

**The Social Aspects of Consumption as Predictors of Consumer Loyalty:
Online vs. Offline Services**

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Abstract

Purpose - Nowadays, companies are seeking to create meaningful and long-term relationships with their customers. Therefore, the purpose of this study is to examine the role of parasocial and social aspects of consumption in building trustworthy and loyal relationships in both offline and online services.

Methodology - Two studies were conducted using the survey research method. The first study collected data from 285 soccer fans, and the second study collected data from 298 Facebook consumers.

Findings - The study confirms the proposed model and suggests that parasocial and social relationships act as significant antecedents of service brand loyalty in both offline and online services.

Originality/Value - This is the first study that examines parasocial and social relationships in tandem and their role in developing loyal relationships with service brands. It also confirms that social relationships in a service setting play a significant role in predicting brand trust and loyalty.

Keywords: Parasocial relationships, Social relationships, Identity, Problem solving, Reference group acceptance, Trust, Loyalty

Paper type: Research Paper

Introduction

Product proliferation, media cluttering, increased competition, and customer switching behavior characterize today's marketplace and hinder companies' efforts for sustainable development and success. As a result, companies are aiming to develop deep, strong, meaningful, and longitudinal relationships with their customers. Nowadays, companies are seeking to create loyal relationships with their customers and turn them into warm supporters/fans (Jahn and Kunz, 2012) and advocates (Tsiotsou and Goldsmith, 2013) of their products and services. Despite the importance of brand loyalty, research on the topic has been limited to studying the customer service experience at the individual level (e.g., service value, service quality, and customer satisfaction). As a result, there has been limited systematic theorizing or empirical validation of the role of social relationships developed in a consumption community in building loyalty to services.

Postmodern marketing research has been characterized by a shift from focusing on consumer behavior at the individual level to studying consumption at the community or group level. In 1997, Cova asked, "Is it possible to push the boundaries of marketing beyond the individual level of analysis in order to increase our understanding of consumer behavior?" (p. 297). Researchers in services marketing had already coined the terms "communality" (Goodwin, 1994) and "communitas" (Arnould and Price, 1993) in their studies to better understand the social aspects of consumption. The terms "brand communities" (Algesheimer et al., 2005), "brand sub-cultures" (de Burgh-Woodman and Brace-Govan, 2007), and "brand tribes" (Tsiotsou, 2013) or "brand neo-tribes" (Cova, 1997) are used to describe consumption communities.

Thus, the marketing literature is now focusing on the role of other customers in a service experience to provide managerial guidance in effectively managing customer portfolios and market segmentation (Brocato et al., 2012). For example, the Service

Dominant Logic (SDL) points to the importance of social networks and contextual features of consumption in value co-creation (Vargo and Lusch, 2004). Consumption is no longer viewed as a purely personal and subjective experience but as a shared and collective experience that takes place in the presence of other consumers. Consumers are using social resources (e.g., friends, family, communities) to enhance the value of their consumption experiences (Arnould et al., 2006; Baron and Harris, 2008). Thus, the role of service providers is not limited to proposing value offerings but also includes supporting and facilitating consumers' ongoing social experiences in the value co-creation processes of their service offerings.

Consumers are looking to gain direct satisfaction by being with other consumers (Cova, 1997) physically or virtually and sharing emotions with them. Thus, consuming with others might be a good "excuse" for consumers to be with other consumers, because "the link is more important than the thing" (Cova, 1997, p. 307). In other words, consumers are giving meaning to their lives more by forming relationships with other consumers in consumption communities than by merely consuming products and services. Consumers might be active (e.g., provide information to other group members and participate in group activities) or passive participants of consumption communities (e.g., just observe other group members or listen/read their comments). Active consumption may be considered social behavior, while passive consumption may be considered parasocial behavior. It has been demonstrated that parasocial relationships may resemble or complement social relationships or broaden the scope of interpersonal relations (Ballantine and Martin, 2005) and be an integral part of relationships developed among consumers in consumption communities (Men and Tsai, 2013; Thorson and Rodgers, 2006).

The objectives of this paper are twofold. First, this research aims to develop and estimate a conceptual model of how different social aspects of consumption, such as social

and parasocial relationships developed in consumption communities, influence consumers' service brand loyalty. Specifically, the study examines the influence of social and parasocial relationships developed in a consumption community on creating relationships with service brands expressed as brand trust and brand loyalty. Second, this research intends to test the applicability of the proposed model in both offline and online services.

This paper contributes to the growing research on services marketing by proffering the notion of consumer-to-consumer relationships as the primary social element for the kind of strong, committed, and meaningful relationships that companies are increasingly seeking to develop with their customers. Moreover, it integrates emerging services marketing perspectives (e.g., relationship marketing) with communication (e.g., parasocial relationships theory) and social psychology theories (e.g., social identity, social learning, and uncertainty reduction theories) to explain how valuable consumer–service relationships can be built. Specifically, the paper draws on theories of parasocial (Horton and Wohl, 1956) and social relationships (Heider, 1958) to provide a sound and comprehensive articulation of these relationships, their elements, and their consequences in services. In the services marketing literature, consumer-to-service relationships have been mainly focused on by illuminating consumer-to-employee (Heracleous and Wirtz, 2010), consumer-to-brand (Fournier, 1998), and consumer-to-firm relationships (Bhattacharya and Sen, 2003), while limited attention has been paid to the role of consumer-to-consumer relationships in collective consumption settings (Baron and Harris, 2008). This paper focuses on the notion that the social aspects of consumption (consumer-to-consumer relationships) play a significant role in creating valued service experiences and outcomes expressed as trustworthy and loyal service relationships.

Adopting a social consumption approach in services offers several advantages. A social perspective revitalizes scientific research into service brand loyalty. First, it promotes concepts such as parasocial and social behaviors, which help distinguish individual from

collective consumption. Managers could benefit from understanding the role of social aspects of consumption and try to adjust their actions in order to facilitate and encourage the creation of relationships among their customers in order to enhance the value of the service experience. Second, it motivates cross-level research that links customer- and firm-level domains, enabling us to examine how firms create, retain, and profit from strong customer relations (Sirdeshmukh et al., 2002) by facilitating or encouraging ongoing interpersonal relationships among them. For managers, strong and steady customer relationships could increase financial performance by encouraging positive word of mouth (Verhoef et al., 2002) and justifying price premiums (Bolton, 1998).

