



## Journal of Promotional Communications

Publication details, including instructions for authors and subscription information: <http://promotionalcommunications.org/index.php/pc/index>

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To cite this article: Steer, I. 2018. An analysis of Liz Earle's relational strategies and their impact on affective commitment and word-of-mouth communication. *Journal of Promotional Communications*, 6 (2), 172-183

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# Issy Steer

## An analysis of Liz Earle's relational strategies and their impact on affective commitment and word-of-mouth communication

Liz Earle Naturally Active Skincare (LENAS) is a British beauty brand which produces and sells a range of natural skincare, haircare, body care and make up products (Liz Earle (a) 2017). LENAS focuses on producing high quality products using the finest natural ingredients as well as offering exceptional customer service and advice where the consumer sits at the heart of the company (Liz Earle (a) 2017).

This paper explores the concepts of relationship benefits, shared values and satisfaction as antecedents of affective commitment and word-of-mouth communication in the context of LENAS. Using both academic literature and an adapted framework, these antecedents and LENAS's current relational approaches are examined, identifying their ability to drive affective commitment and word-of-mouth communication. Recommendations based upon the framework will advise LENAS how it can effectively increase and maintain affective commitment and word-of-mouth communication.

**Keywords:** Affective Commitment, WOM, Relationship Benefits, Shared Values, Satisfaction.

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### INTRODUCTION

Liz Earle Naturally Active Skincare (LENAS), founded in 1995 by Liz Earle and Kim Buckland, is a British beauty brand known for its range of high quality skincare products, produced with fine natural ingredients. The organisation's success originated from its strong brand identity that incorporates ethics, quality and honesty, where many customers feel they share values and a connection with the brand and the founder, Liz Earle. Since, LENAS has been acquired by Boots in 2015 and Liz Earle no longer has an involvement with the company (PR News Wire 2017). The skincare and beauty industry is a highly competitive and saturated market with an anticipated growth for 2017 of

1.4% (Mintel 2017). To stay successful, it is necessary for LENAS to use relational strategies that build affective commitment and word-of-mouth communication; both are which key components in relationships (Morgan and Hunt 1994; Wetzels et al.1998; Buttle1998). Many academics have attempted to identify what drives these key components. Combining academic literature with an adapted conceptual framework, this paper will propose drivers and outcomes of affective commitment and word-of-mouth communication in relation to LENAS.

