

Strengthening outcomes of retailer–consumer relationships The dual impact of relationship marketing tactics and consumer personality

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Abstract

Literature suggests that strong relationship outcomes not only depend upon successful relationship marketing tactics, but also upon consumer personality. Based upon face-to-face interviews with 246 visitors of a German shopping mall, reporting on their relationships with beauty product retailers, this study contributes to relationship marketing literature in three ways. First, we demonstrate that different relationship marketing tactics have a differential impact on the overall perceived loyalty efforts retailers are making (customer retention orientation). Second, it indicates that product category involvement as a personality trait underlies a consumer's intrinsic proneness to engage in retail relationships (consumer relationship proneness). Third, it reveals that the strength of relationship outcomes depends upon both customer retention orientation and consumer relationship proneness.

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1. Introduction

This study investigates how consumer perceptions of a retailer's customer retention orientation affect relationship outcomes. In order to investigate what determines these perceptions, we measure the impact of four different relationship marketing tactics as perceived by the consumer. While several conceptual efforts have been made to explain processes of enhancing buyer–seller relationships (e.g., Beatty et al., 1996), relatively few attempts have been aimed at actually measuring the impact of different relationship marketing tactics (Biong and Selnes, 1995). Retailers can apply a variety of tactics aimed at showing their dedication to customer retention. However, most of them still struggle with the question of which specific tactics can be successfully applied to enhance customer loyalty, following incorrect beliefs and uncertainty about what matters to customers (Sirohi et al., 1998).

A second key objective of our study is to examine the effect of consumer relationship proneness, as a personality trait, on relationship outcomes. Moreover, in order to investigate the drivers of consumer relationship proneness, we assess how this construct is influenced by four other personality traits. Personality traits are based on inner psychological characteristics that exert relatively universal effects on attitudes and behavior, fairly independent of the environmental situation (Kassarjian and Sheffet, 1991). More specifically, Sheth et al. (1999) indicated that personality types differ in their loyalty to stores and that some personalities focus more on seeking relationships with sellers. However, to the authors' knowledge, no empirical research has yet investigated the role of personality in affecting relationship outcomes (Bendapudi and Berry, 1997).

Our study explicitly focuses upon the retailer–consumer relationship and, within this dyad, it takes the consumer perspective given two observations in existing literature. First, empirical research on relationship marketing has strongly emphasized channel and industrial relationships. Systematic research on relationship marketing in a retail environment is practically lacking (Beatty et al., 1996;

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Fournier, 1998; Singh and Sirdeshmukh, 2000). Nevertheless, the importance of relationship marketing research in a retail setting is generally acknowledged. Taher et al. (1996), for instance, stressed that traditional store patronage is weakening due to new technologies, the appearance of internet stores, and consumers' time impoverishment. Second, relationship marketing has mainly been studied from a seller's perspective to the neglect of the buyer's perspective (Sheth and Parvatiyar, 1995). Nevertheless, several academics recognize the importance of taking a buyer perspective in investigating relationships (Gruen, 1995; Naidu et al., 1999). The assumption that a relationship can be formed with any buyer often leads sellers to waste valuable resources, simply because the buyer does not want a relationship.

2. Conceptual model and hypotheses

As adequate relationship marketing research is impossible without knowledge on the meaning of its core variable of interest, we define a relationship as "one or more exchanges between a consumer and a retailer that are perceived by the consumer as being interrelated to potential past and future exchanges with the retailer." First, in line with Webster (1992), we regard one exchange as a necessary and sufficient condition for a relationship to exist, marking the beginning of a continuum of relationships. Second, inspired by Barnes (1997) postulating that no relationship will exist unless the customer feels that one exists, our definition focuses on the consumer's perspective. Third, it is generally recognized that a relationship exists if a buyer perceives his exchange(s) with the seller to be interrelated with potential past and future exchanges (Czepiel, 1990; Dwyer et al., 1987; Iacobucci and Ostrom, 1996). As we regard relationships on a continuum, the objective of our study is to assess how relationship outcomes can be strengthened. Therefore, we include relationship satisfaction, trust, relationship commitment, and buying behavior as relationship outcomes.

As to the factors determining the strength of relationship outcomes, Gwinner et al. (1998) claimed that strong relationship outcomes may depend not only upon the seller's strategy or implementation, but also on the preferences of the individual buyer. In line with their ideas, Fig. 1 shows our conceptual model integrating both potential drivers of retailer–consumer relationship outcomes. In order to enhance the interpretability of the model, we delineated three submodels within this overall model. Submodel 1 deals with relationship marketing tactics initiated by the retailer and their impact on this retailer's customer retention orientation. These aspects can be categorized as 'strategy or implementation' referred to by Gwinner et al. (1998). Submodel 2 is related to a consumer's personality traits and their impact on this consumer's relationship proneness. This part of the model should reflect Gwinner et al.'s (1998) idea of 'individual buyer preferences.' Submodel 3 includes the relationship outcomes relationship satisfaction, trust,

relationship commitment, and buying behavior, as well as the interrelationships between them. The variables included in Submodels 1 and 3 are related to consumer perceptions towards one specific retailer, while the variables included in Submodel 2 are retailer independent, representing general personality traits instead.

2.1. Submodel 1: the impact of relationship marketing tactics on customer retention orientation of the retailer

Literature does hardly provide guidelines related to the effect of different relationship marketing tactics on consumers' perceptions of a retailer's dedication towards customer loyalty. In order to address this issue, we assess the impact of four different types of relationship marketing tactics (communication, preferential treatment, personalization, and rewarding) on the customer retention orientation of the retailer.

2.1.1. Customer retention orientation of the retailer

We define customer retention orientation of a retailer as "a consumer's overall perception of the extent to which a retailer actively makes efforts that are intended to retain regular customers." Such efforts can relate to the product or service proposition, as well as to aspects of the relationship itself. We believe that this construct builds upon related concepts, such as "relational selling behavior" in a customer–salesperson relationship context (Crosby et al., 1990) and "market orientation" (Narver and Slater, 1990). Nevertheless, it differs in several ways. First, the concept of customer retention orientation of the retailer goes beyond the limited scope of salespersons' efforts emphasized in studies investigating relational selling behavior. Second, the difference between customer retention orientation of the retailer and market orientation primarily relates to the focal perspective that is taken. While both constructs share some underlying thoughts, consumer perceptions are at the basis of customer retention orientation (i.e., a consumer's perspective), whereas, in this context, the construct of market orientation would refer to an internal assessment a retailer makes related to the extent to which this retailer is oriented towards the market (i.e., ultimately a retailer's perspective). The concept of customer retention orientation most probably shows the strongest similarities with the construct of "relationship investment" often investigated in studies focusing upon a business-to-business (e.g., Smith and Barclay, 1997) or channel (e.g., Anderson and Weitz, 1992; Ganesan, 1994) context. Relationship investment is generally defined as the dedication of resources, efforts, and attention aimed at maintaining or enhancing relationships that do not have outside value and cannot be recovered if these relationships are terminated (e.g., Smith, 1998).

2.1.2. Communication

We define communication as "a consumer's perception of the extent to which a retailer keeps its regular customers

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