In the following sections, the extant literature on services marketing, media, and social psychology is presented to elaborate on consumer-to-consumer relationships, and the proposed social level of consumption conceptual framework is articulated. Drawing from the proposed conceptual framework, the hypotheses of the study are presented along with the method utilized. Then, the research findings are reported and discussed, and theoretical and managerial implications are provided. The paper concludes with its limitations and future research recommendations.

Conceptual Framework

Brand Loyalty in Services

De-consumption and switching behavior are challenging issues that marketing managers are facing today, because both hinder their attempts to develop and maintain longitudinal relations with their consumers. Loyalty, a fundamental element for any longitudinal relationship, is considered central to business success, and therefore, it has been placed at the center of contemporary marketing. Because of their unique characteristics (e.g., heterogeneity, intangibility, perishability, and simultaneous production and consumption), loyalty becomes even more important in services. Hence, there is great interest in how brand

loyalty is built and which factors drive loyalty in services and consequently service performance.

Brand loyalty refers to “a deeply held commitment to re-buy or re-patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior” (Oliver, 1999, p. 34). Loyalty has been categorized into attitudinal (also called “allegiance” or “devotion”) and behavioral loyalty (Fournier, 1998). Attitudinal loyalty refers to the level of commitment of the consumer toward a product/brand, while behavioral loyalty is concerned with consumers’ overt behavior toward a specific product/brand in relation to a repeated purchasing behavior (Chaudhuri and Holbrook, 2001). The literature suggests that several benefits are derived from customer brand loyalty. Brand loyalty makes consumers less vulnerable to competitors’ actions (Ballester and Aleman, 2001; Dick and Basu, 1994) and less price sensitive (Birgelen et al., 1997). In branding, loyalty to a brand leads to reduced marketing costs, increased new customers (Aaker, 1991), and favorable word of mouth (Dick and Basu, 1994). Finally, research shows that loyalty mediates the relationship between brand attitudes and brand equity (Chandhuri and Holbrook, 2001).

The present study takes a social perspective and attempts to study the role of social aspects of consumption expressed as social and parasocial relationships in developing loyalty in services.

The Role of Other Consumers – Consumption Communities

In most cases, service encounters are considered social encounters due to the presence of other consumers and their role. Therefore, the early service encounter models consider other consumers as part of the service delivery process (Eiglier and Langeard, 1977). In Grove and Fisk’s (1983) theater metaphor, other consumers are identified as the service

audience, whereas in Baker's (1987) framework, other consumers represent the social factor of the physical service environment. Brady and Cronin (2001) consider social factors a sub-dimension of physical environment quality, which is one of the three service quality dimensions (the other two being interaction quality and outcome). Other consumers in the same servicescape environment can affect the service experience in a negative or a positive way (Grove and Fisk, 1997). Thus, other consumers might act as help-seekers, reactive helpers, admirers, proactive helpers, observers, followers, or judges or as competitors, accusers, or spoilers (McGrath and Otnes, 1995; Rosenbaum and Massiah, 2007).

Research suggests that the presence and behaviors of other consumers influence the interactive dimension of a company's service quality and may exert a greater impact on it than the interactions with the service personnel (Lehtinen and Lehtinen, 1991). Arnould and Price (1993) found that interaction with other customers (which they called "communion" with others) in a river rafting trip surfaced as a main theme of their study, and it contributed to participants' satisfaction with the trip. When consumers receive social support from other consumers, consumer-to-consumer interactions might enhance their service experience, build loyalty, and therefore increase the profits of the service firm (Rosenbaum et al., 2007). A study conducted in a gym setting revealed that consumers receiving social-emotional support (and not so much instrumental support) from other consumers exhibit more voluntary performance behavior toward the service firm and other customers (Rosenbaum and Massiah, 2007). In addition, Harris and Baron (2004) report that conversations between consumers in the same service environment stabilize their expectations and perceptions of the service experience, which in turn reduces their dissatisfaction. In sum, research shows that other consumers have a positive influence on service experience expressed as enhanced service quality (Lehtinen and Lehtinen, 1991), satisfaction with the service experience (Arnould and Price, 1993), perceived service value (Gruen et al., 2007), and customer loyalty (Gruen, et al.,

2007; Moore et al., 2005; Rosenbaum et al., 2007).

Most of the above studies have taken a critical incident approach and therefore have mostly focused on consumer-to-consumer interactions and not on their ongoing relationships. Studies on consumption communities could capture the latter type of relationships in order to understand their role in the consumption experience. It has been proposed that developing online or offline consumption communities can be used as a means for creating customer brand loyalty (Roos et al., 2005). Therefore, the present study focuses on the ongoing relationships developed in consumption communities and their outcomes and not on critical incidents or one-time interactions between consumers.

Brands are highly symbolic entities that help consumers shape and express both their individual and social identities (Swaminathan et al., 2007). Research identifies two different kinds of relationships that a consumer might form because a brand exists. The first type of potential relationship is between the individual consumer and the brand itself. The second refers to the relationships consumers form among themselves based on the brand's existence. The participation in brand communities or brand tribes or brand sub-cultures demonstrates the existence of the latter type of relationships (Swaminathan et al., 2007;). The interaction within the brand group might take various forms. It can be formal or informal, structured or loose, conscious or unconscious, and planned or unplanned (Bazaki and Veloutsou, 2010).

The term consumption community was first proposed in 1969 by historian Daniel Boorstin who contended that people look to the communality of consumption behavior (e.g., drinking the same brand of beer). Boorstin suggests that "people feel a sense of community, albeit a weak one, in relation to others with whom they share certain consumption behaviors" (Friedman et al., 1992, p. 127). He defined a consumption community as a group that "consists of people who have a feeling of shared well-being, shared risks, common interests and common concerns that come from consuming the same kinds of objects" (Boorstin, 1969,

p. 22). Consumption communities are social contexts that allow the development of interpersonal relationships among their members.

