

ADVOCATING CUSTOMERS PERCEPTION ON EMPOWERMENT VALUE DRIVERS TOWARDS CUSTOMER RELATIONSHIP IN ONLINE MUSIC STREAMING SERVICE AS A COLLABORATIVE CONSUMPTION PLATFORM

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Abstract. Purpose. Customer advocacy is regarded as the highest level of market orientation. Adopting customer advocacy strategy will increase loyalty and decrease cost significantly. This paper examines the relationship between customer empowerment values and customer relationship's structural bonds in regards of customer advocacy behavior towards online music streaming service as a collaborative consumption platforms. It will be a major advantage for businesses to be able to understand the most fitting way of applying customer relationship bonds in order to capture the substantial customer empowerment values. Methodology. After reviewing multiple literatures and theories, quantitative approach is done by conducting a survey on advocating customers identified by Net Promoter Score. Collected data are then analyzed using PLS-SEM. Findings. The research resulted in an understanding that all customer empowerment values have a positive relationship towards structural bonds in customer advocacy behavior, however only value for choice and value for involvement have a significant impact. This has given us a meaningful understanding that there are strong correlations between the two theories, of customer empowerment values and customer relationship, and that although customer empowerment values do positively influence customer advocacy behavior as scholars have suggested, the significance aren't equal.

Keywords: Customer Advocacy; Customer Relationship Bonds; Customer Empowerment Values; Collaborative Consumption; Online Music Streaming Service.

INTRODUCTION

The development of information technologies has enabled online platforms to promote user-generated content, sharing, and collaboration which results in customers gaining access of information and data, exponentially wider and bigger time to time. These developments gives them more power to find and buy from wider array of choices and potential provider. Digital is confounding the best-laid plans to capture surplus by creating, on average, more value for customers than for firms (McKinsey, 2018). Urban (2004) suggested that this is a shift to a new marketing era he called "Customer Advocacy". Customer Advocacy is a mutual and reciprocal relationship for the benefit of both customers and companies, and is a regarded by scholars as the highest level of market orientation (Urban, 2004; Lawer & Knox, 2006).

Customer advocacy can be achieved through exceptional customer relationship. It is the result of an enduring loyalty and trust (Urban, 2004; Roy, 2013). Urban (2004) illustrated that Customer Advocacy is the pinnacle of a pyramid, with Customer Satisfaction and Total Quality Management (TQM) at the bottom as the necessary condition and Customer Relationship in the middle as the necessary tool for a company to understand each customer and personalize its advocacy relationship. This suggestion is in line with the Service Customer Relationship Development Model by Gremler et al. (2018) illustrating the influencing factors to a strong customer relationship that will lead to an outcome of mutual benefit for both the company and the customers.

On the other hand, scholars have stated that customer advocacy is driven by customer empowerment values that consists of value for choice, value for involvement and value for knowledge (Lawer & Knox, 2006; Ramani & Kumar, 2008). However there hasn't been any research that examines the relationship between the empowerment values and customer relationship especially in terms of driving customer advocacy in collaborative consumption platforms. Therefore this research aims to understand the nature of relationship between customer empowerment values and customer relationship bonds, represented specifically by structural bonds as it is regarded as the highest form of relationship marketing, especially that it has the capability to create high switching costs for customers (Nobel & Philips, 2004; Berry & Parasuraman, 1991; Peltier & Westfall, 2000).

The method chosen for this research is a quantitative method. Data from Spotify's advocates, identified by using Net Promoter Score indicator (Reichheld, 2003), are collected through online survey. The data were analyzed using Partial Least Square - Structural Equation Modelling (PLS-SEM). From the hypothesis testing it is found that all customer empowerment have a positive relationship with structural bonds. However the test also indicates that the relationship of value for knowledge towards structural

bonds is not significant. Value for involvement on the other hand is the most significant value in establishing structural bonds in customer advocacy behavior.

