MONASH UNIVERSITY
FACULTY OF BUSINESS & ECONOMICS

THE ROLE OF RELATIONSHIP STRENGTH IN THE FORMATION OF THE CUSTOMER-CONTACT EMPLOYEE RELATIONSHIP

Amy Wong

Working Paper 01/00
February 2000

Abstract

While relationship building and management, or what has been labelled *relationship marketing* is an old idea, it is also a new focus at the forefront of services marketing/management practice and academic research. The impetus for its development has come from the globalisation of business, technological advances, shorter product life cycles and the evolving recognition of the importance of customer retention and customer relationship economics. Despite the blossoming of relationship marketing, the creation of a conceptual framework for understanding its properties and studying its possibilities is still underdeveloped. This study therefore aims to investigate the antecedents and consequences of relationship strength in the service industry. A conceptual model is proposed that provides a framework for firm-controlled antecedent conditions such as the level of service quality and customer satisfaction provided and the use of relational bonds, and tests their impact on customer trust and commitment. This model then seeks to explore, from a customer's perspective, the influence of customer trust and commitment on attitudinal outcomes such as perceived relationship quality as well as behavioural outcomes such as loyalty to company, propensity to switch and willingness to pay more. Finally, future research is needed to provide empirical support for the proposed correlations between the constructs presented in the relationship strength model.

THE ROLE OF RELATIONSHIP STRENGTH IN THE FORMATION OF THE CUSTOMER-CONTACT EMPLOYEE RELATIONSHIP

INTRODUCTION

The Importance of Relationship Marketing

The importance of relationship marketing has emerged as a major focal point for business strategy during the past decade, and this can be attributed to factors such as the blurring boundaries between markets or industries, an increasing fragmentation of markets (Shani & Chalasani, 1992), shorter product life cycles, rapid changing customer buying patterns and more knowledgable and sophisticated customers (Webster, 1992). In addition, other explanations for the shift towards relationship orientation in marketing include the continuing growth of the service economy as well as the increasing competition in the current marketplace (Lehtinen, 1996). Due to the above reasons, the philosophy of relationship marketing is being advocated more and more strongly by marketers (Gummesson, 1994).

Despite the blossoming of relationship marketing, the creation of a conceptual framework for understanding its properties and studying its possibilities is still underdeveloped. The management of customer relationships is critical in the service industry as customers may seek on-going relationships with service providers to reduce their perceived risk in evaluating services characterised by intangibility and credence properties (Lovelock, 1983). In addition, due to the intangibility and the interpersonal focus of services (Gwinner, Gremler, & Bitner, 1998), customers are more likely to form relationships with individuals and with the organisations they represent than with goods. Finally, employees are the primary - if not sole - contact point for the customer both before and after the purchase (Crosby, Evans, & Cowles, 1990). Under these conditions, the employees play a major role in shaping the service experience as the interface between the service and its provider is inseparable. In addition, a firm's relationship with its customers is instigated and established by service employees who interact with customers day in day out (Kandampully, 1998), therefore the human element is of vital importance to the formation of long-term relationships. Furthermore, there is evidence that in a relationship with a service organisation, the customer expects the core service to be delivered satisfactorily (Parasuraman, Zeithaml, & Berry, 1991). If a service is to be touted as a competitive advantage, organisations must deliver beyond the expected, adequate service level. For these reasons, the service setting is especially conducive to customers forming relationships in services. Consequently, there have been calls for greater attention to the role of relationships in services (Grönroos, 1990a; Gummesson, 1987a; Sheaves & Barnes, 1996).

Despite these calls, several important issues remain unaddressed. To date, none of the studies conducted in the relationship marketing area have explored the dimensions of service quality and their impact on relationship strength. In addition, none of the studies have examined the different types of relational bond and their impact on relationship strength. Moreover, the different outcomes of relationship strength are left largely unexplored in the relationship marketing literature. Furthermore, to date, there have been a lack of studies investigating customer relationship economics, that is, the proposed links between attitudinal measures (service quality, customer satisfaction) and behavioural measures (customer loyalty, word-of-mouth behaviour) (Storbacka, Strandvik, & Grönroos, 1994). The verification of this linkage is essential, as managers need to understand the actual acts by customers as this inevitably influence the firms' competitive advantage and long-term profitability (Hunt & Morgan, 1995; Storbacka et al., 1994).

CONCEPTUAL BACKGROUND

A Relationship Marketing Perspective

Relationship marketing, or the establishment and management of long-term marketing relationships, has profoundly influenced marketing and management theory and practice. Researchers in the area acclaim relationship marketing as a paradigm shift and remark upon its effect in changing the rules of competition in the marketplace (Grönroos, 1990a; Sheth & Atul, 1995). Parallel to its growth, relationship marketing has expanded beyond its initial conceptualisation as a firm's efforts to attract, maintain, and enhance relationships with its customers (Berry, 1983).

Grönroos (1990a) states that relationship marketing is to establish, maintain, enhance, and commercialise customer relationships (often but not necessarily always long term relationships) so that the objectives of the parties involved are met. This is done by a mutual exchange and fulfilment of promises (p. 5). Similarly, Shani and Chalasani (1992) define relationship marketing as an integrated effort to identify, maintain, and build up a network with individual consumers and to continuously strengthen the network for the mutual benefit of both sides, through interactive, individualised and value-added contacts over a long period of time (p.44). Adopting a broader view, relationship marketing may be used to describe a plethora of marketing relationships, such as those between a firm and its buyers, suppliers, employees and regulators (Morgan & Hunt, 1994).

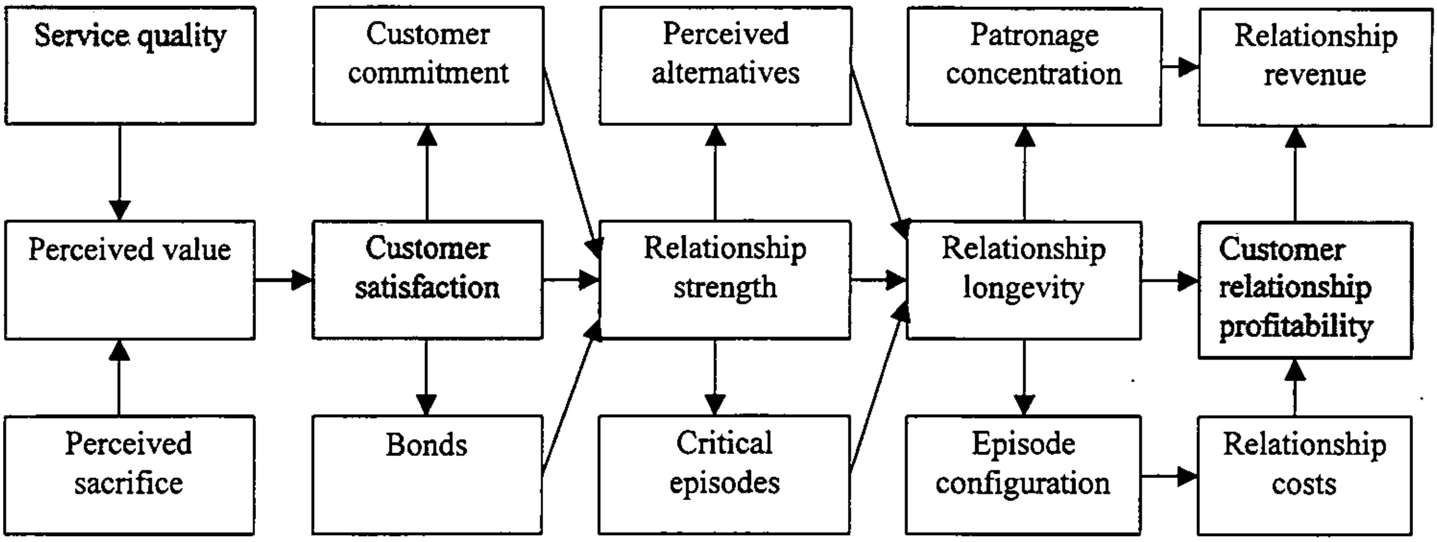
Although the above definitions differ somewhat, all of them indicate that relationship marketing focuses on a few common features: the individual customer-seller relationship; that both parties benefit; and that the relationship is longitudinal in nature. Furthermore, the definitions imply that the focus of relationship marketing is on retaining customers. The benefits of relationship marketing come from continuing patronage of loyal customers who display decreased price sensitivity over time, a concomitant reduction of marketing costs, and partnership actions on the part of those customers (Peppers & Rogers, 1995). Loyal customers are less likely to switch to a competitor solely because of price, and loyal customers tend to offer strong word-of-mouth, make business referrals, as well as provide references and publicity (Bowen & Shoemaker, 1998). The combination of these attributes of loyal customers means that a small increase in loyal customers can result in a substantial increase in profitability. To reinforce this view, a study conducted in nine service industry groups found that a five percent increase in customer retention can result in a 25 to 125 percent increase in profits (Reicheld & Sasser, 1990).

