

Transformative retail services: Elevating loyalty through customer well-being

Cord-Christian Troebs, Tillmann Wagner*, F. Heidemann

WHU – Otto Beisheim School of Management, Burgplatz 2, 56179 Vallendar, Germany



ARTICLE INFO

Keywords:

Transformative services
Customer well-being
Retailing
Relationship marketing
Retail branding

ABSTRACT

Transformative retail services are an emerging business practice in the industry, designed to increase the well-being of customers and non-customers alike. Putting into practice the suggestion of the relevant literature to address additional firm-related outcomes beyond well-being, this research examines the impact of transformative retail services on customer well-being, which in turn is proposed to elevate loyalty intentions via the mediators experienced gratitude, reciprocity, and brand-related evaluations. The findings of one behavioral experiment and one field experiment are presented. While both transformative retail services offered for free as well as paid services increase customer well-being, only free transformative retail services positively affect customer loyalty intentions and its mediators.

1. Introduction

Given the extent of prevalent societal, environmental, and political challenges across national boundaries, it is an encouraging trend that human well-being continues to experience increased public acknowledgement as a vital issue. The well-being of consumers can be effectively increased by the experience of transformative services, which aim at “creating uplifting changes” in individuals and their environments (Ostrom et al., 2010, p. 9). While research findings underline the positive effect of transformative services on experienced well-being, very little is known regarding the impact of well-being upon potential further outcomes that are relevant for firms and their decision makers. This shortcoming comes as a surprise, since it has long been suggested that the positive impact of transformative services may translate beyond the well-being of stakeholders, generating benefits for commercial enterprises as well. Specifically, Anderson et al. (2013) as well as Rosenbaum et al. (2011) have suggested that such elevations of well-being may increase the central outcome of customer loyalty, attempting to stimulate corresponding further research efforts.

Contrary to research efforts lagging behind, a business practice has emerged in contemporary retailing that facilitates consumer well-being and can be expected to lead toward positive consequences for retail organization as well. Such “transformative retail services” exhibit the following properties. They, first, convey intangible benefits to contribute toward consumers’ psychological or physical well-being; second, do not require the purchase or usage of a specific product sold by the

retailer; and, third, are not restricted to a retailer's current customers but are principally available to all consumers interested. Transformative retail services are most frequently provided for free but are also offered for a charged fee in some cases, they can be facilitated inside or outside retail facilities, as well as through online environments. Examples of transformative retail services include free do-it-yourself workshops by the home improvement retailer *The Home Depot*, the “Healthy Eating Education” free online program by the food retailer *Whole Foods Market*, as well as the free “Yoga for Outdoor Enthusiasts” class and the “Women's Trails and Ales” hiking and social experience offered for a charge by the outdoor equipment retailer *REI*. Transformative retail services also differ from regular services in terms of their intended purpose and meaningfulness. While transformative retail services are associated with advancements that contribute to individuals’ well-being, non-transformative services tend to aim at increasing perceived convenience or facilitate hedonic consumption experiences that do not sustainably improve well-being or quality of life.

The present research examines the impact of transformative retail services (TRS) on customer well-being, which in turn is proposed to positively affect loyalty intentions via relevant psychological mechanisms. In so doing, we differentiate between free transformative retail services (Free-TRS) and paid transformative retail services (Paid-TRS). Akin to Mende et al. (2018), we test distinct conceptual routes in each study. Our first study uses behavioral experimentation, demonstrating that both Free-TRS and Paid-TRS positively affect customer well-being. The results also show that Free-TRS (but not Paid-TRS) increases loyalty

* Corresponding author.

E-mail addresses: christian.troebs@whu.edu (C.-C. Troebs), tillmann.wagner@whu.edu (T. Wagner), d1m@whu.edu (F. Heidemann).

intentions through the two mediators of well-being and experienced gratitude, an important relationship marketing mechanism. A subsequent field experiment assesses the impact of Free-TRS on well-being, branding dispositions, and loyalty intentions. The results support our findings from Study 1. Evidence for the mediating nature of well-being and the branding dispositions is presented.

The remainder of this manuscript is structured as follows. First, relevant theoretical background is summarized and the conceptual framework of this research is introduced. Next, theoretical propositions are derived and the two empirical studies are presented. We close with a general discussion including implications for retail practice and future research efforts.

2. Background and conceptual framework

2.1. Transformative services

Blending contemporary consumer and service research (e.g., Ostrom et al., 2010) to provide guidance toward improving the human condition (Rosenbaum, 2015), transformative services represent a vital emerging stream of research (e.g., Anderson and Ostrom, 2015; Kuppelwieser and Finsterwalder, 2016). Transformative services aim at “creating uplifting changes and improvements in the well-being of both individuals and communities” (Ostrom et al., 2010, p. 9) and include constructive value-creating endeavors such as health-care, social, and financial type of services. More specifically, Rosenbaum et al. (2011, p. 2) emphasize that transformative service efforts generate “intangible benefits such as improved mental, social, or physical well-being”. Extant research underlines the ability of transformative services to effectively improve individuals’ experienced quality of life (e.g., Sweeney et al., 2015), general life satisfaction (e.g., Martin and Hill, 2012), social inclusion (Yao et al., 2015), physical health (e.g., McColl-Kennedy et al., 2012), as well as adherence with medical treatments (Spanjol et al., 2015).