LITERATURE REVIEW

Online Music Streaming Service as a Collaborative Consumption Platform

Collaborative Consumption (CC) is often described as a social, economic and technological model where groups share the financial burden of ownership and maintenance of a product or service while maintaining access to the value that product or service provides (Piscicelli, et al., 2015; Botsman & Rogers 2010; Hamari, et al., 2015a as cited in Garrett, et al., 2017). Botsman & Rogers (2010) organized CC into three categories: (1) Product / Service System, (2) Redistribution Market, and (3) Collaborative Lifestyles. Online Music Streaming Service (OMSS) is categorized as Product / Service System, which is described as a system where product or service traditionally sold in discrete transaction is now offered as service operated by self-functioning system by a firm, allowing its maximal use. Hamari et al. (2015) further introduced four characteristics of CC, which can be considered as qualifications for a platform to be considered as CC platform. The four characteristics are: (i) collaboration online, (ii) social commerce, (iii) sharing online and (iv) ideological considerations. OMSS fulfilled all four characteristics.

Customer Advocacy

Lawer & Knox (2006) stated that Customer Advocacy (CA) is an advanced form of market orientation. In conformity to that statement, Urban (2004) stated that CA can be viewed as the pinnacle of a pyramid. Total quality management and customer satisfaction are at the base of the pyramid while Customer Relationship Marketing (CRM) is in the middle. They are necessary conditions for trust and advocacy. If a company is to recommend its own products honestly, it must have products that are good enough to recommend. Thus ensuring TQM and customer satisfaction is the first thing to be sure about. However it isn't enough as companies are operating in a complex competitive environment, in which an increasing number of customers are demanding the creation of value. CRM then provides the necessary tools for a company to understand each customer and personalize its advocacy relationship with each customer. Advocacy marketing treats consumers like intelligent individuals who seek to make informed decisions about the goods and services they purchase. Urban (2004) define CA as a mutual dialogue and a partnership that assumes that if the company advocates for its customers, those customers will reciprocate with trust, purchases, and enduring loyalty.

Empowerment and Customer Advocacy

Lawer & Knox (2006) further developed four, interrelated market mechanisms in adopting CA strategy. The mechanisms stated are designed to fulfill customer empowerment values. The values mentioned are (1) **Value-for-Choice (VC)**, through helping the consumer in making smarter decisions by reducing their time and effort, and limiting their uncertainty and risk. As brands, media, products and services proliferate and the volume and depth of information content grows, customer overload can result in stress, frustration and sub-optimal decisions. The second approach advised is purposing to the customers (2) **Value-for-Involvement (VI)**, through injecting greater openness, context and relevance into communications efforts to support word-of-mouth and other customer-carried forms of promotion. With falling costs and lower barriers of market entry, many mature economies have witnessed a proliferation of personalised marketing communications, particularly as broadcast media channels become more fragmented, expensive and inefficient for marketers. Consumers are consequently placing greater value on the word-of-mouth conversations and recommendations that regularly occur within customer communities. The third approach advised is purposing to (3) **Value-for-Knowledge (VK)**, which is increasing the information intensity of products and services whilst maintaining a suitable balance between intensity, overload and privacy. By assuring that any knowledge will not be used against them, giving them specific motivation for sharing information and knowledge. In addition to these new forms of value-seeking, consumers are seen as confident "prosumers" such that they have the desire to not only control the interaction between themselves and providers, but to actively engage in production through co-creation (Prahalad and Ramaswamy 2004, Vargo and Lusch 2004).

Customer Relationship Bonds

Customer relationship itself is already described as a paradigm shift within marketing, away from acquisition focus towards a retention / relationship focus. Gremler et al. (2018) stated in their book that in relationship marketing, a customer can evolve from being strangers, the least favorable and the lowest level of relationship, to acquaintances, friends, and then to partners, the highest level of customer relationship. This aligns well with the idea of CA, focusing on mutually beneficial partnership between a provider and customers. They established a framework for relationship development strategy, which examines the variety of factors that influences the development of strong customer relationships, which includes the customer's overall satisfaction of the firm's offering, barriers the customer may face in leaving the relationship, and bonds created by the provider to promote better relationship. Satisfaction is a necessary precondition for a good relationship to be established, while switching barrier tend to serve as constraints that keep customers in relationships with the firm because they 'have to'. However firms can engage in activities that encourage customers to remain in the relationship because they 'want to' (Gremler, 2018). These activities refers to the

customer relationship bonds, which is illustrated to have multiple levels and factors to it. At the top level is Structural Bonds (SB), many scholars have regarded it as the highest form of relationship marketing, especially that it has the capability to create high switching costs for customers (Nobel & Philips, 2004; Berry & Parasuraman, 1991; Peltier & Westfall, 2000). Zeithaml & Bitner (2000) introduced three supporting factors of SB which are (i) Integrated Information System, (ii) Joint Investment, and (iii) Shared Process and Equipments.

