Kim, W., Ambler, N., & Jeong, J. (2012). The heterogeneous effect of WOM on product sales: why the effect of WOM valence is mixed? *European Journal of Marketing*, 46(11/12), 1523-1538.

## TABLES AND FIGURES

**TABLE 5: MODERATED MEDIATION (ESSAY 3 TABLE 1)**

**Table 1.** Moderated Mediation Table Study 1

	M (Conflict)			Y ( Benefit/Trust)		
	Estimate		p-Value	Estimate		p-Value
Primary Predictors						
X (Valence_Negative)	-.68	(.77)	.38	-.15	(.14)	.31
M (Conflict)	-	-	-	.77**	(.25)	.002
W (Peceived Commitment)	-.54***	(.11)	<.001	.62**	(.22)	.007
Valence(Negative) × P.Commitment	0.29*	(.15)	.065	-	-	-
Conflict × P.Commitment	-	-	-	-.17***	(.05)	.001
Conflict × Volume				-.20*	(.10)	.057
Controls						
intercept	6.26***	(.77)	<.001	1.54	(1.33)	.25
Age	-.02**	(.01)	.039	-.01*	(.01)	.08
Gender (Female)	-.23	(.17)	.19	-.09	(.14)	.55
Education	.15*	(.07)	.04	-.04	(.06)	.47
Emotion status	.05	(.06)	.44	.25***	(.05)	<.001
Model Fit						
R-square			.51			.497
F-statistic	9.45 (7,188)***		p-Value < .001	6.08 (10,185)***		p-Value < .001

\*p < .10. \*\*p < .05 \*\*\*p < .001

Notes: Standard errors in parentheses.

**TABLE 6: MODERATED MEDIATION (ESSAY 3 TABLE 2)****Table 2.** Moderated Mediation Table Study 2

	M1(Conflict)			M2 ( Benefit/Trust)			Y ( Purchase intention)		
	Estimate		p-Value	Estimate		p-Value	Estimate		p-Value
Primary Predictors									
X (Valence_Negative)	.79***	(.16)	<.001	-.17	(.13)	.21	-.31*	(.15)	.03
M1 (Conflict)	-	-	-	-.13**	(.05)	.01	-.12**	(.06)	.05
M2 (Benefit/Trust)	-	-	-	-	-	-	1.59***	(.25)	<.001
W (Financial constraints)	-	-	-	-	-	-	.73***	(.23)	<.001
w × Benefit/Trust	-	-	-	-	-	-	-.14**	(.04)	.002
Controls									
intercept	3.99***	(.50)	<.001	5.38***	(.45)	<.001	-3.42**	(1.44)	.018
Age	-.02**	(.01)	<.05	-.01**	(.01)	.015	-.01	(.01)	.30
Gender (Female)	-.02	(.17)	.90	-.12	(.13)	.35	-.09	(.14)	.51
Education	.16*	(.07)	.03	-.01	(.06)	.83	.07	(.06)	.29
Emotion status	.01	(.06)	.81	.18***	(.05)	<.001	.05	(.05)	.34
Model Fit									
R-square			.11			.16			.46
F-statistic	9.03 (5,235)***		p-Value < .001	4.78 (6,234)***		p-Value < .001	22.26(9,231)***		p-Value < .001

\*p &lt; .10. \*\*p &lt; .05 \*\*\*p &lt; .001

Notes: Standard errors in parentheses.

