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Use of relationship marketing programs in building customer–salesperson and customer–firm relationships: Differential influences on financial outcomes

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Abstract

Despite the conventional wisdom that relationship marketing will generate favorable financial results, extant marketing research provides inconsistent evidence for this effect. Here, we investigate this important question: Does a firm's relationship marketing truly *pay off* by enhancing financial outcomes? We examine the effects of relationship marketing on a buyer's concurrent person-to-firm relationship with the selling firm and his/her interpersonal relationship with the salesperson. Drawing on social judgment and attribution theories, we offer and test a theoretical model explicating (1) how a seller's social, structural, and financial relationship marketing programs affect buyer relationship quality with the salesperson and the selling firm and (2) how those relationship qualities ultimately generate seller financial outcomes. Relationship marketing programs indeed build buyer relationship quality, but whether those relationship-building effects reside with the salesperson or the selling firm depends on buyer perceptions regarding salesperson *versus* selling firm control of those programs. Buyer relationship quality with both salesperson and selling firm positively affect seller financial outcomes, but the effect of relationship quality with the selling firm is enhanced as perceived selling firm consistency increases. Employing triadic data from matched buyer, salesperson, and sales manager, this research presents an end-to-end empirical examination of how a seller's relationship marketing affects its financial outcomes through the buyer's relationships with the salesperson and selling firm.

Keywords: Relationship marketing; Relationship quality; Perceived control; Entitativity; Customer relationship management

1. Introduction

Despite a significant amount of research, the impact of relationship marketing on financial performance remains unclear. Empirical evidence (*e.g.*, Colgate & Danaher, 2000; Kalwani & Narayandas, 1995) suggests that firms are often disappointed with the results of *relationship marketing* (RM), or activities that seek to establish, develop, and maintain successful relational exchanges with another party (Morgan & Hunt, 1994). In some cases, RM has even been found to affect performance *negatively* (Colgate & Danaher, 2000; Dowling & Uncles, 1997). Thus, we ask, "Does a firm's use of RM truly pay off?"

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Table 1
Review of prior studies simultaneously examining multiple levels within customer–seller relationships

Study	Levels of analysis	Relational variable(s)	Context	Structure between relationship levels	Rationale for alignment between antecedent and relationship level	Relevant findings
Crosby and Stephens (1987)	Interpersonal and person-to-firm	Satisfaction	Service	Non-recursive	Relationship-building level of antecedent determined by nature of relationship marketing activity and focal referent of construct. All activities operate at only one level.	Discriminant validity between consumer's satisfaction with salesperson and satisfaction with firm. Personal contact and customer service person failure affect satisfaction with salesperson (individual-level); only one firm-level antecedent (corporate customer service failure) affects satisfaction with firm (company advertising and company communication not supported).
Doney and Cannon (1997)	Firm-to-person and interfirm	Trust	Business-to-business	Non-recursive	Relationship-building level of antecedent determined by nature of relationship marketing activity and focal referent of construct. All activities operate at only one level.	Discriminant validity between buying firm's trust in salesperson and trust in selling firm. Expertise, likeability, similarity, and frequency of business contact with salesperson positively influence trust in salesperson (length of relationship and frequency of social contact not supported); only one antecedent, willingness to customize (structural program), affects customer's trust in the firm (firm's confidential information sharing and length of relationship not supported). *Post hoc:* processes by which trust develops at the two levels appear to differ.
Ganesan and Hess (1997)	Interpersonal and person-to-firm	Trust	Retail	n/a	n/a	Discriminant validity between customer's trust in salesperson and trust in firm.
Iacobucci and Ostrom (1996)	Interpersonal, person-to-firm, and interfirm	Closeness, valence, asymmetry, and formality	MBA students in various contexts	n/a	Exploratory	Person-to-firm relationships are weaker and have shorter-term effects than interpersonal relationships.
Macintosh and Lockshin (1997)	Interpersonal and person-to-firm	Trust	Retail	Recursive (person → firm)	n/a	Discriminant validity between consumer's trust with salesperson and trust with firm. *Post hoc*: Results generated by splitting sample into two group based on presence of a relationship between customer and salesperson. For customers without an interpersonal relationship, store trust influences store loyalty. For customers with a relationship with a salesperson, store trust does not influence store loyalty, but commitment to the salesperson influences store loyalty.
Reynolds and Beatty (1999)	Interpersonal and person-to-firm	Satisfaction and Loyalty	Retail	Recursive (person → firm)	Relationship-building level of antecedent determined by focal referent of construct. All activities operate at only one level.	Discriminant validity between customer's satisfaction with salesperson, loyalty to salesperson, satisfaction with firm, and loyalty to firm. Social and functional benefits affect salesperson-based relational variables. *Post hoc*: Functional benefits (which include structural elements) are related to satisfaction/loyalty to firm; only individual-level satisfaction/loyalty to salesperson relates to word of mouth at both levels.
Sirdeshmukh, Singh, and Sabol (2002)	Interpersonal and person-to-firm	Trust	Airline and retail	Non-recursive	Relationship-building level of antecedent determined by nature of relationship marketing activity and focal referent of construct. All activities operate at only one level.	Discriminant validity between consumer's trust with salesperson and trust with firm. Individual and firm-level trust have mixed impacts on value and loyalty across samples.