Hypothesis Development

Scholars suggested that Customer Advocacy can be achieved through exceptional customer relationship (Urban, 2004; Roy, 2013; Gremler et al. (2018). Other scholars on the other hand suggests that customer empowerment values drives customer advocacy (Lawer & Knox, 2006; Ramani & Kumar, 2008). However there haven't been any research that examined the relationship between customer empowerment values and customer relationship. This research aims to understand the nature of the relationship between customer empowerment values and customer relationship in terms of driving customer advocacy in collaborative consumption platforms. Customer relationship is represented by Structural Bonds since it is regarded as highest form of relationship marketing (Nobel & Philips, 2004; Berry & Parasuraman, 1991; Peltier & Westfall, 2000). Based on that, the following conceptual framework is proposed:

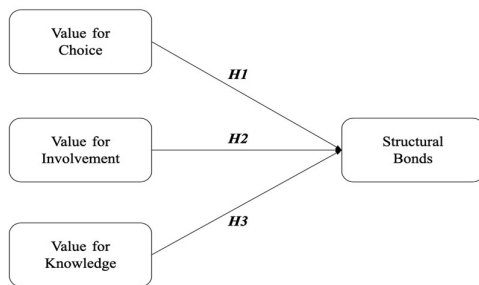


Figure 2. Conceptual Framework.

H1: Value for Choice has a positive and significant relationship towards Structural Bonds in Customer Advocacy.

H2: Value for Involvement has a positive and significant relationship towards Structural Bonds in Customer Advocacy.

H3: Value for Knowledge has a positive and significant relationship towards Structural Bonds in Customer Advocacy.

METHODOLOGY

A quantitative approach is utilised in this research. Primary data is collected through online survey. The population of this research are advocates customers of Spotify in Indonesia, represented by respondents from Jakarta, Bandung and Surabaya. This research will use convenience, non-probability sampling method. The sample size is decided based on the notion that the sample size should be 5 or 10 observations per estimated parameter (Bentler & Chou, 1987). This paper chose to use 5 times the maximum number of paths purposing at any construct in the outer model and inner model. There are 19 outer loadings and 3 inner loadings, therefore this research aimed for a sample size of 110. Valid respondents whose data will be accounted for in this research are those who met the criteria of an advocate customer, which will be identified using Net Promoter Score indicator, taking into account promoters (Reichheld, 2003). This research managed to collect 228 data through online questionnaire, however only 110 data are considered valid as responses from advocating customers identified by NPS indicator. Collected data is analyzed using Partial Least Square - Structural Equation Modelling (PLS-SEM). The hypotheses will be tested through the analysis of path coefficient and significance to determine the nature of the relationship between the three empowerment values and customer relationship.

FINDINGS AND ARGUMENT

Several measurements are conducted to ensure the reliability and validity of the structural model and data. The measurements are indicator reliability, internal consistency reliability, construct validity (convergent and discriminant validity), and structural path significance. The measurements displayed that the data are valid and reliable and the structural model is supported empirically. Furthermore, the fitness of the model is also examined. Of three indices, one falls a little short from the criteria (SRMR: 0.91, Chi-Square/df: 1.521, NFI: 0.723). However this paper still consider the sample has an acceptable fit since most of the indices portray a good fit.

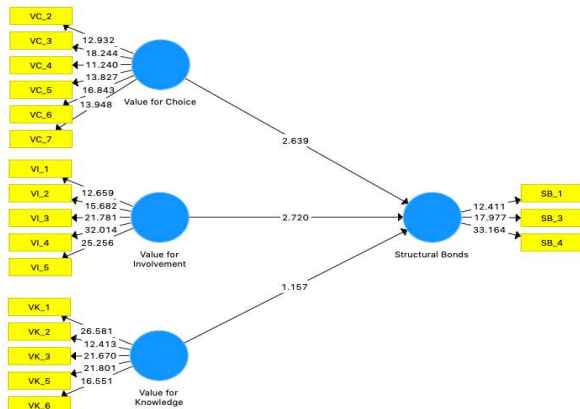


Figure 3. Bootstrapping Result.

Table 1. Hypothesis Testing.

