

## **An Examination of Service Brand Communications**

Debra Grace  
Griffith University

Aron O’Cass  
University of Newcastle

Track 15 Services Marketing

Keywords: Services, Feelings, Advertising, Publicity, Brand Attitudes

### **ABSTRACT**

It has long been recognized that marketing communications effects consumers’ brand recall, brand choice, brand attitudes and purchase intentions. However, an important influence on the behavior of service consumers comes from communications that are essentially uncontrolled by the marketer. This study examines the role of marketer controlled and uncontrolled communications on aroused feelings and service brand attitudes. Data were gathered from retail store and bank customers related to specific service brands. The findings indicate that advertising has a significant effect on aroused feelings and brand attitudes, whereas WOM communications has a negative effect on brand attitudes.

### **INTRODUCTION**

In relation to the marketing of services, advertising has long been acknowledged as an important method of tangibilizing the offering (George and Berry 1991). Given the level of risk often associated with many service purchases, it has been argued that marketers need to control and transmit messages that assist in reducing consumption apprehension (Grove, Pickett and Stafford 1997). The success of a service is often contingent upon the ability of firms to build relationships with customers and, therefore, the task of advertising is to transform impersonal mass communication into representations of personal discourse (Stern 1997). Also, where services are concerned personal sources of information, such as word-of-mouth communications are commonly used for information acquisition by consumers. Often seen by consumers as largely un-biased and grounded in experience, word-of-mouth communications are often a major influence in the pre-purchase decision making stage (Berry, 2000). Given the importance of advertising, WOM and publicity in the services domain, this study investigates the effect of communications on service consumers’ aroused feelings and attitudes towards service brands they use.

### **THEORETICAL FRAMEWORK**

Defined as “the consumer’s overall evaluation of a brand – whether good or bad” (Low and Lamb, Jr 2000, p. 352), brand attitudes encapsulate the meaning that consumers attach to brands, which in turn effects their purchasing behaviour (Low and Lamb, Jr 2000). Along with attitudes, in more recent times, feelings have been recognized for the important role they play in consumer decision-making (Dubé and Morgan 1996; Richins 1997). Feelings are argued to have a significant effect on consumption experiences and consumer reactions (Babin et al. 1998). More specifically, Sherman et al. (1997) found that feelings aroused within the retail setting was a factor associated with money spent in the store, time spent in the store and the number of items purchased in the store. In reality, feelings aroused by

services, particularly of service brands (services with specific brand images), may explain differences in evaluations because most encounters are characterized by a lack of information, uncertainty and risk. Thus,

**H1: Feelings aroused by a service brand will influence attitudes toward the service brand.**

It is argued that service brand communications are comprised of both communications controlled by a marketer and uncontrolled communications. Controlled communications refer to the marketing activities undertaken by the marketer, such as advertising and promotion. Uncontrolled communications, on the other hand, are communications that are not controlled by the marketer such as, word-of-mouth communications and non-paid publicity. In terms of controlled communications, advertising has been argued to influence consumer evaluations of brands in a variety of ways. Consumers' appear to process advertisements for meaning, rather than just information (Hirschman and Thompson 1997) and research has shown that advertising has an effect on brand attitudes (Roberts and Manolis 2000), brand choice (Baker 1999; Baker and Lutz 2000), pre-purchase attitudes (Dean 1999) and purchase intentions (Cobb-Walgren et al. 1995; Davis 1994). In fact, research concerning advertising of experience goods, shows that advertising can enhance perceived quality (Cobb-Walgren et al. 1995). However, service consumers experience difficulty in discerning service quality in the pre-purchase stage of decision-making, and, in some cases, also in the post-purchase stage, and as such, advertising may well be considered an important source of information about the service brand. This being the case, it is hypothesised that,

**H2: Service brand advertising will influence aroused feelings towards the service brand.**

Advertising and publicity can be distinguished by consumers on the basis of both credibility and risk reduction capability, with publicity outperforming advertising on both of these dimensions (Lord and Putrevu, 1993). In fact, Bond and Kirshenbaum (1998) argue that publicity is more influential than paid forms of marketing communications, because it is perceived to be a more credible source of information, and Settle and Alreck (1989) found that publicity was more effective in reducing monetary, physical and social risk than other marketer-driven sources of information. In many cases, service consumers experience higher perceived risk associated with their purchases, therefore, publicity in its role as risk reducer, may well instill confidence in the consumer. Alternatively, negative publicity may well increase perceived risk therefore arousing negative feelings within the consumer, such as uneasiness or nervousness. Thus,

**H3: Service brand publicity will influence feelings towards the service brand.**

In a similar vein to publicity, word-of-mouth is also viewed as being more credible than marketer-driven communications (Mangold et al., 1999) and thus exerts a strong influence on consumer decision making (Buda and Zhang, 2000). In the context of services, an added degree of importance is attributed to WOM as an information source because of the difficulties experienced by service consumers in their evaluations (Bansal and Voyer, 2000). For example, because of the experiential (or intangible) nature of many service performances, consumers often rely on the experiences or recommendations of others as they search for information about services and evaluate them. Those WOM communications that come from positive service experiences may arouse positive feelings such as confidence in consumers. However, as is the case with publicity, negative WOM communications may result in consumers feeling nervous or disgusted with a service brand. Thus,

