



# The influence of relationship marketing investments on customer gratitude in retailing<sup>☆</sup>



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## ARTICLE INFO

### Article history:

Received 11 February 2014

Received in revised form 1 December 2014

Accepted 3 December 2014

Available online 3 January 2015

### Keyword:

Customer gratitude  
Relationship marketing  
Retailing  
Loyalty programs

## ABSTRACT

Customer gratitude represents the emotional core of reciprocity and plays a key force in developing and maintaining successful seller–buyer relational exchanges. Based upon personal interviews with 239 members of loyalty card programs of a department chain store, this study shows that alternative relationship marketing investments (i.e., direct mail, tangible rewards, interpersonal communication, and preferential treatment) have a differential influence on customers' gratitude and consequently behavioral loyalty. More specifically, results of this study indicate that preferential treatment is the most effective relationship marketing tactic to enhance customer gratitude, followed by interpersonal communication and tangible rewards, respectively. Management implications for retailers to increase customers' gratitude are discussed.

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## 1. Introduction

Relationship marketing has been increasingly studied in marketing academia and has received intense interest in marketing practice. Relationship marketing has been defined as all marketing activities directed towards establishing, developing, and maintaining successful relational exchanges (Morgan & Hunt, 1994). In the past decade, the existing literature has established the theory in relationship marketing and posited that relationship marketing investments enhance customer trust, commitment, relationship satisfaction, and in turn these relational mediators influence seller performance outcomes (Crosby, Evans, & Cowles, 1990; Dwyer, Schurr, & Oh, 1987; Morgan & Hunt, 1994; Palmatier, Dant, Grewal, & Evans, 2006). A recent study by Palmatier, Jarvis, Bechhoff, and Kardes (2009) indicated that other relational mediating mechanisms are at work. Palmatier et al. (2009) proposes that gratitude, the emotional appreciation for benefits received, mediates the relationship between a seller's relationship marketing investments and seller performance outcomes. More specifically, a seller's relationship marketing investments generate customers' feelings of gratitude that drive seller performance benefits based upon customers' gratitude-related reciprocal behaviors.

Although the role of customer gratitude in understanding how relationship marketing investments increase seller performance outcomes

has been verified (Palmatier et al., 2009), empirical evidence on whether different tactics of relationship marketing investment have a differential impact on customer perceptions of gratitude is lacking. The current study considers this important because different relationship marketing tactics can alter a customer's feelings of gratitude and consequent behaviors (Palmatier et al., 2009, p. 14). Thus, understanding the influence of different relationship marketing tactics on customers' feelings of gratitude can provide marketing managers with useful tools to leverage their relationship marketing investments. Particularly, in the current retail environment, retailers have an advantage in developing profitable relationships with their customers because they are in a better position to utilize these relationship marketing tactics (De Wulf, Odekerken-Schröder, & Iacobucci, 2001; Sweeney, Soutar, & Johnson, 1999).

With that in mind, the research objectives of this study are twofold: First, this study examines whether different relationship marketing investments offered by the retailer have a differential influence on customer's feelings of gratitude and consequent behaviors. The current study adapts the classification proposed by De Wulf et al. (2001) to a retail setting and incorporates four tactics to relationship marketing investments; i.e., direct mail, tangible rewards, interpersonal communication, and preferential treatment. Second, there have been calls for further research to investigate the construct of customer gratitude in different cultures (Palmatier et al., 2009, p. 15). The current research addresses these calls by conducting a field study and examines the influence of different relationship marketing tactics on customer gratitude in Taiwan. Even if the norm of reciprocity is a human universal, it is important to note that not all individuals appreciate reciprocity to the same level (Gouldner, 1960). As discussed in Cropanzano and Mitchell (2005), there exists a cultural difference in gratitude-related reciprocal

<sup>☆</sup> The author gratefully acknowledges the National Science Council in Taiwan for their financial support (grant no. NSC 100-2410-H-110-005). The author also thanks the helpful suggestions from participants at the 2013 American Marketing Association Summer Educators' Conference.

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behaviors. This study is an attempt to improve understanding of how different relationship marketing investments affect customer gratitude in Taiwan.

The remainder of this article is organized as follows: The next section provides a theoretical foundation on customer gratitude and develops the research hypotheses. Then, a mall intercept survey is conducted in Taiwan to examine the hypotheses. The article concludes with a discussion of the theoretical and practical implications of the research findings.

## 2. Conceptual background and hypotheses

Fig. 1 shows the research framework of this study. The theoretical foundation of this conceptual framework is based upon social exchange theory (Blau, 1964; Homans, 1958). Social exchange theory's reciprocity norm (Gouldner, 1960) indicates that customer gratitude is an important mediating construct that explains why retailers' relationship marketing investments may enhance behavioral loyalty (Palmatier et al., 2009). As has been mentioned, customer gratitude represents a customer's purchasing behaviors motivated by a felt obligation to reciprocate retailer-offered benefits. Applying this theory to a retail context, retailers utilize some relationship marketing tactics and provide benefits, such as free gifts, that motivate customers to repay retailers in the future for benefits received. In other words, marketing expenditure and other resource investments in a retailer–customer relationship generates psychological linkages that motivate retailers to secure the buyer–seller relationship and set an anticipation of reciprocation. Adopting the classification proposed by De Wulf et al. (2001), this study represents retailers' investments by four relationship marketing tactics; i.e., direct mail, tangible rewards, interpersonal communication, and preferential treatment. More importantly, social exchange theory classifies these four relationship marketing tactics theoretically into three types (concrete, symbolic, and compound) of benefits (Cropanzano & Mitchell, 2005). For example, retailers use direct mail and tangible rewards to provide concrete benefits while retailers' employees may enhance interpersonal communication with their customers to provide symbolic benefits. Offering preferential treatment to a retailer's loyal customers is a compound strategy which includes both concrete and symbolic benefits. In the following sections, the constructs that are fundamental to this research framework are described and the hypotheses are developed.