TABLE 7: SCALE SUMMARY (ESSAY 3 TABLE 3)

Constructs and Measures	Factor Loading
<b><i>Conflict</i></b>	$\alpha = .80$
1. The relationship between the hotel and I can be best described as tense.	0.87
2. I have significant disagreements in our relationship with the hotel.	0.87
3. I frequently clash with the hotel on issues relating to how they should conduct their services.	0.78
<b><i>Purchase Intention</i></b>	$\alpha = .94$
1. I intend to use the hotel in the future	0.94
2. The likelihood for me to use this hotel in future is high	0.95
3. I rate my chances of using this hotel for my next travel as high	0.95
<b><i>Confidence Benefits /Trust</i></b>	$\alpha = .85$
I know what to expect when I use this hotel.	0.71
This hotel's employee are perfectly honest and truthful.	0.85
This hotel can be trusted completely.	0.91
This hotel has high integrity.	0.84
<b><i>Financial constraints</i></b>	$\alpha = .84$
I feel financially constrained.	0.66
I feel I can spend money as much as I can.	0.81
Compared to the financial situation of my peers, my financial situation is better.	0.89
I feel satisfied with my financial situation.	0.92

Notes:  $\alpha$ : Cronbach's  $\alpha$ ; CFA: confirmatory factor analysis.

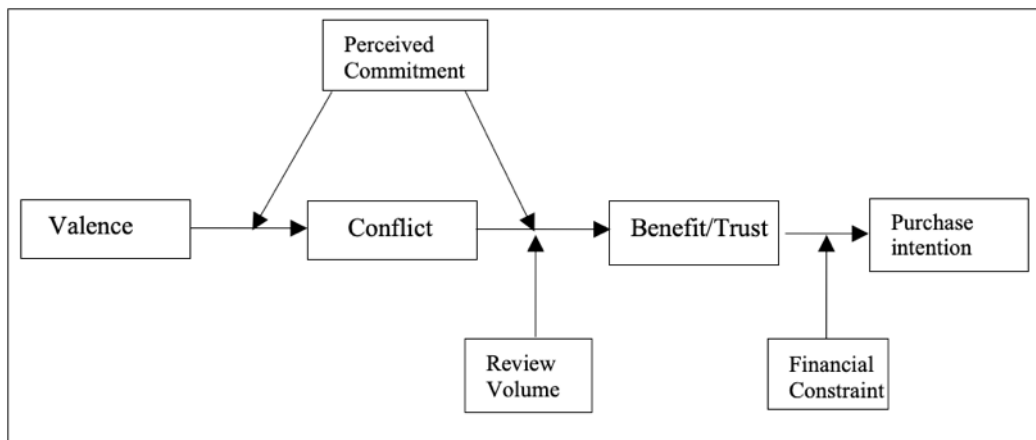
**FIGURE 5: CONCEPTUAL FRAMEWORK (ESSAY 2: FIGURE 1)**

FIGURE 6: HOTEL REVIEW (ESSAY 2 FIGURE 2)

*Hotel Review with Volume*
 3,452 reviews

**The hotel has clean rooms and friendly staff. You have plenty to do for both adults and kids. There were pool games, big gyms, water features, and breakfast was great. But the hotel had some issues in management, it took us about thirty minutes to check in because the front desk staff had to ask housekeepers to find which room was available.**

*Hotel Review without Volume*


**The hotel has clean rooms and friendly staff. You have plenty to do for both adults and kids. There were pool games, big gyms, water features, and breakfast was great. But the hotel had some issues in management, it took us about thirty minutes to check in because the front desk staff had to ask housekeepers to find which room was available.**