It has been reported that consumers' relationships with the brand, the product/service, and the firm influence their degree of identification with (Algesheimer et al., 2005) and their integration into the consumption community (McAlexander et al., 2002). Branding research suggests that the perceived meaning of a brand facilitates consumers' association with the brand, which in turn influences their intention to join groups of consumers sharing the same passion for the brand. Therefore, consumers need to first form close relationships with the brand before developing relationships with other consumers from the brand community (Tsiotsou, 2013). However, the degree to which consumers feel part of a brand community depends on the degree to which they want to interact with the other members of the brand community (Bagozzi and Dholakia, 2006) and their perceived relationship with other members of the community (McAlexander et al., 2002). Moreover, consumers who are actively engaged in a brand community tend to remain in the group for a longer period (Algesheimer et al., 2005). In sum, other consumers play a significant role in shaping the service experience and in developing meaningful and loyal relationships.

Social and Parasocial Relationships

Social relationships refer to the sum of social interactions between people over time, which can be positive or negative (Heider, 1958). Psychological research supports the notion that social relationships have a positive effect on subjective well-being and physical health through the provision of social support (Cohen, 2004; Zhu et al., 2013). According to Cohen (2004), when developing social relationships via social interactions and contacts, "individuals gain a sense of identity, predictability and stability; of purpose; and of meaning, belonging, security and self-worth" (p. 679). Social networks are sources of information that assist their members in dealing with various problems while providing social support that can help in

reducing isolation and dealing with difficulties and stressful situations (Zhu et al., 2013).

Parasocial behavior has been fairly well established in the mass communication literature since the term was coined by Horton and Wohl (1956). Parasocial interaction (PSI) has been conceptualized as a kind of long-term identification with a media performer (Harmann and Goldhoorn, 2011), an imaginary social relationship (Cohen, 2004), an imaginary friendship (Perse, 1990), an illusion of a face-to-face relationship (Horton and Wohl, 1956), and an interpersonal interaction between a media user and the consumed media (Rubin and Step, 2000; Schramm and Wirth, 2010). Parasocial relationships have been considered “the cross-situational relationship a viewer or user holds with a persona (...) [that] can endure beyond a single exposure sequence, like a friendship that exists between two persons beyond their face-to-face communication sequences (...) [and] is able to influence future motivations and selection processes” (Schramm and Hartmann, 2008, p. 386).

Although traditional PSI research focused on the relationships developed between viewers and media (TV or radio) personas, recent studies suggest that parasocial behavior may extend beyond these media contexts. For example, research has identified parasocial relationships with book characters such as Harry Potter (Schmid and Klimmt, 2011), athletes (Kassing and Sanderson, 2010; Sun and Wu, 2012), and celebrities (Sanderson and Cheong, 2010). In computer-mediated environments such as the Internet, parasocial relationships have been studied in political candidates’ blogs (Thorson and Rodgers, 2006), avatars (Jin, 2010), and social networking sites (SNSs) (Ballantine and Martin, 2005; Men and Tsai, 2013).

Parasocial relationships can be formed in both online and offline environments, such as consumption communities, and do not necessarily take place only between consumers (e.g., audiences or viewers) and media personae (Giles, 2002). For example, in the online literature, the terms “passive use,” “passive participation,” or “lurking” are often used to describe parasocial behaviors where individuals only consume (observe or read) the content

produced by other online group members while maintaining anonymous (Colliander and Dahlen, 2011; Men and Tsai, 2013; Pagani et al., 2011). Therefore, it is considered here that parasocial relationships are not confined to media usage but can be expanded to other contexts, such as consumption communities (online and offline). Parasocial relationships are introspective long-lasting experiences comprised of cognitive, affective, and behavioral components (Schramm and Hartmann, 2008) and can be defined as the one-sided interpersonal relationships consumers develop with the members of a consumption community.

Study Hypotheses

This research proposes that social consumption consists of parasocial and social relationships that play a significant role in developing brand loyalty. In the following paragraphs, the hypotheses of the study are presented (Figure 1).

Insert Figure 1 here

Two important elements of parasocial relationships that have been identified in the literature are parasocial identification and problem solving (Auter and Palmgreen, 2000). Identification constitutes an integral element of socialization and “refers to a process in which a person patterns his thoughts, feelings, or actions after another person who serves as a model” (Bandura, 1969, p. 214). According to social identity theory, in expressing their sense of self, individuals are not limited to building their personal identity but also try to develop their social identity by identifying themselves with certain groups of people (Brewer, 1991) without necessarily having a formal group membership (Scott and Lane, 2000). The basic learning process underlying identification is observational learning. According to social learning theory, observers attend, rehearse, and reproduce the behaviors of people considered as models even though there is no direct interaction between them (Bandura et al., 1963). Thus, identification can take place at a parasocial level and not necessarily at a social one.

For this reason, identification with a consumption community is considered in this study a component of parasocial relationships.

Parasocial problem solving refers to the group members' problem-solving abilities considered by consumers (Giles, 2002), and it might be characterized by empathic reactions (Klimmt et al., 2006). Thus, consumers tend to understand and share others' emotional experiences (Spinella, 2005) when they face a certain problem or situation. For example, viewers of a soap opera often empathize with an actor and admire the way he solved a personal problem with his wife. It is expected that when consumers parasocially identify with the group members of a consumption community, they will exhibit high parasocial problem-solving behavior. Therefore, the following hypothesis is put forth:

H1a: Parasocial identification with the consumption group will be positively related to parasocial problem solving.