Despite the above benefits, not all the customers of a service firm will have or even desire long-term relationships with it or its contact employees (Bendapudi & Berry, 1997). The types of relationships that customers seek vary across service providers, and even across different service segments. Consequently, in order to effectively manage customer relationship economics, a firm should start by focusing on the establishment and maintenance of long-term customer relationships, and from there, apply relationship marketing techniques to the most profitable target segment, which in most cases, consists of customers who desire long-term relationships with the service provider or the service organisation.

The Management of Customer Relationships

Interest in the management of customer relationship economics as an overriding management objective is now widespread. The reason for the resurgent interest in understanding the links between service quality, customer satisfaction, and firm performance can be attributed to the higher profits a firm can reap with the provision of higher levels of service quality (Phillips, Chang, & Buzzell, 1983). In a meta-analysis of strategy variables, findings from 20 studies reported a positive relationship between service quality and economic returns (Capon, Farley, & Hoenig, 1990). In addition, Buzzell and Gale report a significant relationship between relative quality – as perceived by the business unit - and return on investment (ROI) for firms represented in the PIMS database (Buzzell & Gale, 1987). By improving the quality of the provider's service, customers' satisfaction is increased. A satisfied customer creates a strong relationship with the service provider and this leads to customer retention/relationship longevity. Customer retention again generates steady revenues and by adding revenues over time, customer relationship profitability is improved (Storbacka et al., 1994).

A conceptual model which outlines the links between service quality, customer satisfaction and customer relationship profitability is presented by Storbacka, Strandvik and Grönroos (1994) (Figure 1). The model incorporates the basic sequence: service quality leads to customer satisfaction, which leads to relationship strength, which leads to relationship longevity, which leads to customer relationship profitability. In addition, the concept of perceived value, perceived sacrifice, commitment, bonds, perceived alternatives, critical episodes, patronage concentration, episode configuration, relationship revenue and relationship costs are included in the framework. Applying the model, a firm can utilise potential customer relationship economic opportunities in a favourable way.



Note: The shaded boxes represent the established paradigm

Figure 1. A Relationship Profitability Model

Source : Adapted from Storbacka, K., Strandvik, T., & Grönroos, C. (1994). Managing customer relationships for profit: The dynamics of relationship quality. International Journal of Service Industry Management, 5(5), p. 23.

The Dimensions of Relationship Marketing

Relationship marketing has emerged as a focal point by which a company can succeed in a competitive environment (Bejou, Wray, & Ingram, 1996). Understanding the success of the development of long-term relationships with customers, therefore, becomes critical in the process of gaining competitive advantage. As discussed above, the extent of customer loyalty indicates the likelihood of a customer's returning to an organisation and that customer's willingness to behave as partner to the organisation. Morgan and Hunt (1994) developed a model of relationships between firms that proposed trust and commitment as central to the development of long-term relationships (Figure 2). In addition, other dimensions such as relationship termination costs, relationship benefits, shared values, communication, opportunistic behaviour, acquiescence, propensity to leave, cooperation, functional conflict and uncertainty are considered.

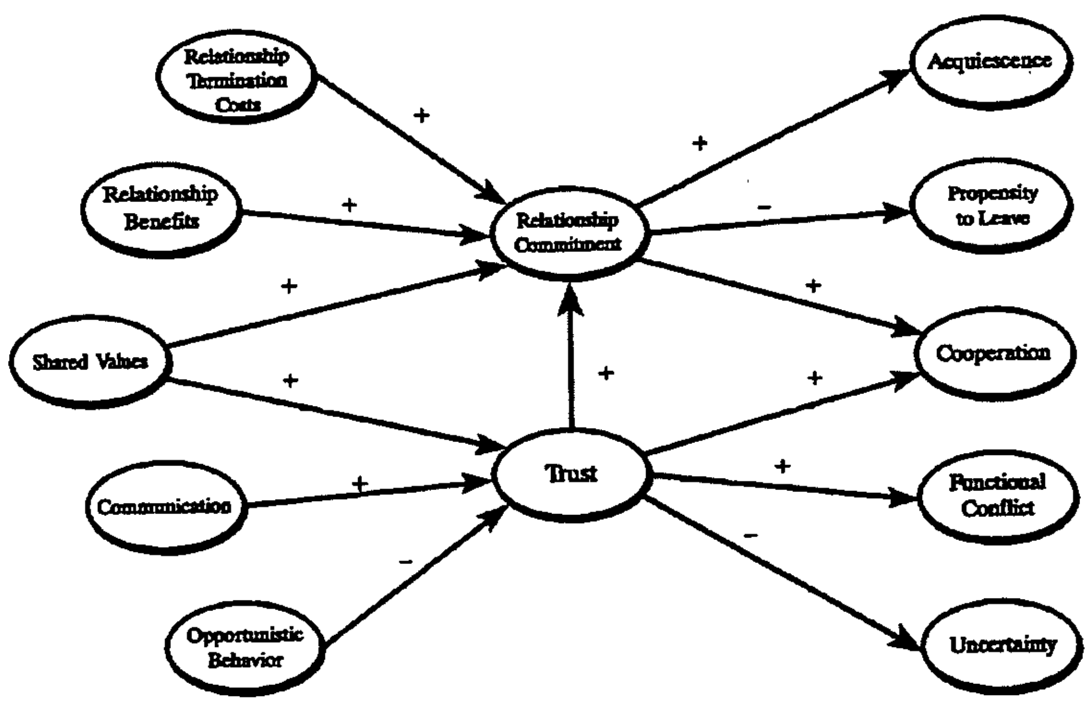


Figure 2. A Model of Relationships between Firms

Source : Adapted from Morgan, R. M., & Hunt, S. D. (1994). The commitment-trust theory of relationship marketing. Journal of Marketing, 58(July), p. 22.

Focusing on services in which one partner is the end user, Bowen and Shoemaker (1998), extending on research undertaken by Morgan and Hunt (1994) and Gundlach, Achrol, and Mentzer (1995), developed a model of service relationships that proposed trust and commitment at the heart of long-term relationships (Figure 3). Other dimensions considered in the model of service relationships include benefits, fair costs, switching costs, product use, reactive opportunistic behaviour, voluntary partnership, understood values and goals, uncertainty, natural opportunistic behaviour, expectation, word-of-mouth, corporate identity, past experience, and communication.

