Relationship marketing in A B2C context: The moderating role of personality traits

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ABSTRACT

More and more, retailers are investing in relationship building as a strategy for enhancing customer retention in the business-to-customer (B2C) context. However, some marketing scholars have expressed concern over the usefulness of relationship marketing under certain conditions. As such, this study investigates the moderating role of personality traits on the relationship between satisfaction-driven relationship quality and behavioral loyalty. Based on a sample of 158 retail shoppers, we find that customers’ overall satisfaction with the retailer leads to quality customer–firm relationships and ultimately, behavioral loyalty to the retailer. We also found that the impact of relationship quality on behavioral loyalty depends on the consumer’s personality traits, i.e., consumer innovativeness, variety seeking, and relationship proneness. These findings extend the extant relationship literature by showing that the value of relationship marketing is not universal, thereby refining our understanding of the relationship between customer behavior and relationship marketing. Implications for academics and managers are discussed.

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1. Introduction

The importance of developing quality customer–firm relationships is evidenced by the proliferation of research on relationship marketing (Palmatier et al., 2006, Parvatiyar and Sheth, 2000; Verhoef et al., 2002) and the number of firms investing in customer retention and loyalty building strategies (e.g., American Express, Subaru). However, within the relationship marketing body of knowledge, a stream of research warns that the benefits derived from building long-lasting relationships does not mean that firms should invest in building relationships with all customers under all conditions (Berry, 1995; Noordewier et al., 1990). For example, Noordewier et al. (1990) cautions that the value of relationship building is not context free since improving relationships enhances the firm’s performance only under certain conditions. Additionally, Gummesson (1995) counsels that, since relationship building may not be beneficial under all conditions, marketers should identify the conditions under which relationship marketing (RM) is beneficial in achieving the firm’s specific objectives. In fact, Gummesson (1995) and Hunt (2002) warn that, under certain conditions, firms should avoid building long-term relationships.

Despite the apprehensiveness over the universal benefits of relationship building as a strategy, the RM literature still lacks research on when firms should and should not build relationships with consumers. Our review of the RM literature and Palmatier et al. (2006) meta-analysis showed that moderation or contingent effects in the existing relation marketing research have focused primarily on firm level factors. Specifically, what is relatively lacking is research that refines our understanding of consumer behavior with regards to relationship marketing. The current study fills this gap in the RM literature by investigating whether the value of relationship marketing is contingent on the personality of the consumer/shopper in question or not. Such a study is crucial because as much as firms are investing in relationship management programs, these relationships result in “premature” death. One way of preventing the premature death of business-to-customer (B2C) relationships is for the former to attain true customer intimacy, through a holistic understanding of customer behavior (Fournier et al., 1998). Moreover, the only way to know whether a firm should even invest in building relationships with its customers is to understand how different consumers respond to the firm’s relationship building efforts. In other words, marketers cannot design the right RM strategy unless they have a holistic understanding of consumer behavior.

As such, the purpose of this study is to investigate whether in a retail context, the impact of satisfaction-driven relationship quality on behavioral loyalty depends on the personality traits (innovativeness, variety seeking, and relationship proneness) of
the consumer. The basic premise of the study is that relationship building may not be a useful customer retention tool for all customers. By showing how customers with different personalities respond to a retailer’s relationship building efforts, we hope to contribute to the RM literature by showing that all customers do not respond in the same way to relationship building. Rather, customers with different personality traits respond differently.

Based on a sample of 158 shoppers, we found that overall satisfaction drives relationship quality, which in turn leads to behavioral loyalty. More importantly, we demonstrate that the impact of relationship quality on behavioral loyalty depends on the customer’s level of innovativeness, variety seeking, and relationship proneness. These findings extend the relationship marketing literature and contribute to our understanding of the value of RM as a strategy in the B2C context. Based on these results we discuss the implications of the study for retailers.