**H4: Service brand WOM will influence feelings towards the service brand.**

Advertising has been consistently found to play an important role in influencing consumer attitudes towards brands (Kempf and Smith, 1998; Roberts and Manolis, 2000). The process is explained by Miller and Berry (1998, p. 77) where “information about one or more product attributes is communicated in a persuasive context by national advertising. The attributes can be sensory, evaluative or emotional. If the communication is persuasive enough to improve consumers' attitudes on that attribute, their attitudes toward the overall brand will improve as well. This improvement in overall brand attitudes will continuously increase the probability of purchase.” Thus, we argue that advertising can influence service brand attitudes through promoting brand awareness, influencing perception of quality and tangibilising the service brand offering (see also: Clow et al., 1996; Keller, 1998; Olney et al., 1991). Thus,  
**H5: Service brand advertising will influence attitudes towards the service brand.**

It is also argued that uncontrolled communications, such as WOM and publicity, exert a strong influence on brand attitudes (Brown and Reingen 1987; Swanson and Kelley 2001). Therefore, positive communications of this type can serve to enhance brand attitudes (Bansal and Voyer 2000; Haus 1993), while negative WOM or "bad" publicity can diminish brand attitudes (Ennew et al. 2000; Gelb et al. 1994). In fact, it is argued that publicity may well be a powerful source of information to consumers as they formulate their pre-purchase expectations of the service brand. According to Haus (1993), there is no doubt that good and bad media coverage has an effect, and while adverse publicity can lead to negative perceptions (Gelb et al. 1994), positive publicity can also enhance attitudes toward a service brand. Thus,

**H6: Service brand publicity will influence attitudes towards the service brand.**

Largely derived from personal sources, word-of-mouth communications are an important source of information for service consumers prior to patronage. It appears that WOM is important, in the services context, because consumers tend to rely on WOM to reduce perceived risk and uncertainty often associated with the purchase of services (Mangold et al., 1999). Murray's (1991) findings concerning personal sources of information regarding products and services, support this claim, in that service consumers have greater confidence in WOM and a greater propensity to purchase after engaging in WOM than do product purchasers. For example, research has shown that word-of-mouth communications (WOM) significantly effects consumer purchasing behaviour (Mangold et al., 1999) and influences both short-term and long-term judgments (Bone, 1995). Thus,  
**H7: Service brand WOM will influence attitudes towards the service brand.**

## RESEARCH DESIGN

The study was based on the development and administration of a self-completed survey. The survey contained items to measure consumers' perception of service brand advertising, publicity, WOM, feelings aroused by a service brand and attitudes towards a service brand. For example, perceptions of advertising was measured via 6 items pertaining to the Holbrook and Batra (1987) scale which focuses on consumer response to advertising. In regard to publicity and WOM communications, items were adapted from a 5 item scale used by Bansal and Voyer (2000) to measure the influence of word-of-mouth on service purchase decisions. In an attempt to capture both word-of-mouth and publicity, the scale was duplicated in order for the items to reflect these two communication components and words were added so that the items were couched in terms of services. To measure aroused feelings, 13 items from

Jayanti's (1995) scale were adapted and used. To measure service brand attitudes, 5 items from Yoo and Donthu's (2001) scale of brand attitude were included.

The data were gathered via mall intercept and in total 510 completed surveys were obtained. The brand stimuli used included both retail store and bank brands. Respondents were asked to select a service brand they were familiar with from a list of 10 brands provided, prior to responding to the survey questions using their nominated service brand as a frame of reference. Female respondents represented 66% of the respondents, with ages ranging from 15 years to 83 years of age, with a mean age of 31 years. Service usage rates of the respondents were quite high with 56% of the sample using the service at least once a week, 29% using the service once or twice a month, and only 15% of respondents using the service less than once a month.

### PRELIMINARY ANALYSIS

Measurement examination involved conducting exploratory factor analysis (EFA) to establish the factor structures of measures (see Table 1). The six items used to measure perceptions of service brand advertising were subjected to EFA which produced a single factor structure with strong item loadings ranging from .82 to .89 and the variance explained was 80.04%. Cronbach's alpha of .94 was then computed indicating good reliability of the scale. The five items measuring publicity were examined via EFA and a single factor was found as indicated in Table 1. Also the reliability of the measure was high at .91. The word of mouth measure was also examined via EFA producing similar results to the publicity scale (see table 1).

Service brand attitude was examined via EFA, which produced a single factor with item loadings ranging from .83 to .93 and the variance explained was 81.22%. Cronbach's alpha of .94 indicated good reliability of the scale. The *feelings* construct was measured using thirteen items. EFA was conducted which produced a single factor structure with moderate to strong item loadings ranging from .58 to .83 and the variance explained was 70.58%. Cronbach's alpha of .93 was then computed indicating good reliability of the scale. The mean score for advertising was 4.77, WOM 3.98, publicity 4.17, feelings 4.13 and attitudes 4.48.