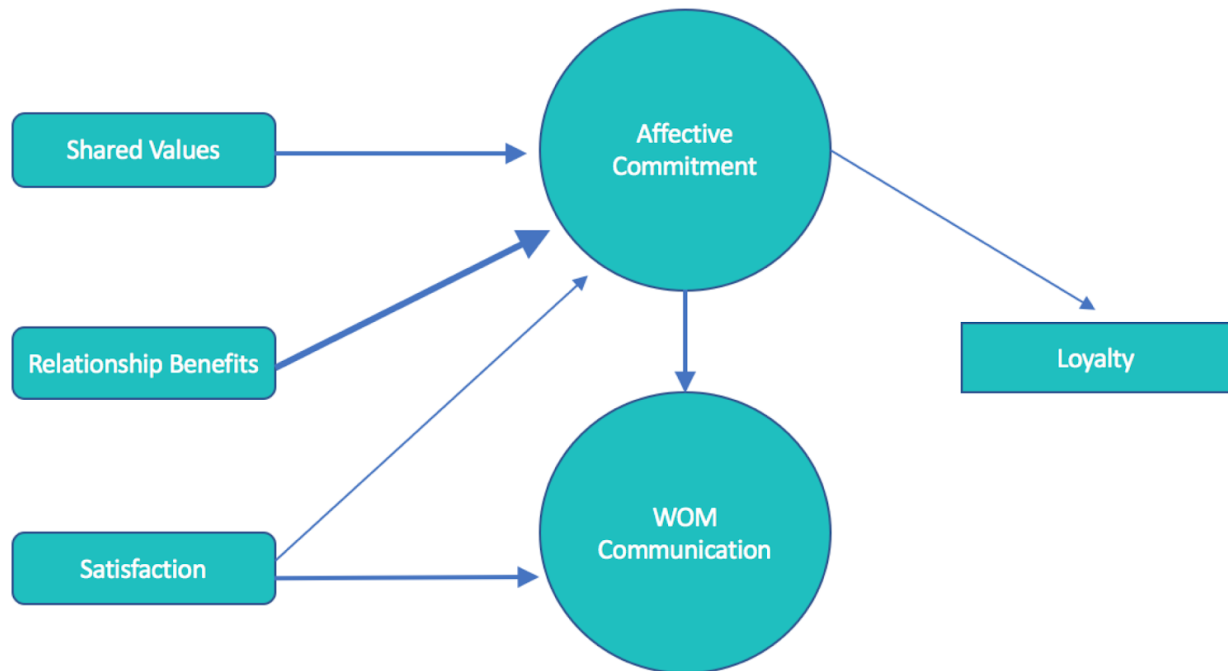
## Commitment

Defined by Moorman et al. (1992, p.316) as “an enduring desire to maintain a valued relationship”, commitment is a concept that is discussed extensively within relationship marketing literature. Morgan and Hunt (1994) argue that commitment is a central construct and its existence is essential in a relationship. Fullerton (2011), has further developed the concept of commitment and regards it as a more complex construct with multiple aspects. Wetzels et al. (1998) also identify the importance of commitment and states that within the five phases of a relationship, commitment stands as the most desirable factor in the progression of a long-term relationship between the buyer and seller. Commitment is a central focus to LENAS, which has been developed on the premise of establishing dedicated, longstanding customers.

Allen and Meyer (1990) identify three types of commitment; (1) *affective* relates to the ‘want’ to commit, (2) *calculative* conveys the ‘need’ to commit and (3) *normative* expresses the ‘ought to commit.’ Affective commitment is defined as “an affective or emotional attachment to the organisation such that the strongly committed individual identifies with is involved in and enjoys membership in the organisation” Allen and Meyer (1990, p.2). With high levels of competition in the skincare and beauty industry, customers purchasing LENAS products display a *want* for the products as they have chosen to buy this brand over many others. This paper therefore focuses on affective commitment and the impact relational strategies have on customers’ emotional attachment and want for LENAS.

## WOM Communication

Parsa and Sadeghi (2015) define word-of-mouth communication as the extent to which a customer communicates and makes others aware of the satisfaction they have received from a product. Word-of-mouth communication is widely researched by academics as it’s recognised to be an effective strategy that has a significant impact on customer behaviour (Godes and Mayzlin 2004; Brown et al. 2005; Berger 2014; Parsa and Sadeghi 2015). LENAS has built its large customer following over the years through word-of-mouth communication rather than relying on expensive advertising and marketing campaigns (Rogers 2017). This paper will distinguish what factors initiate WOM communication with regards to LENAS.



Key: Thickness of arrows indicate strength of relationship

**Figure 1: Adapted KMV Model (Morgan and Hunt 1994).**

## DRIVERS OF AFFECTIVE COMMITMENT

Figure 1 displays an adapted conceptual framework of Morgan and Hunt's (1994) KMV model with three antecedents linked to affective commitment: relationship benefits; shared values; and satisfaction.

### Relational Benefits

Both the frameworks from Figure 1 and Morgan and Hunt's (1994) KMV framework identify relationship benefits as an antecedent of commitment. Gwinner et al. (1998) categorises benefits into three types: confidence, social and special treatment and discovers that for a strong relationship to exist, both members of the relational exchange must experience relational benefits. The social benefits relate to the emotional aspect of the relationship and within these social benefits are association, friendship and personal recognition that cause customers to commit to a firm (Dagger et al. 2011). LENAS offers many social benefits such as a signed postcard by the gift wrapper for customers who purchase online (Figure 2) and other messages of recognition. This customer/brand association provides personal recognition that allows customers to feel more emotionally attached to LENAS. Confidence benefits refers to the trust and comfort the customer has in a relationship (Beatty et al. 2012). LENAS called the company after Liz Earle, because she is a well-known and trusted name in the beauty industry, resulting in customers feeling confident purchasing products (Earle 2017).