Consumption communities are social networks that allow consumers to identify with a larger group and benefit from the social relationships developed over time. In this vein, consumers participating in communities aim to further construct or enhance their social identity. Social identity refers to "that part of an individual's self-concept which derives from his knowledge of his membership of a social group (or groups) together with the value and emotional significance attached to that membership" (Tajfel, 1972, p. 292). Several studies support the notion that identity management, such as "self-construction" and "co-construction," constitutes a significant motive for consumers (Kreps, 2008; Lampe et al., 2007; Larsen, 2007). Factors proposed to affect service satisfaction include consumers' compatibility and service settings. Consumers are more satisfied with the service experience when they perceive a high degree of compatibility with other consumers in the same service context (Grove and Fisk, 1997). For example, non-smoking consumers in a restaurant will be more satisfied when the other consumers are non-smokers as well. A recent study supports

the link between identification with the consumption group and consumers' active engagement with it (Men and Tsai, 2013). Thus, community identification may lead to group-oriented attitudes and behaviors expressed as participation in group discussions and activities and increased engagement with the group (Zeng et al., 2009). Research on brand communities/tribes reveals that consumers' identification with the brand group leads to the development of social relationships based on shared interests (Oliva, 1998), their active participation in the brand group activities (Tsotsou, 2013), and strong and lasting bonds with those entities (Mael and Ashforth, 1992). Thus, the following is expected:

H1b: Parasocial identification with the consumption group will be positively related to group engagement.

Identification with other consumers in a consumption community implies that consumers find similarities with other consumers and are attracted to them. This process elicits positive feelings and sympathy among consumers and provides an environment that encourages trust development (Byrne, 1969). Trust is viewed as an intrinsic feature of any valuable social relationship and constitutes an important construct in marketing, because it affects consumers' positive and favorable attitudes and results in brand commitment (Ballester and Aleman, 2001), an expression of successful relationships between consumers and brands. Accordingly, it is proposed here that when consumers identify with the members of a consumption community, they develop a level of trust with it, and this affective response may be transferred to the service brand, because the service brand is the *raison d'être* of the consumption community. In line with the above reasoning, the following is hypothesized:

H1c: Parasocial identification with the consumption group will be positively related to service brand trust.

Consumption communities often consist of both consumers' real-life friends and "virtual" or "distant" "friends" they have never met in their lives. However, participation in

these communities might require the approval of “real” friends, which are considered a reference group. Reference groups can be individuals or groups that serve as a point of comparison (or reference) to consumers in the formation of their values, attitudes, or behaviors, thus influencing their choices, attitudes, and behaviors (Shibutani, 1955). Previous research suggests that the impact of the reference group is not equally important in all stages and types of decision-making or across social groups (Chattalas and Harper, 2007).

Consumers join consumption communities not only for the entertainment value but also for their purposive value. Thus, consumption communities offer information, provide solutions to consumers’ problems, and assist them in making decisions (Dholakia et al., 2004), or they might be another point of socialization with their “real” friends. Consumption communities form and enforce the norms of participation and member behavior (Postmes et al. 2000) and influence their members’ decisions in either a comparative or a normative way. Consumers’ perceived problem-solving ability of the group might influence their need for participation in the group to be accepted by their friends. Therefore, the following is hypothesized:

H2a: Parasocial problem solving will be positively related to reference group acceptance.

Parasocial relationships or the interpersonal involvement of the consumer may take several forms, such as seeking information or guidance for problem solving from a media persona (Rubin and McHugh, 1987) or others in a consumption community (Auter and Palmgreen, 2000). In consumption communities, consumers seek solutions to their problems or observe how other members of the group deal with these problems. Increased parasocial communication with the members of the consumption community will lead to increased attraction, liking, and intimacy to the group and therefore to uncertainty reduction (Rubin and McHugh, 1987). Although the moment at which PSIs become normal social interactions remains a “gray area” (Giles, 2002), it has been shown that consumers might engage in social

behavior for at least three reasons: to declare their affiliation to the group, to reduce their uncertainty, and to increase their trust and confidence in the group (Rubin and McHugh, 1987). However, according to a recent study, reciprocity might also transform parasocially involved consumers into active participants of a consumption community (Munzel and Kunz, 2014). Therefore, it is expected that when consumers exhibit parasocial problem-solving behavior with the group members of a consumption community over time, they will at some point become engaged in the group activities and exhibit social behavior. Thus, the following is expected:

H2b: Parasocial problem solving will be positively related to group engagement.

As social identification increases, consumers feel more connected to and become interdependent on other members of the consumption community, feel good about the group, and experience strong attachment to the other group members (Tajfel, 1981). In principle, the need for affiliation has a positive and significant effect on member interactions (Tsai et al., 2012). It has been shown that consumers feel less stressed and more comfortable when they are accepted by others (Conway and Rubin, 1991), leading to increased satisfaction from the service experience (Lim and Kim, 2011). Moreover, it has been demonstrated that consumers are likely to increase their participation if they identify with the group and internalize its norms (Lim and Kim, 2011; Tsai et al., 2012).

In marketing, friends have been considered a reference group whose perspective an individual takes on in forming values, beliefs, attitudes, opinions, and overt behaviors (Sirgy et al., 2014). Reference groups influence consumer behavior by setting levels of aspiration and offering cues regarding the lifestyle and related purchasing behaviors consumers should exhibit. Moreover, reference groups assist in defining the acceptable goods or services for displaying those aspirations—the kind of clothing, or brand community, for example, deemed appropriate for a member of the group (Bourne, 1957). Nowadays, reference groups can exist

in both physical and digital environments. For example, when the values and norms of a consumption community are accepted and approved by consumers' friends, then consumers might be motivated to become engaged or more engaged in the group. Therefore, the approval of consumers' behavior by others (friends) who are important in their lives should be a predictor of their degree of engagement with the consumption group. In line with the above reasoning, the following is hypothesized:

H3: Reference group acceptance will be positively related to group engagement.

Social networking is being touted as another effective means to establish relationships with consumers and promote word of mouth (Algesheimer et al., 2005). Consumption communities involve multiple participants at different stages, with some actively engaged and others simply observing interactions among their members (Libai et al., 2010). However, these communities might not be very effective without consumer engagement. "Community engagement suggests that members are interested in helping other members, participating in joint activities, and otherwise acting volitionally in ways that the community endorses and that enhance its value for themselves and others" (Algesheimer et al., 2005, p. 21). Research shows that consumer engagement in a community is related to brand trust (Casalo et al., 2007). For example, Casalo et al. (2007) studied the consumption communities of free software and found that consumers' active participation and interactions with other members in the community influence not only their trust in the community, as has been previously demonstrated (Brodie et al., 2013), but also their trust in the brand around which the community is developed. Thus, based on these findings, the following is proposed:

H4a: Group engagement will be positively related to service brand trust.