2.2. Conceptual framework

The conceptual framework of this research is shown in Fig. 1. Depicting a serial multiple mediation approach (Hayes, 2018), the model

outlines how TRS indirectly affect customer loyalty intentions by elevating customer well-being and shaping subsequent psychological mechanisms.

We identify two conceptual routes of these mediators, surrounding customers’ relational dispositions in the form of experienced gratitude and reciprocity (Palmatier et al., 2009) as well as brand-related dispositions including brand expertise and brand affect (Brexendorf et al., 2015) modeled, respectively, in the upper and lower halves of the depicted framework. A laboratory experimental study, presented first, is used to examine the impact of Free-TRS vs. Paid-TRS on the relational route of the model. The effect of Free-TRS on the brand route is tested by means of a subsequent field experimental study.

3. How transformative retail services affect relationship dispositions

3.1. A self-determination theoretical perspective

Akin to Mende and van Doorn (2015), we draw on self-determination theory that explains human motivation and personality in social contexts (Deci and Ryan, 2012). It builds on the principle that competence, autonomy, and relatedness are three psychological needs whose fulfillment are “essential for facilitating optimal functioning of the natural propensities for growth and integration, as well as for constructive social development and personal well-being” (Deci and Ryan, 2000, p. 68). Although all three basic psychological needs can be consulted to explain the positive effect of TRS, we primarily draw on the competence need of self-determination theory. Considering the scholarly notion of a competence need which corresponds to an individual’s ability to generate desired effects and to influence their well-being (Mende and van Doorn, 2015), we suggest that TRS, especially educational in nature represents such a “route to actualize specific adaptive competencies” (Deci and Ryan, 2000, p. 253). Existing research has outlined that human objectives related to self-improvement, growth, and development can positively contribute to elevations of well-being (Tuominen-Soinia et al., 2008). Therefore, we believe that a successful transformation will translate in the satisfaction of the competence need and thus result in an increase of well-being. Specifically, we anticipate that TRS and the associated enhancement of abilities,

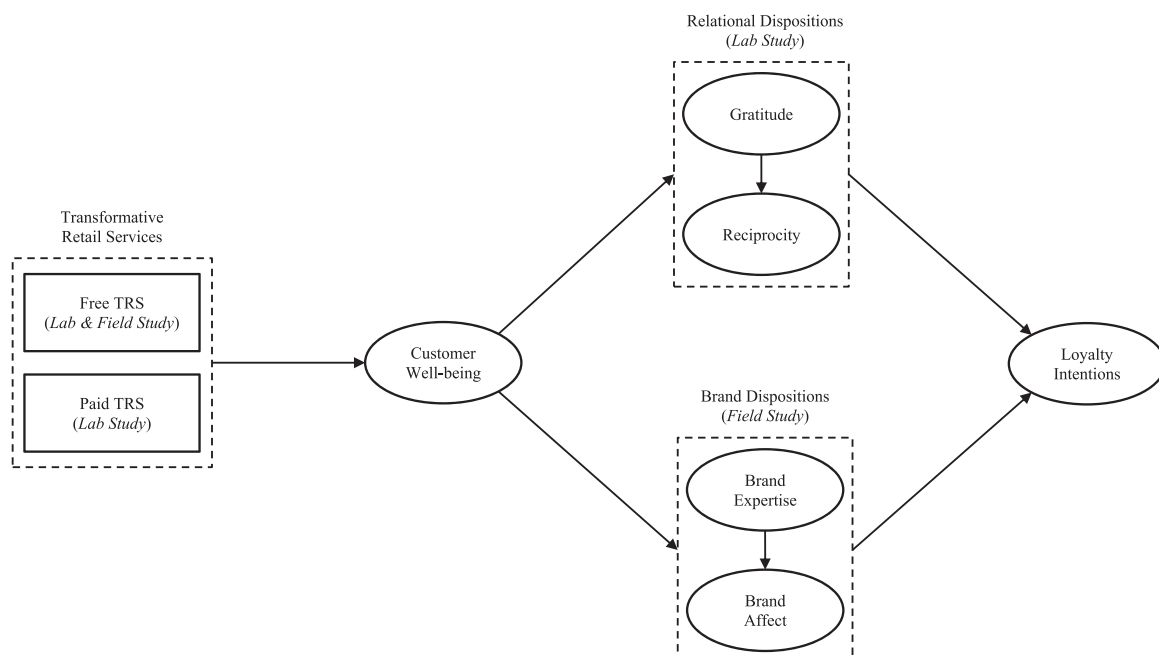


Fig. 1. Conceptual model. Notes. Boxes denote manipulated factors; ovals represent measured outcomes.

Download English Version:

<https://daneshyari.com/en/article/11032867>

Download Persian Version:

<https://daneshyari.com/article/11032867>

[Daneshyari.com](https://daneshyari.com)