### RESULTS

To test the hypotheses the data were analysed via Partial Least Squares (PLS). PLS is a variance based multivariate technique used in the analysis of causal or structural equation models. A systematic examination of fit indices for predictive relevance of the model was undertaken using  $R^2$ , average variance accounted for (AVA), average variance explained (AVE), individual path variances, critical ratio and regression weights. Table 2 shows the path coefficients (regression weights) between the exogenous and endogenous variables for the inner model, average variance accounted (AVA) for,  $R^2$  and critical ratios for the tests of the stores and banks. The AVA for the endogenous variables was .472 and the individual  $R^2$  are greater than the recommended .10 (Falk and Miller 1992) for all of the predicted variables. A reasonable criterion for evaluating the significance of the individual paths is the value of the product of the path coefficient and the appropriate correlation coefficient. As paths are estimates of the standardized regression weights, this produces an index of the variance in an endogenous variable explained by that particular path with 1.5% (or .015) being the recommended cut-off point. All the paths, with the exception of H3, H4 H 6, exceed this criterion and the bootstrap critical ratios are of the appropriate size (greater than 1.96 for a

two-tailed test or 1.645 for a one-tailed test,  $p < p .05$ ). Therefore, s, H1, H2, H5 and H7 are supported, whereas H3, H4 and H6 are not.

**Table 2 Results for Hypothesized Relationships**

<i>Predicted Variables</i>	<i>Predictor Variables</i>	<i>Hyp</i>	<i>Path</i>	<i>R<sup>2</sup></i>	<i>Crit. Ratio</i>
<b>Attitude</b>	Feelings	H1	.544	.620*	13.83*
	Advertising	H5	.335		8.20*
	Publicity	H6	.060		1.67
	WOM	H7	-.077		2.17*
<b>Feelings</b>	Advertising	H2	.573	.325*	16.21*
	Publicity	H3	-.064		1.29
	WOM	H4	.021		0.47
<b>AVA</b>				.472	

\* Indicates meets or exceeds minimum acceptable level

## DISCUSSION

The focus here has been on the effects of marketplace communications on consumer feelings and attitudes towards service brands and the effect of aroused feelings on attitudes. While the link between feelings and service brand attitudes is clearly established here, an examination of the relationships between service brand communications and both feelings and attitudes warrants further discussion.

In the context of focusing on identified service brands, advertising was found to influence aroused feelings and brand attitudes. Along similar lines to the arguments of Cobb-Walgren et al, (1995), George and Berry (1981) and Terrill (1992), it is suggested that the strong contribution of advertising to consumer perceptions is due to its ability to tangibilize the service brand, ultimately reducing the consumer's perceived level of risk associated with the advertised service brand. For example, consumers of banking services may use advertising, not only for information acquisition about the service, but also to formulate an image of the brand from the quality or professionalism of the advertised material. The more effective the advertising is in communicating an appropriate brand image the more likely it will be that consumers will feel confidence in the brand and hence hold positive brand attitudes.

In terms of publicity, this non-paid form of communication was found to have no significant influence on feelings or brand attitudes. This finding is in contrast to the arguments of Bond and Krishenbaum (1998) who advocate that publicity has a tendency to be more influential than other marketing communications. However, WOM was found to have a significant negative effect on attitudes. This indicates that as WOM increases, brand attitudes become more negative. Therefore, it is suggested that the findings reflect negative WOM, as opposed to positive WOM. This finding, in fact, supports that of others who argue that negative WOM is much more powerful than positive WOM (Gelb et al., 1994). However, the results largely contradict the argument of Bansal and Voyer (2000) that WOM is more powerful than advertising as, in this study, quite the reverse is shown. This finding may, however, be explained by Gilly et al.'s (1998) finding that the influence of WOM is considerably diffused when impressions of the target brand are pre-existing. As respondents in our study were familiar with the target brand, this may have reduced the influence of WOM in this study.

However, as negative WOM appears to be more likely to exert influence on consumer attitudes, service marketers need to encourage and reward customers to complain and back up

the complaint process with sound service recovery strategies in order to diffuse negative WOM. Early intervention and rectification when customers experience problems may result, not only in the reduction of negative WOM, but may also increase positive WOM. In addition, as the consumer is less likely to give credence to WOM when they have experienced the service first-hand (Herr et al. 1991; Hoch and Deighton 1989), service marketers could look to extending free trial offers to consumers (where applicable) thereby encouraging first-hand experience in which the consumers have “nothing to lose”.

## CONCLUSION

As branding increases in importance, it appears that brands play a particularly crucial role in the marketing of services. This is proposed on the basis that service brands take on a strong communicative role in themselves that may alter the way in which other more traditional forms of communications (eg., advertising, WOM and publicity) are influential in consumer decision-making. This being the case, brands must be recognised for the pivotal role they play in the marketing strategy of services and services branding may well be the new frontier in marketing.

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