The literature indicates that the relationships developed among consumers in brand communities have a significant influence on brand loyalty (Brodie et al., 2013; Casalo et al., 2007; McAlexander et al., 2002; Muniz and O'Guinn, 2001). Specifically, the positive

relationship between active consumer engagement in the consumption community and loyalty to the brand around which the community is centered has been shown in both offline and online environments (Brodie et al., 2013; Casalo et al., 2007; McAlexander et al., 2002; Muniz and O'Guinn, 2001). For example, McAlexander et al. (2002) studied Jeep and Harley-Davidson communities and found that participation in events organized by the communities increases consumers' loyalty to these brands. Moreover, Casalo et al. (2007) studied online brand communities and confirmed that increased engagement in community activities exerts a positive influence on brand loyalty. Therefore, considering the above, the following is hypothesized:

H4b: Group engagement will be positively related to service brand loyalty.

The link between trust and loyalty among consumers is well documented in the marketing literature (Chaudhuri and Holbrook, 2001; Morgan and Hunt, 1994). Based on commitment-trust theory, Morgan and Hunt (1994) consider trust a key variable in developing and maintaining enduring and highly valued relationships. Trust not only results in positive and favorable consumer attitudes but also consumer commitment (Ballester and Aleman, 2001) and loyalty (Chaudhuri and Holbrook, 2001; Morgan and Hunt, 1994), both of which are expressions of successful consumer-firm relationships (Chaudhuri and Holbrook, 2001; Morgan and Hunt, 1994). Consumer trust exists "when one party has confidence in the exchange partner's reliability and integrity" (Morgan and Hunt, 1994, p. 23). Consumers trust service providers to continue meeting their needs and reward them by remaining in relationships with them (Doney and Cannon, 1997). Furthermore, consumers' future expectations of using and benefiting from a service relationship can result in higher customer retention rates (Lemon et al., 2002).

Trust affects consumer commitment even more than overall satisfaction (Ballester and Aleman, 2001), and it is directly linked to purchase and attitudinal loyalty (Chaudhuri and

Holbrook, 2001). The association between trust and loyalty results from the conception that trust can create highly valued relational exchanges (Morgan and Hunt, 1994). Consumers who trust a service brand will commit to a relationship with the brand and be willing to sustain the relationship over the long term. Therefore, based on the above reasoning, the following is hypothesized:

H5: Service brand trust will be positively related to service brand loyalty.

Method

To test the proposed hypotheses, two studies were conducted: one in offline services and one in online services. The survey research method and convenience sampling were used to collect data offline for both types of services. Trained assistants were used to collect data in various cities in Greece.

Contexts of the Study

Because not all service settings facilitate interactions or are appropriate for consumer-to-consumer interactions, the study had to identify the appropriate context for testing the proposed conceptual model. Research shows that the degree of interaction with other consumers depends on the level of importance attached to other consumers according to the service setting. For example, the presence of other consumers and interactions with them are essential elements of the service experience of festivals, SNSs, and sporting events, whereas this might not be the case in the service experience of hair salons or financial institutions (Zhang et al., 2010). Given the above recommendations, soccer sport teams and Facebook were chosen as the offline and the online service settings, respectively, for testing the proposed model.

In addition to selecting contexts that facilitate interactions between consumers, contexts in which membership is a voluntary and a conscious choice were chosen contrary to membership in traditional groups, which is often imposed. Consumers are free to join the

community of their choice and choose to do so either due to curiosity or because they find like-mindedness among its members.

Furthermore, the chosen contexts share several similarities. For example, both environments consist of consumers' "real friends" and "virtual" or "distant friends." Moreover, social motives play a significant role in joining the consumption communities under investigation. In sports, studies support the idea that social motives, such as social affiliation and interactions, play a significant role not only in sports fans' attendance of sport events (Hsu, 2003) but also in enhancing their overall experience (Kahle and Riley, 2004). Kahle and Riley (2004) state that sports provide opportunities for sports fans to socialize and that often their experience is enhanced through group interaction. In a similar vein, keeping in touch with friends, strengthening relationships with friends, and making new friends are significant social motives for consumers engaged in SNSs, such as Facebook (Lampe et al., 2007).

The only difference between the two contexts is the membership type. In sports, sports fans do not have to become members of the sports fan group, whereas in Facebook, consumers need to subscribe as a member of the SNS in order to use it.

Study Measures

The questionnaire of the study consisted of four parts. Part I gathered data on parasocial relationships (identification and problem solving), Part II measured social relationships (reference group acceptance and group engagement), Part III gathered data on service relationships (trust and loyalty), and Part IV collected demographic data.

Parasocial relationships have been measured with two dimensions, parasocial identification (six items) and parasocial problem solving (four items) of the Audience Persona Interaction (API) scale developed by Auter and Palmgreen (2000). The items for measuring group engagement (four items), reference group acceptance (five items), and

service brand loyalty (four items) were gathered from the work of Algesheimer et al. (2005). Four items measuring service brand trust were taken from the work of Chaudhuri and Holbrook (2001). All items in the final instrument (Table I) were anchored by Strongly Disagree (1) to Strongly Agree (5). Because the measures of the study have been previously developed and used, a confirmatory factor analysis (CFA) tested the measurement model, and then, structural equation modeling (SEM) tested the theorized model.

Results

Study 1 – Soccer Teams

The target population for this research was soccer fans. The sports industry, and especially soccer, is such that its supporters are likely to develop relationships with both their favored soccer team (service brand) and other team supporters. Using a convenience sample, 285 completed questionnaires were collected from soccer fans in Greece. The sample consisted of 51% males and 49% females. Of the respondents, 52% were 18–24, 37% were 25–44, and 11% were 45–64 years old. In terms of education, 9% had a master's degree, 64% held a bachelor's degree, and 27% had a high school or other diploma. Regarding their working status, 41% were full-time employed, 15% were part-time employed, 10% were unemployed, and 34% were students.