Hypothesis	Path	Coefficient	T-Value	P-Value	Result
H1	VC → SB	0.290	2.633	0.009**	Accepted
H2	VI → SB	0.374	2.654	0.008**	Accepted
H3	VK → SB	0.112	1.117	0.264	Rejected

Significance levels: *** .001, ** .01, * .05.

The hypothesis test obtained through inner model path coefficient and significance can be seen in Table 1. From the table we can infer that all variables has positive coefficient, which means that all customer empowerment values have a positive relationship with structural bonds. However value for choice has a t-value below 1.96, and p-value way over 0.05, which indicates that the relationship is not significant. There is a very slight difference of significance between the other two values, however value for involvement is found to be the most significant / important value in establishing structural bonds in customer advocacy behavior.

Lawer & Knox (2006) stated that several studies have conveyed the growing concern about the rate of increase in choice, uncertainty, confusion and complexity within markets. This complexity can impact upon a consumer's ability to make an informed and confident purchasing decision. Therefore it is highly understandable that value for choice's positive effect towards structural bonds came up to be significant, particularly to people who displays customer advocacy behavior. However keeping in mind that the research examine advocating customers in particular, having value for involvement as the most significant, though with slight difference from value for choice, is no surprise. Structural bonds are formed when parties "adapt themselves to one another" by making successful economic transactions (Rao, 2002). While more than 90 percent of customers identify word-of-mouth as the best, most reliable and relevant source of ideas and information about products and services (Lowenstein, 2004 as cited from Lawer & Knox, 2006). Therefore companies that puts more emphasis on Value-for-Involvement by injecting greater openness, context and relevance into their communications efforts, are able to better align with the new forms of empowered consumer behaviour (Lawer & Knox, 2006). Especially that a recent study by Tellis et al. (2019) emphasizes that emotion-focused content, is the most significant drivers of virality (sharing) of online digital content.

As for value for knowledge, Lawer & Knox (2006) stated that the key challenge for businesses in regards of it is maintaining a suitable balance between intensity, overload and privacy. Thus companies would need to assure that any information or knowledge they contribute will not be used against them. However this research found that value for knowledge doesn't have a significant impact to structural bonds. It could be because customers are currently not putting enough attention to privacy and personal data security. Particularly in Indonesia, as stated in [Kompas.com](https://www.kompas.com), the fast growing digital businesses in indonesia isn't balanced by adequate privacy policies and personal data protection rules (Movianita, 2018). Nevertheless it has a role in establishing structural bonds in achieving customer advocacy and therefore should not be neglected.

CONCLUSION

This research has given us a meaningful understanding that there are actually strong correlations between the two theories, of customer empowerment values and customer relationship. However we can also deduce that although all customer empowerment values do positively influence customer advocacy behavior as Lawer & Knox (2006) suggested, the significance aren't equal. Thus in a practical implication, companies need to be able to prioritize in terms of deploying mechanisms in capturing

the values. Value for involvement is found to have a stronger correlation with customer advocacy than the value for choice. We concluded that today's customers would advocate a collaborative consumption platform if they get the value for being involved in the collaboration. Choice and knowledge are not as important as involvement because those could be obtained elsewhere. A study by Bilro, Laureiro & Ali (2018) has also found the positive influence of engagement / involvement on customer loyalty and advocacy. Furthermore, the research demonstrates the utilisation of structural bonds in achieving customer advocacy. By developing strong customer relationship, surpassing customer satisfaction and considerable switching cost, engaging in activities that encourage customers to remain in the relationship because they 'want to', could tremendously help collaborative consumption platforms in gaining customer advocacy.

The limitations of this research includes, first, the case of Spotify which only represents product / service system as one of the categories of collaborative consumption platform. Since Spotify couldn't represent the other two categories, this research can't represent collaborative consumption generally. Further research could examine whether similar result applies in other collaborative consumption categories. Other than that, this research also utilise structural bonds as a representation of customer relationship, meanwhile as Gremler et al. (2018) have illustrated, there are other factors accountable in creating strong customer relationship which are not taken into account in the design of this research's framework. Therefore further research could examine whether the relationship of other factors may render in different result. Furthermore, the population of this research are advocating customers of Spotify in Indonesia, represented by respondents from 3 major cities. The scope of this research is limited, and it is likely that behavior regarding the phenomenon differs in other geographical areas, creating another open area for further exploration.

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