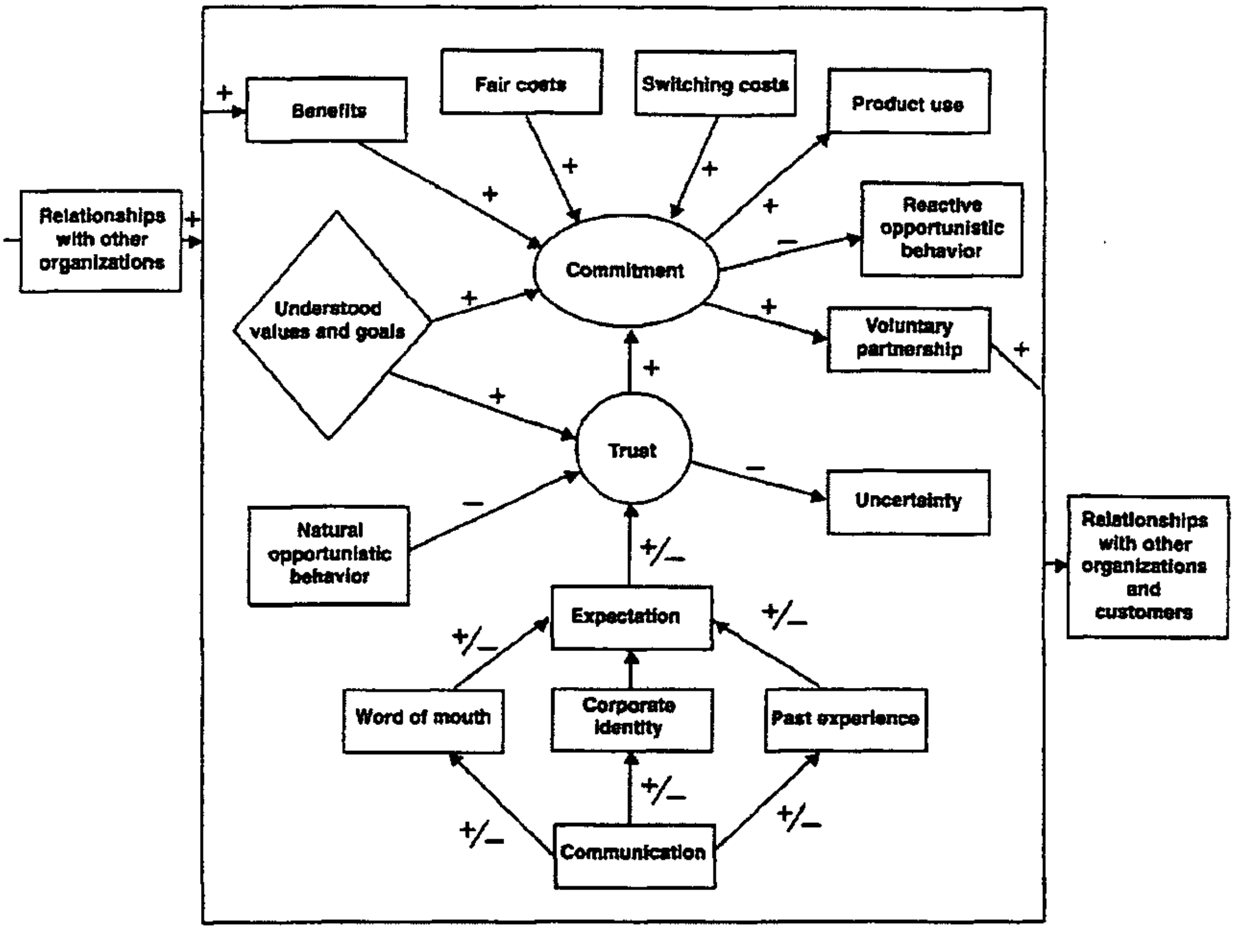


Figure 3. A Model of Service Relationships

Source : Adapted from Bowen, J. T., & Shoemaker, S. (1998). Loyalty: A strategi commitment. Cornell and Hotel Restaurant Administration Quarterly, 39(1), p. 15.

Evident in the relationship models reviewed above, regardless of the type of industry (i.e., industrial or service), trust and commitment are two concepts that form the heart of long-term relationships. Cravens and Piercy (1994), for instance state that trust is important to the success of a partnership. With trust as a precursor, a customer becomes loyal to a firm and forms a commitment to that firm. Accordingly, Morgan and Hunt (1994) found a significant connection between trust and relationship based on commitment. Finally, Bowen and Shoemaker (1998) reported that trust leads to relationship commitment, which they considered as the behavioural outcome of loyalty.

A CONCEPTUAL MODEL

The Relationship Strength Model

Although some of the relationship models reviewed earlier have been tested empirically, when applied to the service context, these models are subjected to certain limitations. Firstly, Morgan and Hunt's (1994) model is customised for the measurement of retailer-supplier relationships, hence, the application of this model cannot be generalised to the service industry context due to the differences in the nature of both industries. To cater to services, Bowen and Shoemaker (1998) developed the model of service relationships. However, although this model has been customised to the service context, the service relationships model did not take into consideration measures of both attitudinal and behavioural nature. To date, the only model available that linked attitudinal and behavioural measures is the relationship profitability model (Storbacka et al., 1994). However, as discussed previously, this model lacks empirical testing, and only three out of the 15 dimensions reviewed in the model represented the established paradigm.

To further understanding of the dimensions of relationship marketing, there is a need to explore the antecedents and consequences of relationship strength from the customer's perspective. Figure 4 depicts the proposed antecedents, moderators, and consequences of relationship strength. The antecedents are grouped into two sets of factors: perceived service quality and cumulative customer satisfaction. The effects of these antecedents variables on relationship strength are moderated by the customer's trust and commitment, the use of relational bonds by the organisation, as well as the frequency and intensity of relational contact between the customer and the contact employee. Finally, the consequence of relationship strength is measured by the customer's overall perceived relationship quality (attitudinal outcome) and intended behavioural intentions (behavioural outcome) towards the organisation.