**Figure 2: Signed postcard (Steer 2017)**

Colin (2010) highlights that customers place more trust in people over brands, meaning that Liz Earle is potentially the most significant asset to LENAS. Special treatment benefits signify add-ons that are more than just the core product/service such as faster service and customisation (Hennig-Thurau et al. 2002). LENAS demonstrate special treatment benefits by offering customers free gifts when they purchase certain items or spend over a certain amount. Hennig-Thurau et al. (2002) suggests gift-giving is both a social and special treatment benefit. Research from Mintel (2017) found that customers have high levels of interest in rewards, with 28% showing interest in ongoing instant rewards. Applying this research to LENAS, their use of reward based strategies can be seen as highly popular and effective. Beatty et al. (2012) believes that all three types of these relationship benefits drive affective commitment.

### Shared Values

Morgan and Hunt (1994, p25) define shared values as “the extent to which partners have beliefs in common about what behaviors, goals, and policies are important or unimportant, appropriate or inappropriate, and right or wrong”. Badovick and Beatty (1987) stress the importance of shared values and that their presence enhance organisational success. According to Evanschitzky et al. (2006), identification and shared values are two fundamental factors in a relationship that has affective commitment at the foundation. LENAS’s core values are its exceptional service, honesty, and ethical practice (Liz Earle (a) 2017). Position involvement is a term often used to refer to shared values and is recognised as an antecedent of commitment. Therefore, customers who possess the same values and image as the organisation, have a stronger commitment within the relational exchange (Bloemer and Schroder 2003). Central to LENAS is its ecofriendly and ethical practice; the company sources the finest natural ingredients, working with farmers and growers first hand and source in a responsible and ethical way (Liz Earle (b) 2017). A large proportion of LENAS customers use the brand because of the natural ingredients in their products and their strong ethics; customer share these beliefs and agree with LENAS’s values.

Existing literature on shared values and affective commitment focuses largely on the employee's role in driving affective commitment. Maxham and Netemeyer (2003) find employees who share the company's values have a significant affect on customer behaviour. To achieve strong brand identity, it is vital to have internal brand management where employees live and enforce the brand (Burmam and Zeplin 2005). Liz Earle's association gives the organisation value and establishment from both her credibility and connection with the people (Colin 2010). LENAS uses Liz Earle as the power of its brand, as she reflects the ethos and brand values of the company that many customers also share.

### Satisfaction

Gabarino and Johnson (1999) state that customer satisfaction can be used to predict consumer behaviour. Wetzel et al. (1998) establishes that it is the high-quality service that increases customers' satisfaction and recognises the link between higher satisfaction and increased levels of affective commitment. Fullerton (2011) further supports this as he found a strong correlation between satisfaction and commitment, believing satisfaction plays a large role in driving affective commitment. However, a study by Bansal et al. (2004) contradicted these findings, claiming that there was a very weak relationship between satisfaction and affective commitment. Davis-Sramek et al. (2009) highlighted that both technical and relational service quality impact satisfaction, with this satisfaction leading to affective commitment. LENAS offers both a high-quality service (relational service quality) and high-quality products (technical service quality), creating satisfied customers who in turn are affectively committed to the organisation. Already mentioned, the fine naturally sourced ingredients are a key contributor to the products' quality and are a unique selling point that satisfies customers. LENAS must continue to excel with regards to customer satisfaction through its exceptional customer service and advice, whilst maintaining product quality as these all drive affective commitment.

## DRIVERS OF WOM COMMUNICATION

Satisfaction is recognised in the framework as an antecedent of word-of-mouth communication.