The initial items (27) used to measure the six latent constructs were subjected to CFA using LISREL 8.52. The revised measurement model (Table I) consisted of 21 items and was found to fit the data well with a chi-square goodness of fit index of 529.71 and 174 degrees of freedom (ratio $\chi^2/d.f.=3$, $p<.000$). Moreover, the fit index values met or exceeded the critical values for good model fit (RMSEA=0.08, NNFI=0.90, CFI=0.92, IFI=0.92).

Insert Table I here

Internal consistency of the measurement model was evaluated by using composite reliability (CR) and average variance extracted (AVE). Both CR and AVE were calculated

using the procedures recommended by Fornell and Larcker (1981). As shown in Table I, all the CRs for the six multi-item scales ranged from 0.82 to 0.92, indicating acceptable levels of reliability for the constructs. Moreover, the AVEs ranged between 0.59 and 0.79, well above the recommended 0.50 level (Bagozzi and Yi, 1988).

Finally, the model was tested for convergent and discriminant validity by using the factor loadings and the Φ matrix (Fornell and Larcker, 1981). The loadings of the observed variables ranged from 0.66 to 0.91, and all were positive and significant at the 0.05 level (the lowest t-value=12.07). The item loadings indicate that the observed variables were explained by the latent variables and provided evidence of convergent validity. To test discriminant validity, the AVE score for each construct was compared against the shared variance with the other latent constructs. All of the AVE scores were larger than the shared variance with the other latent constructs, providing evidence of discriminant validity. The correlations between the constructs ranged from .20 (standard error: .063) to .82 (standard error: .032), and none of the confidence intervals included the value of 1. These two tests indicated that the conditions for convergent and discriminant validity were satisfied and that the constructs were measured reliably and could be discriminated.

After the preliminary calculations, the analysis continued using SEM by employing maximum likelihood (ML). The proposed model fit the data well with a chi-square value of 555.21 with 180 degrees of freedom (ratio $\chi^2/d.f.=3$, $p<.00$); RMSEA=.08, NNFI=0.90, IFI=0.91, CFI=0.91. All hypothesized paths were significant, and the model explained 75% of the variance of loyalty (Figure 2).

Insert Figure 2 here

Study 2 – Facebook

The second study gathered data from a convenience sample of 298 members of Facebook. The sample consisted of 50% males and 50% females. Of the respondents, 35%

were 18–24, 56% were 25–44, and 9% were 45–64 years old. In terms of education, 27% had a master's degree, 52% held a bachelor's degree, and 21% had a high school diploma.

Regarding their working status, 36% were full-time employed, 16% were part-time employed, 9% were unemployed, and 39% were students.

The initial items (27) used to measure the six latent constructs were subjected to CFA using LISREL 8.52. The revised measurement model (Table I) consisted of 21 items and was found to fit the data well with a chi-square goodness of fit index of 370.64 and 174 degrees of freedom (ratio $\chi^2/d.f.=2$, $p<.000$). Moreover, the fit index values met or exceeded the critical values for good model fit (RMSEA=0.06, NNFI=0.90, CFI=0.92, IFI=0.92).

The internal consistency of the measurement model was evaluated by using CR and AVE. Both CR and AVE were calculated using the procedures recommended by Fornell and Larcker (1981). As shown in Table I, all the CRs for the six multi-item scales ranged from 0.74 to 0.87, indicating acceptable levels of reliability for the constructs. Moreover, the AVEs ranged between 0.47 and 0.69. Four AVEs were below but very close to the recommended 0.50 level (0.47–0.49) (Bagozzi and Yi, 1988).

Finally, the model was tested for convergent and discriminant validity by using the factor loadings and the Φ matrix (Fornell and Larcker, 1981). The loadings of the observed variables ranged from 0.64 to 0.88, and all were positive and significant at the 0.05 level (the lowest t -value=10.99). The item loadings indicate that the observed variables were explained by the latent variables and provided evidence of convergent validity. To test discriminant validity, the AVE score for each construct was compared against the shared variance with the other latent constructs. All of the AVE scores were larger than the shared variance with the other latent constructs, providing evidence of discriminant validity. The correlations between the constructs ranged from .36 (standard error: .065) to .68 (standard error: .042), and none of the confidence intervals included the value of 1. These two tests indicated that the conditions

for convergent and discriminant validity were satisfied and that the constructs were measured reliably and could be discriminated.

After the preliminary calculations, the analysis continued using SEM by employing ML. The proposed model fit the data well with a chi-square value of 563 with 180 degrees of freedom (ratio $\chi^2/d.f.=3$, $p<.00$); RMSEA=.08, NNFI=0.90, IFI=0.91, CFI=0.91. All hypothesized paths were significant, and the model explained 75% of the variance of loyalty (Figure 2). Table II summarizes the results of both samples.

Insert Table II here

Comparison of the Soccer Teams and the Facebook Sample

In order to test for the invariance of the measurement model across the two samples (soccer teams vs. Facebook), the procedure recommended by Joreskog and Sorbom (1993) was employed (Table III). The measurement model (Model A) with the increased constraints fit the data well ($\chi^2=1083.7$ and 405 degrees of freedom, $\chi^2/d.f.=2.7$, $p < .001$; RMSEA=0.05). When comparing this model with Model B without the constraint of factor loadings invariance, it leads to a non-significant chi-square change and suggests no differences in the factor loadings between the two datasets. Moreover, when the error variances are set free (Models C and D), the chi-square difference between Models B and C is not significant, indicating that no differences exist in the error variances of the measurement model in the two samples. This is also confirmed in Model D where the model fits well and there is no chi-square difference between Models A and D. Thus, it seems efficient to use the parameters of the overall measurement model, and no separate parameters need to be developed for each sample in the study.