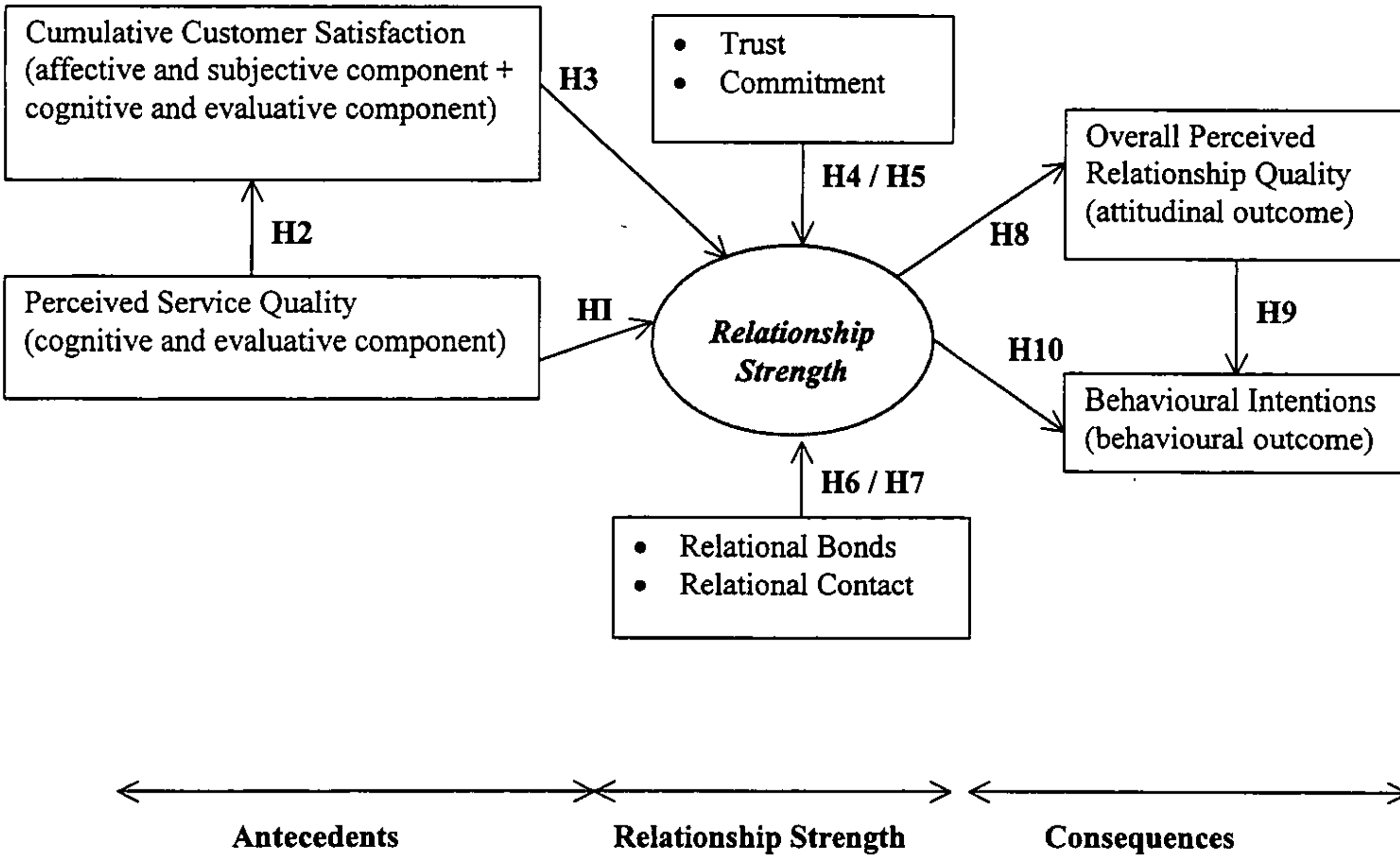


Figure 4. The Relationship Strength Model

RESEARCH ISSUES AND HYPOTHESES

Service Quality

Some of the greatest challenges facing organisations in the current marketplace include the intensifying global competition, the continuous increase in customer expectations and customers' subsequent demands as the quality of service improves (Parasuraman, Zeithaml, & Berry, 1988; Rao & Kelkar, 1997). These challenges are forcing organisations to break free from the traditional customer satisfaction paradigm, to adopt proactive strategies which will assist them in building and sustaining a competitive edge (Kandampully, 1998). One strategy that has been related to success in services is the concept of quality and quality management. According to Berry, Parasuraman, and Zeithaml (1988), service quality has become a great differentiator and the most powerful competitive weapon which many leading service organisations possess. Leading service organisations strive to maintain a superior quality of service in an effort to gain customer loyalty (Zeithaml, 1996), therefore, a service organisation's long term success in a market is essentially determined by its ability to expand and maintain a large and loyal customer base. Given prior research on service quality, the following hypothesis is proposed:

> **H1**: The greater the level of perceived service quality, the greater will be the strength of the customer-contact employee relationship.

From the review of literature on service quality, it has been found that early research efforts concentrated on defining and measuring the quality of tangible goods and products, while the seemingly more difficult services sector was ignored. Grönroos (1990b) has noted that product quality was traditionally linked to the technical specifications of goods, with most definitions of quality arising from the manufacturing sector where quality control has received extensive attention and research. On the other hand, Crosby (1979, p. 151) defined quality of goods as '*conformance to requirements*'; Juran (1980, p. 132) defined it as '*fitness for use*'; while Garvin (1983) measured quality by counting the incidence of 'internal' failures (those observed before a product left the factory) and 'external' failures (those incurred in the field after a unit had been installed). These product-based definitions of quality may be appropriate to the goods-producing sector, however, knowledge about the quality of goods is insufficient to understand service quality (Parasuraman, Zeithaml, & Berry, 1985).

Literature published in the late 1970s and the 1980s provided a clearer understanding of service quality and its measurement (Lee & Hing, 1995). These efforts to define and measure service quality have taken a slower route and came into focus at a much later stage because of the four unique attributes of services which are difficult to define and measure. These attributes are: *intangibility* (Bateson, 1977; Lovelock, 1981), *heterogeneity* (Booms & Bitner, 1981), *inseparability* (Carman & Langeard, 1980; Grönroos, 1978) and *perishability* (Grönroos, 1990b; Zeithaml, 1996).

Service Quality Defined

Grönroos (1984) defined service quality as a perceived judgement, resulting from an evaluation process where customers compare their expectations with the service they perceive to have received (p. 38). The author also suggested that service quality issues can be split into technical quality (what is done) and functional quality (how it is done). Grönroos (1984) further declared that the quality of a service is dependent on two variables: expected service and perceived service, and that any previous experience with a service could influence the expectations of a consumer, whereas the perceived service is the result of a consumer's perception of the service itself.

Similarly, Parasuraman *et al.* (1988), based on exploratory research to understand the construct of service quality and its determinants, defined service quality as the degree of discrepancy between customers' normative expectations for the service and their perceptions of the service performance (p. 17). Perceived service quality is then interpreted from the differences in degree and direction between perceptions and expectations, and this approach to service quality is adopted in this study. In addition, service quality has also been described as a form of attitude, related but not equivalent to satisfaction, that results from the comparison of expectations with performance (Bolton & Drew, 1991; Parasuraman et al., 1988). Therefore, it is important to note that service quality and customer satisfaction are two distinct constructs, and the differences between these two constructs will be elaborated below.

Customer Satisfaction

Customer satisfaction with an organisation's products or services is often seen as the key to an organisation's success and long-term competitiveness (Hennig-Thurau & Alexander, 1997). Satisfaction is a psychological construct describing the subjective emotional state that occurs in response to an evaluation of a set of experiences (Locke, 1969). The emotional state may vary from positive (i.e., satisfaction) to negative (i.e., dissatisfaction), depending on the individual and the evaluation made. The concept of satisfaction has been applied to a range of human experience, and has been successfully studied in regard to experiences with products as well as work, marriage, services and life in general. Therefore, customer satisfaction refers to the customer's emotional product/service evaluation of the experiences obtained from usage, consumption, and ownership of the specific good or service (Westbrook, 1981).

In the research literature, both process and outcome (or performance) definitions of satisfaction coexist. With regard to the former, several conceptualisations of satisfaction have been discussed in the literature (Yi, 1990). The central theme of the process definition of satisfaction is the expectancy disconfirmation paradigm (Ruyter & Bloemer, 1999). According to this paradigm, consumers form expectations, which act as a standard against which service performance will be judged. A comparison of expectations and perceptions will result in a confirmation or disconfirmation. When the service perceptions exactly meet expectations, customers' expectations are confirmed. On the other hand, a discrepancy between expectations and perceptions will result in disconfirmation. There are basically two types of disconfirmation: positive disconfirmation occurs when service performance exceeds prior expectations and negative disconfirmation occurs when expectations exceed performance. Confirmation and positive disconfirmation results in satisfaction whereas negative disconfirmation results in dissatisfaction. These process definitions of satisfaction enable evaluations ranging from brief service encounters to service experiences that involve consumption periods of considerable duration. Alternatively, outcome definitions of satisfaction can be viewed as a state of fulfilment that is connected to reinforcement and arousal. Several types of satisfaction have been discerned in the satisfaction-as-states framework developed by Oliver (1989), and these include satisfaction-as-contentment, satisfaction-as-pleasure, satisfaction-as-relief, satisfaction-as-novelty and satisfaction-as-surprise.