**FIGURE 7: STUDY 1–MEDIATION FIGURES (ESSAY 2: FIGURE 3)**

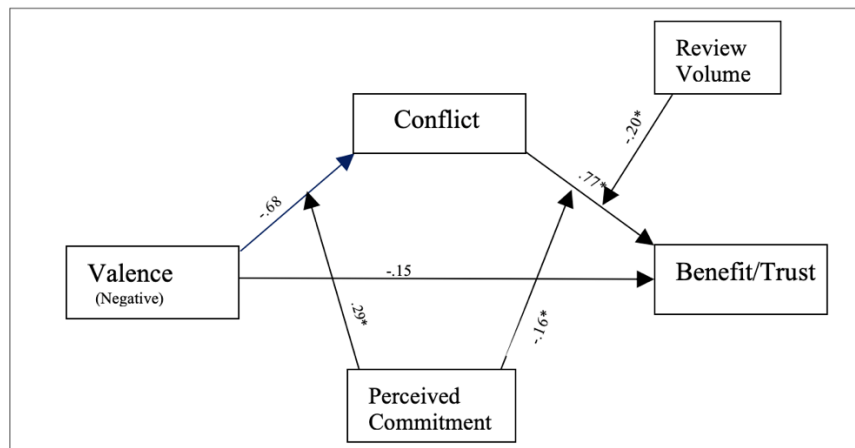
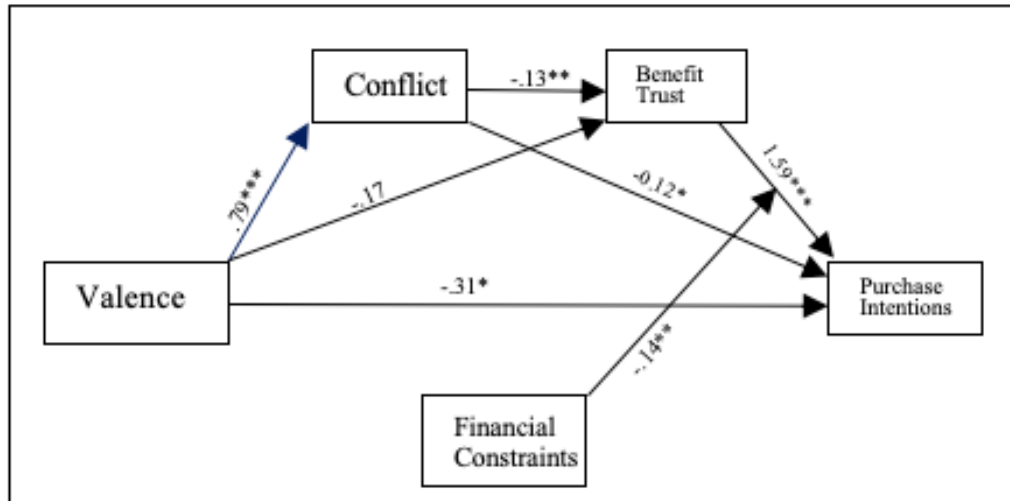


FIGURE 8: STUDY 2—MEDIATION FIGURES (ESSAY 2 FIGURE 4)



Notes:  $*P < .05$ .  $**P < .01$ .  $***P < .001$

## VITA

### RAN LIU

Strome College of Business, Old Dominion University  
2160 Constant Hall, Norfolk, VA 23529

#### EDUCATION

---

- 2016-2020   PhD in Business Administration – Marketing, Old Dominion University, Norfolk, VA, USA
- 2013-2016   DBA, Globe University, Minneapolis, MN, USA
- 2010-2013   MBA, University of Bridgeport, Bridgeport, CT, USA

#### JOURNAL PUBLICATIONS

---

- Liu, R. (2017). A Reappraisal on Marketing Definition and Marketing Theory. *Journal of Eastern European and Central Asian Research (JEECAR)*, 4(2), 7.
- Liu, R. (2016). Should advertising be standardized based on specific cultural Dimensions – A Comparative Study of Ad Preference and Cultural Dimensions in the U.S. and China. *Journal of Eastern European and Central Asian Research*, 3(1).
- Liu, R., Kramarczuk, R., & Megits, N. (2014). Consumers' Perception on Standardized Advertising and Localized Advertising of Multi-national Companies in the Smartphone Industry. *Journal of Eastern European and Central Asian Research*, 1(2), <http://dx.doi.org/10.15549/jeecar.v1i2.68>.

#### SELECT CONFERENCE PROCEEDINGS

---

- Liu, R. (2019). Positive WOM Valence Does Not Always Result in Favorite Outcomes: The Role of Perceived Conflict presented at American Marketing Association 2019 Annual Conference, Chicago, IL.
- Liu, R. (2019). Using the Online Search Volume to Predict Performance: An Abstract presented at *Academy of Marketing Science 2019 Annual Conference*, Vancouver, Canada.