Insert Table III here

Because the above results did not indicate any significant differences between the two groups in terms of their measurement model, the analysis continued with a comparison of the

structural model for the two samples, specifically between their means and regressions. The model for equal means between the two samples did not fit the data well with a chi-square of 1725.87 and 420 degrees of freedom (RMSEA=.07; GFI=.82, NFI=.81, CFI=.85), indicating that there was no significant difference. Moreover, when the model was tested for equal regressions in the two samples, the results indicated a bad fit to the data with a chi-square of 1803.72 and 403 degrees of freedom (RMSEA=.08; GFI=.82, NFI=.86, CFI=.88), indicating that there was no significant difference.

Discussion

Despite the central role of loyalty in relationship marketing, there has been little systematic theorizing or empirical validation of the social aspects of consumption and their influence on brand loyalty in services. To address this problem, this research developed and validated a model comprised of two social aspects of consumption—parasocial and social relationships—and examined their impact on service brand loyalty. Moreover, the proposed relationships among the variables under investigation were tested in both offline and online services. The study adds valuable insights on the role of parasocial and social relationships in service brands and provides important theoretical and practical implications.

Specifically, the findings show that the thus far neglected social aspects of consumption play a significant role in consumer behavior, specifically in loyalty with service brands. The study confirms Cova's (1997) assertion that "the link is more important than the thing" (p. 307) in developing service brand loyalty and that "perceptions of other consumers matter, and that these perceptions can explain variation in outcomes above and beyond that explained by just modeling the effects of perceptions of employees" (Brocato et al., 2012, p. 394). The results suggest that assessments of the service experience focused only on either service or employees' performance or on one-time consumer interactions may be incomplete in contexts in which consumers have the chance to interact (parasocially and/or socially) with

each other on a continuous basis. The conceptual model proposed in this study offers researchers a more comprehensive picture in order to determine what drives consumer evaluations of a service experience and how to predict service relationships expressed as trust and loyalty.

The explanatory power of the tested model (75% of the variance of loyalty) confirms that the social aspects of consumption play a pivotal role in building meaningful and long-term consumer relationships in services. In certain service settings (e.g., extended and hedonic services), social relationships developed in a consumption community are the *raison d'être* not only of the community but also of the service experience. This is in line with the assertion of Rosenbaum and Massiah (2007) that “customers will always be loyal to the social relationships that are housed in a commercial establishment rather than to the place per se” (p. 267). Furthermore, the study shows that these relationships are important and influence service brand loyalty in the same manner in both online and offline services. In other words, consumers value the parasocial and social aspects of consumption communities in offline services as in online services, and their behaviors do not differ between these two contexts. This finding supports the literature that suggests that interpersonal influences in online contexts resemble offline interpersonal influences. In other words, consumers develop their loyalty to service brands in the same way in both offline and online settings.

Another important finding of the present study relates to the role of social relationships in directly influencing consumers' loyalty to service brands. The study shows that when a group provides consumers the opportunity to construct their social identity and bond with its members, these consumers will become actively engaged in the consumption group activities and remain loyal to the service brand. The fulfillment of consumers' social needs and their engagement in the activities of their favorite consumption group result in the development of loyalty toward the specific service brand. These findings support previous

research in the online context that has identified social motives and needs as important determinants of SNS use and active engagement (Kreps, 2008; Lampe et al., 2007; Larsen, 2007; Pagani et al., 2011). Moreover, the results are in line with the relationships found in Algesheimer et al.'s (2005) model on car club communities.

In addition, the findings of the study shed light on the theoretical knowledge underlying the mechanisms under which consumers develop interpersonal relationships in consumption communities. Specifically, the results provide insights into the way in which parasocial and social relationships are developed and the factors driving consumers' loyalty. Moreover, the findings provide valuable insights into the so-called gray area in social relationships (Giles, 2002) and specifically indicate when parasocial behavior turns into social behavior. The study shows that parasocial relationships developed in a consumption group directly influence social relationships with group members and indirectly affect service brand loyalty. Thus, parasocial relationships act as antecedents of social relationships that in turn lead to service brand loyalty. Therefore, parasocial behavior should not be considered a "negative or neutral behavior" in consumption communities (e.g., "lurkers" who never contribute to the group and only observe or benefit from it). Parasocial relationships are the initial step consumers take before they enter into social relationships. It is a stage consumers must go through before they become actively engaged in a consumption community.

Furthermore, the study reveals a complicated mechanism consumers use before they manifest social behavior. The process starts with parasocial identification with the consumption community. Consumers observe the group activities in order to find similarities, such as common interests and problems with other members, and finally identify with the group. When the group expresses its social identity, consumers feel ready to declare their social liaison with its members by becoming actively engaged in it. Another avenue consumers use is parasocial problem solving. After identifying with it, consumers might feel

that they benefit from the group (e.g., it helps them solve their problems), develop a sense of social debt, and decide to participate in the group activities out of reciprocity (Munzel and Kunz, 2014). However, before manifesting their connection to the group, consumers might need their friends' approval. When consumers feel that their friends approve of their participation in the group (probably because they are also members of the group), they become actively engaged in group activities.

Another interesting finding of the study refers to the role of parasocial relationships in service brand relationships. Parasocial identification with the consumption community influences service relationships via group engagement not only indirectly but directly as well. Specifically, the results show that parasocial identification with the consumption group directly influences brand trust, an element of any valuable service relationship. Thus, the positive feelings and sympathy consumers experience toward group members are transferred to the brand in the form of brand trust. This is another indication of the positive and important role parasocial relationships have, not only on developing social relationships but also in enhancing relationships with the service brand.

Contrary to previous research that confined parasocial relationships to media usage, this study illuminates that these relationships exist in other consumption environments and represent a fundamental component of interpersonal relationships. Specifically, the findings illustrate that parasocial behavior goes beyond the dyadic asymmetrical relationship between a consumer and media personae (e.g., celebrities, newscasters, and soap opera characters) as it has been considered until now in the literature. Parasocial behavior is part of consumers' everyday lives in their relationships with others and constitutes an integral part of their social lives (virtual or real). Online and offline consumption communities provide the context where parasocial relationships can be developed and expressed. That is, consumers engage in PSIs in order to fulfil their social needs. Thus, parasocial behavior constitutes an important

element of consumers' social lives, and it should be considered when studying the social aspects of consumption.