In addition, customer satisfaction can be viewed as an immediate postpurchase evaluative judgement or an affective reaction to the most recent transaction experience with a firm (Oliver, 1993). Customer satisfaction is a requisite for customer loyalty, but satisfied customers may not become loyal customers (Bowen & Shoemaker, 1998). As noted above, customer satisfaction is different from service quality. The most common explanation of the difference between the two is that perceived service quality is a form of attitude, a long-run overall-evaluation, whereas customer satisfaction is a transaction-specific measure (Bitner, 1990; Bolton & Drew, 1991; Chadee & Mattsson, 1996; Cronin & Taylor, 1992). This view is supported by qualitative research conducted by Parasuraman *et al.* (1985) which found several examples where consumers were satisfied with a particular service but still did not think that it was of a high quality.

Another distinction between the two constructs is that service quality is primarily a cognitive, left-brained, evaluative, objective concept, while satisfaction is a combination of an affective, right-brained, feelings-based, and subjective component with a cognitive, left-brained, evaluative, objective component (Shemwell, Yavas, & Bilgin, 1998). Subsequently, almost all studies conducted on customer satisfaction possess a distribution in which a majority of the responses indicated that customers are satisfied and the distribution itself is skewed towards the higher end of the scale (Danaher & Haddrell, 1996). That is to say, in many studies, data is collected so that very little variation in customer satisfaction is obtained (Soderlund, 1998), and this might obscure the potential richness of the construct, making it more difficult to explore.
Furthermore, customers require experience with a product or service to determine how satisfied they are with it, while quality can be perceived without actual consumption experience (Oliver, 1993). Also, it had been long recognised that customer satisfaction is dependent on value (Howard & Sheth, 1969; Kotler & Levy, 1969), where value can be viewed as the ratio of perceived quality relative to price or benefits received relative to costs incurred (Zeithaml, 1988). Thus, customer satisfaction is also dependent on price, whereas

the service quality is not. Finally, service quality pertains to a customer's current perception of a product or service, while customer satisfaction is based not only on current experience, but also on all past experiences, as well as any future or anticipated experiences (Anderson, Fornell, & Lehmann, 1994).

Cumulative Satisfaction

Cumulative satisfaction or overall satisfaction is an overall evaluation based on the total purchase and consumption experience with a good or service over time (Anderson et al., 1994, p. 54). The measurement of cumulative satisfaction rather than encounter-specific customer satisfaction is preferred, as the former captures a consumer's general level of satisfaction based on *all* experiences with a firm. In other words, cumulative satisfaction is an overall construct, summing satisfaction with specific products and services of an organisation, as well as satisfaction with other related facets of the organisation (Czepiel, Rosenberg, & Akerele, 1974).

The total set of experiences realised in patronising a firm is exceptionally diverse, and this include experiences related to being in the firm itself and dealing with the firm, as well as experiences related to consuming the products and services obtained from the firm. For example, research by Westbrook (1981) demonstrated that satisfaction with a retail establishment is an accumulation of separate evaluations with the salespersons, store environment, products, and other factors. Each of these experiences receives an evaluation, and an accompanying emotional reaction from the customer. Therefore, customers derive satisfaction or dissatisfaction from individual experiences in the store as well as in the use of each product or service purchased from the store.

Moreover, Crosby and Stephens (1987) found that overall satisfaction with life insurance has separate components of satisfaction with the service provider, core service, and organisation. To further reinforce this view, Spreng, MacKenzie, and Olshavsky (1996), and Mittal, Ross, and Baldasare (1998) have developed models of how satisfaction/dissatisfaction with product or service attributes and processes are incorporated into overall satisfaction evaluations.

In order to attain cumulative customer satisfaction with an organisation's product or service offerings, it is essential that the organisation constantly monitor and increase its level of service quality. This view is supported by a study conducted by Gotlieb, Grewal and Brown (1994), which found that perceived service quality affects satisfaction, and behavioural intentions is affected by satisfaction. In other words, consumer satisfaction is an intervening variable that mediates the relationship between service quality judgements and behavioural intentions (i.e., service quality → satisfaction → behavioural intentions) (Cardozo, 1965; Fornell, 1992; Halstead & Page, 1992; Taylor & Baker, 1994). Thus, the accurate measurement of quality is critical in ensuring continued patronage from consumers (Rao & Kelkar, 1997). Hence,

H2: The greater the level of customer perceived service quality, the greater will be the level of customer cumulative satisfaction.

H3: The greater the level of customer cumulative satisfaction, the greater will be the strength of the customer-contact employee relationship.

Cultivating Long-term Relationships with Customers

Services are taking on an increasing importance both domestically and internationally. In today's changing global environment, organisations are searching for innovative ways to achieve competitive advantage, increase customer loyalty and improve efficiency. Confronted with these challenges, marketers are differentiating their product service offerings by cultivating long-term relationships with their customers, who are setting new standards for service excellence (Javalgi & Moberg, 1997).

Understanding how or why a sense of loyalty develops in customers remains one of the crucial management issues today (Pritchard, Havitz, & Howard, 1999). The rewards of loyalty are long-term and cumulative (Griffin, 1998). Some business analysts have suggested that the cost of recruiting a new customer is five times more than the cost of retaining an existing customer (Barsky, 1994; Reicheld & Sasser, 1990). Doing business with continuing customers saves money on a variety of recruitment costs, such as the costs of advertising to entice new customers; the costs of personal selling to pitch to new prospects; the costs of setting up new accounts; the costs of explaining business procedures to new clients; and the costs of inefficient dealings during the customer's learning process (Peppers & Rogers, 1993). Moreover, increased loyalty can bring cost savings to a company through reduced customer turnover expenses; increased cross-selling success, leading to a larger 'share of the customer'; positive word-of-mouth; and assuming loyal customers are also satisfied, reduce failure costs (Griffin, 1998).

In addition, continuing customers profit the organisation more than by saving on costs, as these customers progress to buy a more comprehensive product line from the supplier (Mittal & Lassar, 1998). The longer an organisation can keep a customer, the greater the lifetime revenue the organisation can derive from the customer. Furthermore, as revenues increase from the same customer, the costs of serving the customer decline. As a result, the true success of relationship marketing will result from growing the 'share of customer' rather than the 'share of market' (Peppers & Rogers, 1995). This perspective leads to a concern with customer retention, which can be achieved through the development of long-term customer loyalty (Pritchard & Howard, 1997; Sheth & Atul, 1995).

Customer Loyalty and Customer Retention

Simply stated, customer loyalty is a purchase behaviour, unlike customer satisfaction, which is an attitude (Griffin, 1996). Customer loyalty, a key mediating variable in explaining customer retention (Pritchard & Howard, 1997), is concerned with the likelihood of a customer returning, making business referrals, providing strong word-of-mouth, as well as providing references and publicity (Bowen & Shoemaker, 1998). Loyal customers are less likely to switch to a competitor due to a given price inducement, and these customers make more purchases compared to less loyal customers (Baldinger & Rubinson, 1996). Although most research on loyalty has focused on frequently purchased package goods (brand loyalty), the loyalty concept is also important for industrial goods (vendor loyalty), services (service loyalty), and retail establishments (store loyalty) (Dick & Basu, 1994). Accordingly, customer loyalty constitutes an underlying objective for strategic marketing and management planning (Kotler, 1984) and represents an important basis for developing a sustainable competitive advantage (Kotler & Singh, 1981).

