

ICTMS-2013

An exploratory study of consumer's perception about relational benefits in retailing

Tarun Kushwaha *

*Symbiosis Institute of Business Management (SIBM), Symbiosis International University (SIU),
Lavale, Pune - 412 115, Maharashtra State, India*

Abstract

In recent years there has been lot of emphasis on customer-marketer relationship and specifically on the nature and dynamics of these relationships. Relational benefits are strategically important for profitability and competitive advantage of service and retail firms and are mutually beneficial for the customers and service providers/retailers in the long run. Initial researches in the area of relationship marketing studied the derived benefits of relational exchanges from marketers view only. Major work has been done in recent years to discuss various benefits which the consumer receives from this relationship in the form of functional, relational and social benefits. In the present study the findings from the work of Gwinner *et al.*, (1998) were tested in Indian context to understand the perception of Indian consumers with reference to relational benefits: confidence, social and special treatments. The findings of the study reveal interesting facets of the insights of consumer psychology.

© 2014 The Authors. Published by Elsevier Ltd. Open access under [CC BY-NC-ND license](#).
Selection and peer-review under responsibility of the Organizing Committee of ICTMS-2013.

Keywords: Consumer Psychology; Relational Benefits; Relationship Marketing; Retailing; Services

1. Introduction

In recent years there has been lot of emphasis on customer-marketer relationship and specifically on the nature and dynamics of these relationships (Crosby *et al.*, 1990; Bendapudi and Berry, 1997; Reynolds and Beatty, 1999). The rapid growth of information and communication technologies has enabled the marketers to build and maintain individual relationships with consumers (Jüttner and Wehrli, 1994; Gruen, 1995). Firms strengthen their relations

* Corresponding author. Tel.: 020-39116015; fax: +0-000-000-0000 .
E-mail address: tarunkushwaha@sibmpune.edu.in

with the customers to get competitive advantage and derive various benefits (Aijo, 1996) the primary amongst them is customer retention. According to Anderson and Sullivan (1993) customer retention affects profitability and competitiveness. Complete customer loyalty generates superior long-term financial performance of the firms (Storbacka *et al.*, 1994; Jones and Sasser, 1995), higher future profitability by lowering costs related to defective goods and services (Anderson *et al.*, 1997), buyer's willingness to pay premium price, provide referrals, and use more of the product (Anderson and Mittal, 2000). Customer loyalty is the outcome of customer satisfaction therefore a company must periodically measure customer satisfaction in order to learn how satisfied its customers are (Karna, 2004).

Early empirical studies in the area of relationship marketing examined the derived benefits of relational exchanges from marketers view only (Reichheld, 1993; Bitner, 1995). Several researches have been carried out in recent years to discuss various benefits which the consumers receive from this relationship in the form of functional, relational and social benefits (Bitner, 1995; Mittal and Lassar, 1996; Gwinner *et al.*, 1998). These benefits ultimately result in customer satisfaction which leads to higher levels of customer retention and loyalty (Fornell, 1992; Anderson and Sullivan, 1993; Bolton, 1998) and repurchase intentions. Seiders *et al.*, (2005) found that customer and marketplace characteristics play a significant moderating role and relational factors have a positive direct influence on repurchase behaviour.

Relational benefits are strategically important for the profitability and competitive advantage of service firms (Ravald and Gro nroos, 1996; De Wulf *et al.*, 2001; Palmatier *et al.*, 2006) and are mutually beneficial for the customers and service providers in the long run (Dimitriadis, 2011). The long-term engagement of firms and customers in relationships optimizes the expected equity and also increases the predictability of exchange outcomes (Peterson, 1995; Christy *et al.*, 1996). Peterson (1995) argued that money savings is the primary motivation for engaging in relational exchanges. Many researchers have suggested that in many instances, customers also experience non-monetary benefits for staying in a business relationship, especially when there are learning costs associated with switching providers (Klemperer 1987). As both parties interact often they develop a strong bond which becomes more personal over a period of time (Liljander and Strandvik, 1995). In an exploratory study Coulter and Ligas (2000) suggested four phases of these relationships: professional relationships; casual acquaintances; personal acquaintances; and friendships. These feelings of trust and commitment are similar to what occur in personal friendships (Beatty *et al.*, 1996). This commitment of customers with the service provider continues till they are satisfied with the service outcome (Barksdale *et al.*, 1997; Oliver, 1997). In retailing the firms are directly related with the end customer and perform activities which develop stable profitable relationships with the customers, on the other side the customers should also feel identified and appreciated by the firms (Marzo-Navarro *et al.*, 2004). It is clear that both the marketers and the customers gain by maintaining long term relations.

2. Literature Review

Customers expect from the service provider to offer core services and fulfil their requirements. Only when the service providers meet their expectations the customers show their willingness to cultivate long-term relationships with the firms. This desire has been referred in the marketing literature by many names such as 'loyalty proneness' (Goldman, 1977-1978), 'motivational investment in a relationship' (Dwyer *et al.*, 1987), 'relationship seeking behaviour' (Ellis, 1995), 'relationship motivation' (Beatty *et al.*, 1996), 'relationship friendliness' (Christy *et al.*, 1996) 'receptivity to relationships' (Bendapudi and Berry, 1997), and 'relationship proneness' (De Wulf *et al.*, 2001).

The objective of relationship marketing is to establish, maintain and develop the profitable outcomes of relationship (Gro nroos, 1994). Researchers have proposed various outcomes which are mentioned as the indicators or the benefits of the effectiveness of the relationships from the perspective of the customers. The early works on relational benefits were mainly conceptual explaining that the customers' stay in relationship for trust, money and time savings, and social benefits (Dwyer *et al.*, 1987; Berry, 1995; Bitner, 1995; Peterson, 1995; Bendapudi and Berry, 1997). In the views of some researchers the indicators of relationship effectiveness are trust, commitment, and behavioural loyalty (Morgan and Hunt, 1994). However the prominent empirical study on the benefits customers receive from long-term relationships above and beyond the core service performance was carried out by Gwinner *et al.*, (1998). In their study Gwinner *et al.*, (1998) identified three types of relational benefits: confidence, social and special treatment benefits. Since then their study has been influencing the subsequent studies where their findings are validated in different service sectors (Hennig-Thurau *et al.*, 2002; Kinard and Capella, 2006; Martin-

Download English Version:

<https://daneshyari.com/en/article/1116245>

Download Persian Version:

<https://daneshyari.com/article/1116245>

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