Managerial Implications

The findings of the present study provide several managerial implications in developing meaningful and long-term relationships with consumers. By employing the insights of this research, several aspects of services marketing could benefit, including *consumer portfolio management, target marketing, customer experience, and brand community management.*

Consumer portfolio management. Service managers need to pay attention to the composition of their customers so they are compatible and share common interests, needs, and problems. This study indicates that the more things consumers share with other consumers, the easier it is to develop social relationships with them, and the more loyal they remain to service brands. Due to the inseparability of the service experience, managers need to be aware of their consumers' perceptions of other consumers in the same setting and their degree of parasocial identification with them. The findings of this study also show that acceptance by reference groups (such as friends) of consumers' participation in consumption communities plays a significant role in boosting their social engagement with the group and subsequently increases their service brand trust and loyalty. Thus, encouraging consumers to invite their friends to participate in service activities might be a good way to identify the right consumers, develop a "network of consumers' friends," and build a homogenous consumer base. Therefore, attracting and retaining the right consumers—not just for their business but also for the other consumers—should be the focus of consumer portfolio management.

Target marketing. Service firms need to identify homogenous segments not only based on their functional needs but also on the social benefits they acquire from a service experience. Because other consumers might act as informational cues and project an image of

the service firm and its service offering, managers need to continuously monitor the composition of their consumers and at the same time the image of their consumers so they control the positioning of their service brand offering. Heterogeneity of the customer base and attraction of the “wrong” customers might dilute the image and personality of their service brand and therefore its brand equity.

Consumer service experience. In line with previous research, the present study suggests that other consumers play a significant role in creating a customer experience (Barron and Harris, 2008; Vargo and Lusch, 2004). Moreover, it shows that other consumers play a significant role in elevating the service experience, which leads to the development of meaningful and long-term relationships. That is, the social bonds developed among consumers are transferred to the service brand and lead to increased trust and loyalty. Thus, for marketing managers, other consumers and the relationships developed among them might constitute the core value of the service experience and not just an element of the service offering. The results of the study also suggest that when managers want to create trust and monitor and/or predict loyalty to their service brand, they need to consider not just the influences of the service value/quality, the loyalty programs, or their employees but also the social relationships built among their customers.

Brand community management. The study findings show that consumers’ service experiences can be enhanced if they take place within either formal or informal consumption communities and can positively influence service brand relationships. Consumption communities provide consumers the opportunity to interact parasocially and socially with other consumers and thus develop trust and loyalty with the service brand. Managers need to encourage the creation of informal and/or formal consumption communities with which consumers can identify. Moreover, they need to facilitate consumer helping behavior in problem solving and the organization of activities within these communities. Thus, managers

should enable the development of social relationships among their consumers in order to enhance their service experience and retain them for extended periods.

Thus far, research has considered the “lurkers” of consumption communities a negative or neutral group of people. However, the present study shows that parasocial behavior is not necessarily a negative behavior; rather, it satisfies certain consumer needs, such as social needs or uncertainty reduction. Parasocial behavior in the form of parasocial identification and problem solving with the group might be the first stage before consumers enter into social relationships with other consumers in the consumption group. This is in line with the study of Munzel and Kunz (2014) where consumers did not always remain “lurkers” but at some point felt obliged to give back to the community (reciprocity). Thus, managers should not force consumers, especially new members, to become actively engaged in brand communities but give them some time to identify, adjust, and feel comfortable with or obliged to other consumers/members. In other words, they should not see a lack of active engagement as a negative behavior but as an initial stage new members need to go through until they feel they are in the “right group.” When these members feel that they share common interests and experiences with other members and they benefit from their membership, they will become active participants and contributors to the consumption community.

The findings also suggest that when consumers have the approval of their friends (or any other important reference group), they do not hesitate to manifest their involvement with the consumption community and engage in group activities. Managers need to evaluate the parasocial relationships developed in their brand communities (formal or informal) and try to control the role of reference groups such as friends by inviting them to become members of the community and offering them access to the benefits of group membership.

In sum, this study indicates that social experiences should be at the center of service

offerings and serve as a platform for value creation and long-term customer relationships. Services marketers should act as “matchmakers” in identifying the right customers for their mix of customers and effectively manage customer-to-customer relationships by creating formal or informal communities around their service brands.

Limitations and Future Research Recommendations

This study has certain limitations that qualify its findings and provide directions for further research. First, the results and implications (theoretical and practical) of this study should be read in the context of the specific country and samples studied. Results may not be generalizable, but they are probably useful as a qualified confirmatory approach to analyze the relationship among the constructs under investigation. As in any study, further research is needed to replicate and extend these findings in other countries and other online and offline services.

The concept of parasocial relationships is a complex one that needs more research. This study shows that parasocial relationships are developed not only in media settings but in other service contexts as well (e.g., offline consumption communities). Future research should identify other non-media contexts (e.g., education and health services) and measure parasocial relationships and their role. Moreover, further investigations are needed to clarify issues with parasocial relationship measurement, such as its dimensions. The study used two out of the four dimensions of the API scale, whereas previous studies have measured parasocial relationships as a unidimensional construct. The antecedents and consequences of parasocial relationships is another recommended research avenue. For example, future studies should focus on consumers’ attachment styles and their effect on social and parasocial behavior. Moreover, studies should examine if consumers exhibit parasocial behavior with service employees and the outcomes of such behavior.

As consumers are becoming more actively involved in the value co-creation process,

the role of other consumers in the forming of consumption communities (online and offline, formal and informal) will be significant in enhancing the service brand experience. Thus, the social aspects of consumption in various service settings and their role in enhancing the service experience and developing long-term relationships with consumers require further investigation.

Finally, this study considered positive parasocial and social relationships and their effect on service relationships. However, it is well known that the presence of other consumers in services does not always have positive influences and outcomes. Therefore, negative parasocial (e.g., disagreeing with the opinions or actions of community members) and social behavior (e.g., expressing negative feelings toward certain community members) should be studied in the future in order to examine their effects on consumption communities and the service experience.

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