### Satisfaction

The relationship between satisfaction and word-of-mouth communication has been widely discussed by academics, with studies providing evidence both for and against the existence of a relationship. Gremler and Brown (1999) argue that satisfaction has little or no effect on word-of-mouth communication, stating that very satisfied and consistently satisfied customers fail to spread positive word-of-mouth and recommendations. However, more recently Babin et al. (2005) provides evidence to suggest that a relationship does in fact exist. Further to this, a study by Anderson (1998) agrees that word-of-mouth activity is influenced by satisfaction but identifies that customers who are particularly dissatisfied are more likely to participate in greater word-of-mouth communication than customers with high satisfaction. This



demonstrates how important it is for LENAS to create and maintain a happy customer; negative WOM communication could damage LENAS's reputation. It must be important to note however, that being a 19-year-old study, this research will not account for more modern online communication channels.

In reference to this, Godes and Mayzlin (2004) researched word-of-mouth with a focus on online communication, suggesting it is the most influential communication channel. Referring to Figure 3, it is clear that customers satisfied with their transaction with LENAS communicate their experiences to the wider public using online communication channels such as twitter and blogs. Positive word-of-mouth communication is also found in beauty magazines/blogs. Niven (2017) highlights beauty experts referring to LENAS as a cult brand, showing that LENAS's high-quality products generate satisfaction which as a result creates positive reviews and word-of-mouth which help promote the brand at no added cost. LENAS's satisfied customers are consistently engaging in positive word-of-mouth communication both online and offline, which is a vital marketing strategy for LENAS and a key contributor to its growth and success (Nikkhah 2008).



**Figure 3: Tweets (Gee 2017) Kimberly (2017)**

### Outcomes of AC

Many academics believe that word-of-mouth communication is a key outcome of affective commitment as those connected will often share their experience with others (Beatty et al. 2012).

Loyalty is an outcome of affective commitment. Within this framework, loyalty is referred to as customers repurchasing items. Evanschitzky et al. (2006) found that affective commitment drives behavioural loyalty as those with an emotional attachment will repeatedly shop with the same brand. Matilla (2004) also found that an individual is intrinsically motivated to remain loyal to a brand and have a desire to stay when they display high levels of affective commitment. A large proportion of LENAS's customers are loyal customers.

### LIMITATIONS

The conceptual framework focuses on the concepts, affective commitment and word-of-mouth communication which disregards other important concepts such as trust – seen

as a key contributor in relationship marketing. Bloemer and Schroder (2002) researched how satisfaction drives commitment but highlights that trust is also present in the stage prior to commitment. Morgan and Hunt (1994) establish the trust-commitment theory, believing these two components are crucial in relationships and that shared values are an antecedent of them both.

## RECOMMENDATIONS FOR LENAS

### 1. Greater special treatment benefits to LENAS's loyal customers.

LENAS offers gifts to all customers as long as they purchase certain items or spend over a certain amount. I believe there is a need for greater benefits to be offered to committed and loyal customers who have purchased from LENAS numerous times. Dewani and Sinha (2012) recognise the importance of building loyalty as retaining loyal customers is more economically viable than attracting new customers. LENAS could invite loyal customers to exclusive events or give alternative rewards to long-term customers.

### 2. Maintain strong brand identity and core values through employees

LENAS use Liz Earle as a vital identification of the brand. With Liz Earle's departure, it is important to maintain the organisational values as many customers have become or remained a customer as they share values with the organisation. Employees should undergo training to make sure they reflect the core organisational values as employees significantly influence customer behaviour (Maxham and Netemeyer 2003). A large proportion of the company's customers have been committed, using the brand since the very start, therefore a loss in Liz Earle's brand values means a potential loss in valuable committed customers.

## CONCLUSION

After reviewing academic literature and applying it to a conceptual framework, it is clear that the importance of affective commitment and word-of-mouth communication in a relationship is essential as both are primary constructs within a strong relationship.

To ensure continuous success at LENAS, the organisation must maintain its core values, quality of products/service and relational benefits through provided through free gifts. These are recognised as current strategies that when implemented correctly, influence positive word-of-mouth communication and affective commitment and in turn builds strong long-term customer relationships and loyalty.

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