Dick and Basu (1994) have developed a framework for customer loyalty that combines both attitudinal and behavioural measures. The authors proposed that loyalty is determined by a combination of repeat purchase levels (repeat patronage behaviour) and relative attitude (level of attachment). Relative attitude is determined by attitude strength and attitudinal differentiation. The combination of the strength of an individual's repeat patronage behaviour and relative attitude leads to four specific conditions of loyalty as seen in Table 1 (Baldinger & Rubinson, 1996; Dick & Basu, 1994).

Table 1

Customer Loyalty Classification Scheme

Relative Attitude	**Repeat Patronage**	
	High	Low
High	*Premium Loyalty*	*Latent Loyalty*
Low	*Spurious Loyalty*	*No Loyalty*

Source: Adapted from Baldinger, A. L., & Rubinson, J. (1996). Brand loyalty: The link between attitude and behavior. Journal of Advertising Research, 36(6), p. 26 and Dick, S. A., & Basu, K. (1994). Customer loyalty: Toward an integrated conceptual framework. Journal of the Academy of Marketing Science, 22(2), p. 101.

A low relative attitude combined with low repeat patronage represents an absence of loyalty, where consumers see few differences between alternative products or services. On the other hand, a low level of relative attitude coupled with a high repeat patronage produces spurious loyalty, which occurs when a consumer frequently purchases a particular product or service, but sees no significant differences between similar products or services (Javalgi & Moberg, 1997). A high relative attitude combined with a low repeat patronage represents latent loyalty, and this exists when a consumer has a strong preference or attitude towards an organisation's product or service over its competitors' product or service, but does not exhibit high repeat patronage due to some situational or environmental variable. Finally, a high relative attitude combined with a high repeat patronage produces premium loyalty, which is the most preferred of the four conditions. Consequently, premium loyalty would obviously be the ultimate goal for organisations (Javalgi & Moberg, 1997).

Customer loyalty differs from customer retention in that customer retention describes the length of the relationship an individual has with an organisation; the individual's relative attitude towards the organisation or repeat patronage behaviour is not being highlighted (Hennig-Thurau & Alexander, 1997). In other words, premium loyalty is an important leading indicator of customer retention. For example, an airline may have a high level of customer retention, only to find out that it has a large number of frequent flyer accounts, but in reality, travellers have defected to other airlines but have not closed their membership accounts. Despite the differences, customer retention has been considered as an important source of long-term business success (Rust & Zahorik, 1993), and building a relationship with a customer is a good way to retain that customer in the long-term (Sheaves & Barnes, 1996). Also, while customer databases allow an organisation to gain detailed knowledge of customers and maintain close on-going contact, the existence of such databases may not represent an obvious strategy to customer retention, particularly if the customer is not a willing partner in the relationship with the organisation (Barnes, 1994). Hence, database marketing may be a necessary tool to implement relationship marketing, but it is not, in itself, relationship marketing (Shani & Chalasani, 1992). In order to fully comprehend the concept of relationship marketing, a variety of interrelated relationship marketing dimensions will be explored below.

Relationship Marketing Defined

Relationship marketing has been defined in several ways. Berry (1983) defined relationship marketing as attracting, maintaining and – in multiservice organisations – enhancing customer relationships. He advocated a number of relationship strategies, including a core service strategy, customisation, relationship pricing, and internal marketing. Similarly, Jackson (1985) referred to industrial relationship marketing as efforts oriented towards strong, lasting relationship with individual accounts. Predominantly among most definitions of relationship marketing is the view that buyer-seller encounters accumulate over time, and opportunities exist to transform individual and discrete transactions into relational partnerships (Czepiel, 1990). This view supports the notion that a relationship exists when an individual exchange is assessed not in isolation, but as a continuation of past exchanges likely to continue into the future. Perceived in this way, customer acquisition is only an intermediate step in the marketing process, with the ultimate goal being to strengthen already strong relationships, and to convert indifferent customers into loyal ones (Berry & Parasuraman, 1991). Today, relationship marketing may be used to describe a plethora of marketing relationships, such as those between a firm and its buyers, suppliers, employees and regulators (Morgan & Hunt, 1994).

In order for the concept of relationship marketing to be useful, Berry (1983) identified three conditions that should exist, and they are: (1) the customer must have an ongoing or periodic desire for the service; (2) the service customer must control the selection of the supplier; and (3) there must be alternate suppliers. As a result, these conditions appear to preclude the definition of relationship marketing as 'locking-in' the customer. Other authors pointed to trust, commitment, satisfaction, and the sharing of secrets as characteristics of relationships (Crosby et al., 1990; Morgan & Hunt, 1994). Multidimensional in nature, relationship marketing as a theoretical construct has been studied in terms of a variety of interrelated concepts. Some of the more prominent relationship building dimensions that have constantly emerged in the literature include trust, commitment, relational bonds and relational contact. These dimensions are discussed below.

Trust

The perceived level of trust between exchange partners is an important criterion for understanding the strength of marketing relationships and has been defined in a variety of related ways. Trust is a fundamental relationship model building block and is included in most relationship models (Wilson, 1995). Trust has been defined in various ways in the relationship marketing literature: as a willingness to rely on an exchange partner in whom one has confidence (Moorman, Zaltman, & Deshpandé, 1992); as the belief that a partner's word or promise is reliable and a party will fulfil his/her obligations in the relationship (Schurr & Ozanne, 1985); and as a partner's belief that the other partner will perform actions that will result in positive outcomes, as well as not take unexpected actions that would result in negative outcomes (Anderson & Narus, 1984).

Other authors have defined trust in terms of shared values (Heide & John, 1992; Morgan & Hunt, 1994), mutual goals (Wilson, 1995), opportunistic behaviour (Dwyer, Schurr, & Oh, 1987; Morgan & Hunt, 1994), making and keeping promises (Bitner, 1990; Bitner, 1995; Bitner, Booms, & Mohr, 1994) and uncertainty (Crosby et al., 1990; Parasuraman et al., 1985). Using a similar definition of trust, Gwinner, Gremler, and Bitner (1998) find the psychological benefit of confidence and trust to be more important than special treatment or social benefits in consumer relationships with service firms. Finally, Grönroos (1996) suggested that 'the relationship philosophy approach relies on...a trusting relationship with customers...instead of an adversarial approach to customers...' (p.12). Thus the following hypothesis:

H4: The greater the level of trust, the greater will be the strength of the customer-contact employee relationship.

Commitment

Similar to trust, commitment appears to be one of the most important variables for understanding the strength of a marketing relationship, and it is a useful construct for measuring the likelihood of customer loyalty as well as for predicting future purchase frequency (Dwyer et al., 1987; Gundlach et al., 1995; Morgan & Hunt, 1994). While commitment is the most common dependent variable used in buyer-seller relationship studies (Wilson, 1995), there has been no agreement as to the proper measurement scale to use for this multidimensional construct (Hocutt, 1998). Commitment has been described in many ways in the relationship marketing literature. Moorman *et al.* define commitment as an enduring desire to maintain a valued relationship (1992). This perspective is consistent with Dwyer *et al.*'s (1987) definition of commitment in a buyer-seller relationship as the existence of 'an implicit or explicit pledge of relational continuity between exchange partners'. Likewise, in channels research, commitment has been operationalised as a channel member's intention to continue the relationship (Anderson & Weitz, 1989; Scheer & Stern, 1992).

On the other hand, Gundlach, Achrol, and Mentzer (1995) argue that commitment has three components: an instrumental component of some form of investment, an attitudinal component that may be described as affective commitment or psychological attachment, and a temporal dimension indicating that the relationship exists over time. The attitudinal domain of a relationship is best understood in symbolic terms (i.e., customer identification), as committed customers tend to identify strongly with the goals an values of an organisation (Kelley, Donnelly, & Skinner, 1990). Hence,

H5: The greater the level of commitment, the greater will be the strength of the customer-contact employee relationship.