2. Conceptual development

Fig. 1 shows the model that was developed and tested in this study. The model was developed by integrating the relationship marketing literature (e.g., Crosby et al., 1990; De Wulf et al., 2001) with the personality traits literature (e.g., Midgley and Dowling, 1978; Hirschman, 1980). The core of the derived model suggests that customer satisfaction has a positive impact on relationship quality (relationship satisfaction, trust, and commitment) and, ultimately, on behavior loyalty. Further, the model implies that the impact of relationship quality on behavioral loyalty is moderated by consumer innovativeness, variety seeking, and relationship proneness. The sections that follow develop the support for these relationships and the overall model.

2.1. Customer satisfaction and relationship quality

Satisfaction refers to a judgment that is generally based on what the customer believes is reasonable to occur in a particular context (Oliver and Swan, 1989). Yi (1990) adds that satisfaction is similar to an attitude and is based on one or more interactions between the customer and the firm. According to Oliver (1981), it is an evaluation based on a comparison between performance and expectations; a customer is satisfied if their expectations of reasonable service are either met or exceeded.

Relationship quality refers to a consumer’s evaluation of the strength of the relationship they have with the retailer (Crosby et al., 1990; De Wulf et al., 2001). It is a composite measure of the strength of the relationship and provides much insight into exchange behavior (Kumar et al., 1995). Relationship quality has been conceptualized in the literature as a higher-order construct comprised of relationship satisfaction, trust, and relationship commitment (Kumar et al., 1995; Crosby et al., 1990; De Wulf et al., 2001; Dwyer et al., 1987).

Relationship satisfaction has been defined as the customer’s affective response to the relationship (Palmatier et al., 2006) while trust is defined as the customer’s level of confidence in the firm’s reliability and integrity (Morgan and Hunt, 1994). Finally, commitment refers to the extent to which the customer is willing to invest in and maintain the relationship (De Wulf et al., 2001; Moorman et al., 1992).

In this study, we hypothesize that overall satisfaction with the firm positively influences relationship quality. Conceptual support for this relationship can be found in social penetration theory (SPT) (Altman and Taylor, 1973). SPT implies that relationship partners will continue to strengthen/deepen relationships if they perceive the benefits outweigh the costs. In the relationship marketing literature, Wong (2004) suggests that satisfaction positively influences relationship quality. Here, as the lack of overall satisfaction with the retailer increases, the relationship becomes unhealthy. The preceding discussion can be summarized as follows:

H1. Overall satisfaction with a retailer is positively related to relationship quality (relationship satisfaction, trust, and relationship commitment).

2.2. Relationship quality and behavioral loyalty

Loyalty is one of the primary goals of relationship marketing (Sheth, 1996). Customer loyalty is a customer’s repeat purchase behavior that is triggered by a marketer’s activities (Henning-Thurau et al., 2002). Behavioral loyalty – the focus of this study – specifically focuses on the behavioral aspects of customer loyalty. It has been conceptualized based on actual purchase behavior or repatronage intentions (Henning-Thurau et al., 2002). The impact of relationship quality on behavioral loyalty is consistent with the social penetration theory (Altman and Taylor, 1973), which explains that partners will continue to deepen relationships as long they find the relationship beneficial. Further, Bolton et al. (2004) suggests that one way consumers deepen their relationship with the firm is by buying more products from the focal firm. According to Verhoef et al. (2002) and Bolton et al. (2004), relationship quality is a strong predictor of repeat purchase. Further, De Wulf et al. (2001) and Palmatier et al. (2006) assert there is a positive relationship between customer–firm relationship quality and behavioral loyalty as measured by purchase behavior. As such, we hypothesize a positive impact of relationship quality on behavioral loyalty. Formally stated:

H2. Relationship quality (relationship satisfaction, trust, and relationship commitment) is positively related to behavioral loyalty.

2.3. The moderating role of personality traits

The effectiveness of relationship marketing tactics can be evaluated in terms of the behavioral changes they create (Sharp and Sharp, 1997). It has been established in the consumer behavior literature (e.g., Hirschman, 1980; Kanuk and Schiffman, 2003; Menon and Kahn, 1995; Raju, 1980) that the behavior of consumers is contingent on their personality. Kanuk and Schiffman (2003) define personality as “those inner psychological characteristics that both determine and reflect how a person responds to his or her environments” (p. 120). This means that personality traits are the factors that distinguish one individual.

Fig. 1. A hypothesized model of the impact of personality traits on relationship quality.
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