Fostering Relationship Quality with Perceived Value and Dependence

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The sports industry has become a significant sector in the United States. Nonetheless, its future financial growth can still be affected by many factors. For example, alternative forms of entertainment are expected to carve up the revenue sources of the sports franchises industry (Ripley, 2011). The challenges to maintain financial health are even more apparent at the collegiate level. Many facility expansion projects and upward spiraling salaries for coaches have all resulted in the explosion of college athletic departments' budgets (Greenberg, 2008). Most athletic directors are struggling with finding the necessary fiscal resources to balance the spending of their programs and to remain competitive. Therefore, it is imperative for the sports industry to develop a more efficient business strategy to overcome future challenges.

One way to remain financially sustainable is to reduce the soaring cost of generating new consumers by improving customer retention. Many researchers have advocated the use of relationship marketing to manage today's businesses as well as sports in specific (Berry, 1995; Kim & Trail, 2011). In order to transform marketing efforts devoted to relationship marketing into desirable outcomes, companies need to foster a desirable relationship quality which exhibits strong commitment, relationship satisfaction, and trust (Crosby, Evans, & Cowles, 1990; Dwyer, Schurr, & Oh, 1987; Palmatier, Dant, Grewal, & Evans, 2006). Trust can be described as one's beliefs regarding whether his/her needs would be fulfilled by another party's actions (Anderson & Weitz, 1989). Commitment is defined as "an enduring desire to maintain a valued relationship" (Moorman, Zaltman, & Desphande, 1992, p. 316). Relationship satisfaction is defined as a consumer's emotional state caused by a cumulative appraisal of seller-buyer relationship quality (De Wulf, Odekerken-Schröder, & Iacobucci, 2001). By fostering a quality relationship companies can obtain benefits such as higher purchase intention and lower customer attrition (Doney & Cannon, 1997; Morgan & Hunt, 1994). This current study identified two key determinants, perceived value and dependence, to help sports organizations foster a quality relationship with their consumers.

Perceived value is defined as "the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given" (Zeithaml, 1988, p. 14). Although perceived value is an important indicator of business success such as consumers' repurchasing intentions and satisfaction (McDougall & Levesque, 2000; Patterson & Spreng, 1997), limited research attention has been given to testing the potential contribution of perceived value to relationship quality. As suggested by Uлага (2003), current understandings of relationship marketing could benefit from examining the role of perceived value in relationship formation. According to Ravald and Grönroos (1996), consumers do not only evaluate episodic transactions but also their continuous relationships with sellers. It's the desirable value of a cumulative consumption experience that can help companies develop trust among their consumers and foster commitment. Moreover, a desirable perceived value should create not only satisfaction with the purchase transaction but also satisfaction with the on-going relationship. Accordingly, this present study hypothesized that perceived value is positively related to commitment, trust, and relationship satisfaction.

The second factor, dependence, is characterized as the extent to which one party (e.g., sellers) provides valued resources to another party (e.g., buyers) for which only limited alternative resources are available (Hibbard, Kumar, & Stern, 2001). Dependence can be especially relevant to many sports organizations located in small or medium U.S. cities where alternative sports entertainment is rare. Interestingly, dependence has mixed effects on relationship quality (Palmatier et al., 2006). On the one hand, dependence could create asymmetric power distribution between relationship partners and allow the more powerful side to use coercive behaviors and opportunistic actions (Kale, 1986; Kumar, Scheer, & Steenkam, 1995; Gassenheimer & Ramsey, 1994). The possibility for the more powerful partner to exploit imbalanced power has been suggested to reduce the level of trust (Anderson & Weitz, 1989). On the other hand, according to Geyskens and colleagues (1999), the majority of scholars (e.g., Brown & Frazier, 1978) suggested that the more powerful partner would exhibit a lower tendency to utilize coercive actions to obtain...
compliances from the weaker partner because of its indispensable role in upholding the existing relationship. Indeed, buyer's/dealer's dependence on suppliers/sellers could lead to a higher level of channel commitment, relationship satisfaction and trust (Andaleeb, 1996; Hibbard et al. 2001). In essence, a favorable role of dependence was suggested by the two meta-analyses examining 187 literatures on relationship marketing (Geyskens, Steenkamp, & Kumar, 1999; Palmatier et al., 2006). However, compared to other antecedences, dependence has a weaker and maybe context specific effect on relationship quality (Palmatier et al., 2006). Its impotence to improve relationship quality could be attributed to the ceiling effects created by other antecedents. In other words, dependence can potentially contribute to relationship quality without the presence of other antecedents. Accordingly, this current study hypothesized that dependence has a stronger effect on commitment, trust, and relationship satisfaction when perceived value is low.

Research participants were 154 attendees of a recent U.S. collegiate football event. Three two-way ANOVAs were carried out to test our research hypotheses. The equality of error variance was supported by Levene's test. As hypothesized, perceived value was found to increase commitment (F(2, 136) = 18.610, p < .001), trust (F(2, 136) = 7.942, p < .001), and relationship satisfaction (F(2, 136) = 17.504, p < .001). Furthermore, under low levels of perceived value, dependence could significantly improve commitment (F(4, 136) = 2.885, p < .05) and trust (F(4, 136) = 4.882, p < .01). The relationship between dependence and relationship satisfaction didn't reach significance (F(4, 136) = 1.323, p > .1). Nonetheless, pairwise comparisons showing a significant difference of mean scores on relationship satisfaction between the low and high dependence group after controlling the effect of low perceived value (Mdiff = 1.27, p < .05) called further attention.

Research findings offered many theoretical and managerial implications. The role of dependence in relationship marketing was further clarified. Our study results implied that dependence could alone ameliorate relationship quality without the presence of other factors. In other words, dependence can be more useful in a newly formed relationship in which other antecedents of a quality relationship are still rare. With regard to managerial contributions, sports organizations can nurture a quality relationship by improving consumers’ perceived values through offering more benefits (e.g., better service quality and giveaways) and/or lowering sacrifices (e.g., reduced ticket price). Most interestingly, a counterintuitive way to build relationship quality was further offered by our findings. The interaction between perceived value and dependence gave sports organizations sufficient leeway to develop pricing strategies. For those serving as the sole sports option in the local area, managers could foster a desirable relationship quality among their consumers without worrying about consumers’ perception of service value. Instead of invariably adding more value to their existing products, sports organizations that possess geographic advantages could increase their profit margin by simply charging a price premium.