Adopting a broader perspective, Morgan and Hunt (1994) defined commitment as a belief by an exchange partner that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it; that is, the committed party believes that the relationship is worth working on to ensure that it endures indefinitely. In this sense, commitment can exist only where the party giving the commitment considers a relationship to be important. What at first sight appears to be commitment on the part of one party may hide the fact that there may be a lack of alternatives which are either available to the buyer, or which they are sufficiently motivated to seek out. Such a relationship is qualitatively different to one where both parties are engaged as willing participants, therefore it important not to confuse customer loyalty with commitment (Dick & Basu, 1994).

At first glance, some definitions of customer loyalty and commitment suggest that these two constructs share similar attitudinal biases (Pritchard et al., 1999). However, recent work by Dick and Basu (1994) offered a delineation between customer loyalty and commitment. These authors argue that commitment serves as a precursor to loyalty attitude and its appraisal (function) of repeat patronage. Restated, commitment is seen as the 'emotional or psychological attachment to a brand' that developed before a customer would be able to determine that their repeat purchase behaviour was derived from a sense of loyalty (Beatty & Kahle, 1988).

Relational Bonds

Relational bonds are the psychological, emotional, economic or physical attachments in a relationship that are fostered by association and interaction and serve to bind parties together under relational exchange (McCall, 1970; Turner, 1970). Within the interaction approach and network approach to industrial marketing, six different types of bonds have been suggested, and they are social bonds, technological bonds, knowledge bonds, planning bonds, legal bonds and economic bonds (Dwyer et al., 1987; Ford, 1980). Although these bonds can also be found in consumer markets, they are somewhat limited for this purpose (Storbacka et al., 1994).

Liljander and Strandvik (1995) proposed that a consumer may have ten different bonds with a service provider. The first five bonds – legal, economic, technological, geographical, and time bonds can be seen as *contextual* factors that cannot be easily influenced by the customer but can be observed and managed by the organisation. Compared with the other five bonds, these bonds are more likely to be perceived negatively by customers. For example, a customer who have been with a particular insurance company for a moderate period of time will experience high switching costs. These bonds can prevent the customer from switching even when the service provided is of low quality. The other five bonds – knowledge, social, cultural, ideological, and psychological bonds, represent *perceptual* factors which are difficult to measure and manage by the organisation. In this instance, a cultural or ideological bond is directly related to a customer's personal values and preferences, and this can be a very effective exit barrier (Liljander & Strandvik, 1995). Hence, the customer may accept lower levels of service quality without breaking the relationship.

Researchers in the relationship marketing field have conceptualised several types of relational bonds, namely financial, social, functional and structural bonds (Berry, 1995; Smith, 1998; Thibault & Kelly, 1959; Turner, 1970; Wilson, 1995). Social exchange theory (e.g., Homans, 1961) suggests that relational bonds are developed through a series of successive interactions. These interactions, successful or unsuccessful, are interdependent and provide a context or history that draws and keeps parties together and shapes their interaction (Smith, 1998). As such, financial, social, functional and structural bonds provide the context or bases from which relational outcomes such as trust and commitment are evaluated.

Financial Bonds

Financial bonds are primarily pricing incentives that are used to secure customers' loyalty (Berry, 1995). For example, financial bonds such as frequent flyer or buyer programs deter customers from breaking off their relationship with the firm because of their level of investment in the program that are translated into the several thousand points already accumulated (Dwyer et al., 1987). Other forms of financial bonds include higher interest rates for longer duration bank accounts and a free haircut after seven paid haircuts. Although financial bonds serve to bind the customer to the firm, such bonds are relatively weak, as price is the most easily imitated element of the marketing mix. Within three years of American Airlines establishing AAdvantage frequent flyer program, 23 other airlines followed suit by offering their own frequent flyer programs (Stephenson & Fox, 1987). Furthermore, customers interested in pricing incentives are particularly vulnerable to competitor promotions and these customers are likely to switch when a competitor offers similar services and benefits at more attractive pricing incentives.

Social Bonds

Social bonds are personal ties or linkages forged during interaction between two parties (Turner, 1970), and they are easier to break than structural bonds, as consumers cannot always justify making an inferior decision based on friendship (Turnbull & Wilson, 1989). Social bonds include the degree of personal friendship and liking shared by a buyer and seller (Wilson, 1995), as well as linking of personal selves or identities through self disclosure; closeness providing support or advice; being empathetic and responsive; feelings of affiliation, attachment, or connectedness; and shared experience (Turner, 1970). Social bonding involves personalisation and customisation of the relationship, for example, communication with customers regularly, referring to customers by name during transactions, providing continuity of service through the same service provider, and augmenting the core service with additional activities (Berry, 1995).

Wilson and Mummalaneni (1986) found that buyers and sellers who have a strong personal relationship are more committed to maintaining the relationship than less socially bonded partners. In other words, a patient who likes his/her physician is more satisfied and is also more likely to be associated with the doctor-patient relationship. Finally, a social relationship may prompt customers to be more tolerant of a core service failure or to give a company an opportunity to respond to competitor entreaties.

Functional Bonds

Functional bonds are the multiplicity of economic, performance, or instrumental ties or linkages that serve to promote continuity in a relationship (Smith, 1998). Functional bonds are created by the economic, strategic, technological (knowledge or information), and instrumental (product or service related) benefits derived by the exchange parties (Turner, 1970). These benefits are evaluated in comparison with alternative relationships, either experienced or suspected (Smith, 1998). Therefore, functional bonds draw on the exchange theory concept of comparison-level given alternatives (Thibault & Kelly, 1959).

Structural Bonds

A structural bond is defined as a situation that pertains when two parties make investments that cannot be retrieved when the relationship ends, or when it is difficult to end the relationship due to the complexity and cost of changing sources (Turnbull & Wilson, 1989). Structural bonds are ties relating to the structure, governance, and institutionalisation of norms in a relationship (Smith, 1998). Structural bonds develop over time as the level of investments, adaptations, and shared technology grows until a point is reached when it may be very difficult to terminate a relationship (Wilson, 1995). Firms with high levels of structural bonding were found to have a higher level of commitment to the continuance of the relationship than firms with lower levels of structural bonding (Han & Wilson, 1993).

When marketers offer target customers value-adding benefits that are not readily available elsewhere, they create a strong foundation for maintaining and enhancing relationships. That is to say, the rules, policies, procedures, or agreements that provide formal structure to a relationship; the norms or routines that informally govern interaction; and the organisational systems and technologies that enable or facilitate interaction can provide psychological, legal, and physical ties that bind parties to a relationship and make it difficult for them to consider other exchange partners (Smith, 1998). Consequently, the structural bond that supports the relationship becomes a barrier to exit, as a customer may be trapped in a relationship against his or her will because the costs of extricating the relationship cannot be justified. In this instance, such a relationship is seen as inferior to one in which both parties are engaged as willing participants (Barnes, 1994). Based on the above relational bonds literature, the following hypothesis is proposed:

H6: The greater the application of relational bonds, the greater will be the strength of the customer-contact employee relationship.

Relational Contact

In most long-term relationships, the interaction or intensity of relational contact between the customer and the service provider/organisation occurs over a series of procurement periods (Lagace, Dahlstrom, &

Gassenheimer, 1991). Research conducted by Crosby, Evans, and Cowles (1990) suggests that the intensity of relational contact should play a part in acquiring relationship quality. In this instance, the extent of the relational contact refers to the duration and frequency of interaction between the customer and the service provider/organisation (Lagace et al., 1991). The length of time in a relationship, or the duration of a relationship, provides the opportunity for a service provider or an organisation to display abilities and show concern for customer problems (Jackson, 1985). In addition, MacNeil (1980) emphasised the importance of the time dimension (i.e., duration) in establishing customers' future expectations. Accordingly, Dwyer, Schurr, and Oh (1987) state that '...relational exchange transpires over time; each transaction must be viewed in terms of its history and its anticipated future' (p.12). Furthermore, older relationships have passed through and survived phases of adjustment and accommodation (Anderson & Weitz, 1989). Hence, the duration of a relationship should be indicative of the strength and quality of the relationship. If previous interactions have not been satisfactory to either party, the relationship may well be dissolved. This view is further reinforced by a study conducted in the airline industry (Bejou & Palmer, 1998), where relationship duration was found to be an important mediating influence on the outcome level of customers' trust and commitment.

