Relationships as Strategic Assets: Application of the Commitment-Trust Theory of Relationship Marketing in Spectator Sport Context

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Sport marketing practitioners have focused their marketing efforts on establishing meaningful and profitable relationships with their customers as a means of a competitive advantage (Kim, Trail, Woo, & Zhang, 2011; McDonald & Milne, 1997). Enhancing and maintaining a strong relationship with sport consumers is the organization’s unique capability that cannot be emulated and challenged by other competitors (Kim et al, 2011), thereby gaining sustainable financial value from the consumers in return (James, Kolbe, & Trail, 2002). This long-term relationship is seen as a sustainable competitive advantage of sport organizations, which is called the concept of relationship marketing (RM). The process of relationship-focused marketing investments in service industry involves: (a) becoming more knowledgeable about individual customers by using database technology; (b) facilitating direct interactions, preferential treatment, and more interpersonal attention and care for mutually beneficial customers by fulfillment of emotional desires; (C) customizing the marketing offers for a diverse group of customers differently, quickly, and cost-efficiently to enhance customer loyalty by fulfillment of the additional needs of particular customers (Berry, 1995; Grönroos, 1994; Gwinner, Gremler, & Bitner, 1998; Sheth & Parvatiyar, 1995). Thus, the fundamental characteristic of RM aims to maximize customer retention through relational exchanges and fulfillment of additional value (Berry, 1995).

A large body of research indicates that RM investments improve customer psychological connection that motivates the consumer’s willingness to maintain and rely on the relationship, and ultimately enhance customer behavioral loyalty (De Wulf, Odekerken-Schröder, & Iacobucci, 2001; Palmatier, Dant, Grewal, & Evans, 2006). In a traditional RM model, Morgan and Hunt (1994) propose the key mediating variables in the framework of RM investments. They emphasize that the psychological aspects of trust and commitment are the key relational mediators explaining how the RM investments affect the profitable consumer behavior. Trust refers to belief and confidence in the sport organization’s reliability, intentionality, and consistent problem-solving orientation during and after relational exchanges (Sirdeshmukh, Singh, & Sabol, 2002). Commitment refers to “an enduring desire to maintain a valued relationship” (Moorman, Zaltman, & Deshpande, 1992, p. 316) with an exchange partner.

Despite the advanced understanding of the important mediating mechanism of RM models in the marketing literature, the empirical evidence on the potential roles of key relational mediators (trust and commitment; Morgan & Hunt, 1994) accounting for the relationship between consumer perceptions of RM investments and behavioral outcomes has largely remained missing in the context of sport consumer behavior. Similarly, the effectiveness of RM investments as an antecedent beyond the known effects of existing marketing practices (product/service value, brand association, marketing mix, etc.) has rarely been examined in the spectator sports setting. Filling this gap in the literature, the purpose of this study is to provide empirical evidence of how sport consumer’s perception of RM investment leading to the behavioral loyalty such as positive word-of-mouth (WOM), direct consumption, and display of team affiliation, is influenced/mediated by the key relational mediators, trust and commitment.

The survey-based data set used in this study includes a convenience sample of 314 general consumers who attended the NCAA Division I collegiate baseball game at a large Southeastern University. Of the participants, 58.6% (n=184) were male and 41.4% (n=130) were female with an age range from 18 to 87 years. An examination of hypothesized mediating mechanism of the RM investment model in spectator sport context was achieved through the use of structural equation modeling (Anderson & Gerbing, 1988).

Following the two-step approach, the study estimated the measurement and structural models separately using Mplus
In the first step, confirmatory factor analysis was carried out in evaluating the measurement components of the model using the Maximum Likelihood estimator. The measurement model fit the data well (CFI=.948, SRMR=.049, RMSEA=.046) with the factor loadings ranged from .619 to .908. The values of average variance extracted (AVE) for study constructs ranged from .513 to .708, exceeding the recommended guideline of .50 (Fornell & Larcker, 1981). In addition, the AVEs of study constructs were greater than the squared correlations among the study constructs (Fornell & Larcker, 1981). These results provided evidence of validity of study constructs including convergent and discriminant validities. Furthermore, the composite reliabilities of study constructs ranged from .759 to .865, showing a good reliability of all study constructs. The next step involved an estimation of the structural model, to test the hypothesized interrelationships among the latent constructs. Two direct paths were specified from perceived RM investment to trust and commitment respectively and one direct path was specified from trust to commitment on the basis of Morgan and Hunt (1994). In addition, possible three indirect paths from perceived RM investment to three behavioral loyalty factors including positive WOM, direct consumption, and display of team affiliation through (a) trust, (b) commitment, and (c) trust to commitment (i.e., Perceived RM investment→trust→commitment→three loyalty factors) were also specified. The proposed model was a good representation of the structures underlying the empirical data (CFI=.948, SRMR=.049, RMSEA=.046).

The results indicate that the direct path from perceived RM investment to trust was statistically significant (γ = .479, p < .001), while the direct path from perceived RM investment to commitment was not significant (γ = -.056, p > .05). The overall mediating effect found in current study was that trust fully mediates the influence of perceived RM investment on commitment (indirect effect, γ = .358, p < .001), in turn, commitment mediated by trust directly affects WOM (γ = .515, p < .001), direct consumption (γ = .400, p < .001), and display of team affiliation (γ = .694, p < .001) positively. Consequently, the indirect path from perceived RM investment to three behavioral loyalty factors through the stage-based mediating effect of trust to commitment was positively significant (indirect effect on positive WOM, γ = .184; direct consumption, γ = .143; display of team affiliation, γ = .249, p < .001).

Central to this current study is the effort made to demonstrate how and why sport organizations benefit from investing in consumer relationships by accounting for the important mediating mechanism of RM effectiveness. This study empirically supports the stage-based mediating role of trust and commitment which resulted in the impact of RM investments on behavioral loyalty. A sport consumer’ perception of preferential treatment, interpersonal attention, and fulfillment of emotional desires increase his or her belief and confidence in the sport organization. Subsequently, increased level of sport consumer's trust have significant influence on his or her persistent desire to maintain a valued relationship with the organizations and ultimately, the positive impact of trust on commitment leads to increased behavioral loyalty. In conclusion, this study contributes to sport marketing practitioners’ knowledge of RM effectiveness and shed light on the window of benefit and opportunity (i.e., competitive advantages over competitors) after facilitating proactive relationship-building strategies. In academia, this study undergirds the mediating theory of RM literature and provides research opportunities to focus on developing the successful and efficient mediational framework of RM investments in the field of sport management.