### 2.1. Customer gratitude

In the field of marketing, based upon the norm of reciprocity (Gouldner, 1960), customer gratitude has been defined as a customer's purchasing behaviors being motivated by a felt obligation to reciprocate seller-provided benefits (Morales, 2005; Palmatier et al., 2009; Wetzell,

Hammerschmidt, & Zablah, 2014). Literature outside of marketing suggests that gratitude and indebtedness are distinct emotional states (e.g., Watkins, Scheer, Ovnicek, & Kolts, 2006). Tsang (2006) further indicates that “indebtedness stems from the norm of reciprocity, whereas gratitude, though perhaps influenced by this norm as well, may go above and beyond a “tit-for-tat” mentality” (p. 200). Indebtedness is a negatively valenced emotion whereas gratitude is associated with positive emotions. The positive emotion of gratitude promotes relationship formation and maintenance (Algoe, Haidt, & Gable, 2008; Ames, Flynn, & Weber, 2004). Raggio and Folse (2009) further suggest that expression of gratitude may help buyer–seller relationships to evolve from the expansion stage to the commitment stage. The well established commitment–trust theory of relationship marketing (Morgan & Hunt, 1994) has served as the fundamental theory for most relationship research until Palmatier et al. (2009) proposed that gratitude, the emotional appreciation for benefits received, accompanied by a desire to reciprocate, provides an important explanation for understanding relationship marketing effectiveness. The current study hypothesizes that four relationship marketing tactics offered by a retailer provide various types of benefits to customers, which result in gratitude-based behaviors and lead to customer behavioral loyalty.

### 2.2. Tactics of relationship marketing investments

Berry (1995) defines three levels of relationship marketing. Level 1 relationship marketing, using pricing stimuli or tangible benefits to keep customer loyalty, is reflected as the weakest level of relationship marketing because the strategy can be copied by the competitors. Level 2 relationship marketing, adopting the social perspectives of a relationship, is conducted by regularly communicating with customers. A third level of relationship marketing offers solutions to the customer's problem and is designed into the service-delivery system rather than relying on the relationship-buildings skills. Consistent with the work of De Wulf et al. (2001), the current research adopts one type of relationship marketing tactic allocated in the first level of relationship marketing (tangible rewards) and three other types allocated in the second level of relationship marketing (direct mail, interpersonal communication, and preferential treatment).

Direct mail refers to a customer's perception regarding retailers' regular direct mail for information (De Wulf et al., 2001; Morgan & Hunt, 1994). It is important to note that direct mail refers to personalized direct mail rather than bulk mail. Retailers use direct mail to keep their customers informed. Retailers also utilize direct mail as a regular communication tool to target specific customer groups. The personalized direct mailings offer immediate rewards (i.e., price discounts), create interest in a new product (or service) and appeal to customers' specific needs which provide concrete benefits to customers. According to social exchange theory's reciprocity norm (Gouldner, 1960), customers should be motivated by a felt obligation to reciprocate these benefits provided by retailers (Cropanzano & Mitchell, 2005). In the relationship marketing literature, it has been verified that the communication between customers and sellers increases the understanding of each other and enhances closeness and trust (Anderson & Narus, 1990; Doney & Cannon, 1997). Moreover, the personalization of customers contacted by direct mail could enhance the perceived relationship quality of customers (De Wulf et al., 2001). A consumer's recognition of retailers using direct mail as a relationship marketing activity will create attributions regarding the motives of the giver and leads to consumers' feelings of gratitude (Palmatier et al., 2009). Thus,

#### H1. Direct mail positively affects customer gratitude.

Tangible rewards refer to a customer's perception regarding retailers' offerings for tangible benefits such as free gifts and discount coupons. Customers who have developed a relationship with a retailer expect to receive some relational benefits from the retailer. The

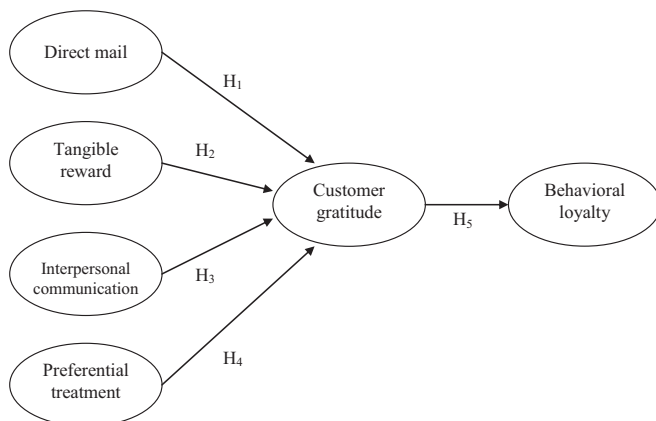


Fig. 1. Proposed model.

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