In order to fully evaluate the intensity of a relational contact, the frequency of the contact should also be considered. Frazier and Summers (1984) suggest that the frequency of contact is a communication tool while Mohr and Nevin (1990) maintain that frequency enhances coordination. Therefore, more frequent interactions should facilitate the dissemination of information that is critical to the success of a relationship (Lagace et al., 1991).

H7a: The greater the intensity of relational contact, the greater will be the strength of the customer-contact employee relationship.

H7b: The greater the frequency of relational contact, the greater will be the strength of the customer-contact employee relationship.

Relationship Quality

Relationship quality has been discussed as a bundle of intangible value which augments products or services and results in an expected interchange between buyers and sellers (Levitt, 1986). The more general concept of relationship quality describes the overall depth and climate of a relationship (Johnson, 1999). Additionally, relationship quality refers to a customer's perceptions of how well the whole relationship fulfils the expectations, predictions, goals and desires the customer has concerning the whole relationship (Jarvelin & Lehtinen, 1996). Consequently, it forms the overall impression that a customer has concerning the whole relationship including different transactions. Therefore,

H8: The greater the strength of the customer-contact employee relationship, the greater will be the level of the customer's overall perceived relationship quality.

Gummesson (1987b) identifies two dimensions of relationship quality in the service interface. He defines them as professional relations and social relations. The former relationship is grounded on the service provider's demonstration of competence; while the later is based on the efficacy of the service provider's social interaction with the customer. Crosby, Evans and, Cowles (1990) studied various aspects of relationship quality, and perceive it as a buyer's trust in a salesperson and satisfaction in the relationship. Therefore, high relationship quality means that the customer is able to rely on the service provider's integrity and has confidence in the service provider's future performance because the level of past performance has been consistently satisfactory. Besides, research conducted by Bejou, Wray, and Ingram (1996) concludes that customer-salesperson relationship quality is an important prerequisite to a successful long-term relationship.

H9: The greater the level of the customer's overall perceived relationship quality, the greater will be the customer's propensity to engage in favourable behavioural intentions.

Behavioural Intentions

Customer behavioural intentions can be viewed as indicators that signal whether customers will remain with or defect from a company (Zeithaml, 1996), and behavioural intentions can be split broadly into favourable and unfavourable behavioural intentions. When customers praise the firm, express preference over another company, increase the volume of their purchases, say positive things about the firm, recommend the firm to their friends or relatives, they are indicating behaviourally that they are bonding with the company (Zeithaml, 1996). On the other hand, when customers complain to friends, relatives, internal, external agencies or switch to another company, they are indicating behaviourally that they are poised to leave the company or spend less with the company. Hence,

> **H10**: The greater the strength of the customer-contact employee relationship, the greater will be the customer's propensity to engage in favourable behavioural intentions.

Recent research offers some evidence that perceived service quality has an impact on customer satisfaction, which in turns lead to later behaviours towards the service firm (Andreassen & Lindestad, 1998). Therefore, service quality appears to be a causal antecedent of consumer satisfaction, which mediates the relationship between service quality judgements and behavioural intentions (Taylor & Baker, 1994). This view is further reinforced by a study which found that favourable perceptions of service quality increased the likelihood of customers engaging in behaviours beneficial to the strategic health of the firm (Boulding, Kalra, Staelin, & Zeithaml, 1993). In another study conducted in the hospitality industry (Wong, Dean, & White, 1999), a positive relationship is found between dimensions of service quality and favourable customer behavioural intentions.

MANAGERIAL IMPLICATIONS

The relationship strength model emphasises those elements of a customer-contact employee relationship that are important in determining a high level of relationship strength that the customer feels towards the service provider or the service organisation. These individual elements have practical implications for the management of customer encounters with contact employees, as these elements can contribute to the development of strong customer relationships, some of which are within the control of the organisation. Elements that are difficult to control (e.g., customers' perceptions of trust, commitment) may be compensated for by increasing other elements (e.g., provision of higher levels of service quality, proactive management strategies to develop strong social bonds with customers). In addition, new concepts of relationship marketing can be applied with a strategic perspective intended to develop customer loyalty in a way that cannot be easily duplicated by competitors, thereby creating a sustainable competitive advantage for the organisation. For example, levels of trust can be increased by always keeping promises and looking out for the customers' best interest. Social bonds can be formed by communicating with customers regularly, referring to customers by name during transactions, or providing continuity of service through the same service provider. Levels of satisfaction can be increased by continually trying to improve the quality of services provided to customers. Finally, levels of relationship quality can be increased by demonstrating competence throughout the entire service delivery process.

Future research is needed to provide empirical support for the proposed correlations between the constructs presented in the relationship strength model. Other potential factors that would add valuable contribution to relationship strength include the physical surroundings or atmosphere of the environment, the role of other customers in the relationship development process, the internal service quality and service culture of the organisation, as well as the demographic makeup (issues concerning gender, age, industry working experience) of the service provider. Consequently, the relationship strength model will further benefit from being tested simultaneously in different service processes such as those classified under the four different segments of the Service Process Matrix (Schmenner, 1986) (Figure 5). The Service Process Matrix views different service processes in terms of a matrix that contrasts the labour intensity of the process on one hand with the degree of interaction and customisation of the service for the customer on the other. Through the application of this matrix or other similar forms of service classification schemes*, service organisations can broaden their relationships with other services that have similar operations and managerial challenges, and in doing so, gain the economic foothold needed to survive and prosper (Schmenner, 1986). Furthermore, using the matrix, the strategic changes and future challenges of the service industry could be integrated with emerging relationship marketing trends.

Degree of Interaction and Customisation

Degree of Labour Intensity	Low	High
Low	**Service Factory:** -Airlines -Trucking -Hotels -Resorts and Recreation	**Service Shop:** -Hospitals -Auto Repair -Other Repair Services
High	**Mass Service:** -Retailing -Wholesaling -Schools -Retail Banking	**Professional Service:** -Doctors -Lawyers -Accountants -Architects

Figure 5. The Service Process Matrix
Source: Adapted from Schmenner, R. W. (1986). How can service businesses survive and prosper? Sloan Management Review, 27(3), p. 25.

*For a review of various service classification schemes, please refer to Lovelock, C. H. (1983). Classifying services to gain strategic marketing insights. Journal of Marketing, 47(Summer), 9-20.

REFERENCES

Anderson, E., & Weitz, B. (1989). Determinants of continuity in conventional industrial channel dyads. Marketing Science, 8(3), 310-323.

Anderson, E. W., Fornell, C., & Lehmann, D. R. (1994). Customer satisfaction, market share, and profitability: Findings from Sweden. Journal of Marketing, 58(July), 53-66.

Anderson, J. C., & Narus, J. A. (1984). A model of the distributor's perspective of distributor-manufacturer working relationships. Journal of Marketing, 48(Fall), 62-74.

Andreassen, T. W., & Lindestad, B. (1998). Customer loyalty and complex services: The impact of corporate image on quality, customer satisfaction and loyalty for customers with varying degrees of service expertise. International Journal of Service Industry Management, 9(1), 7-23.

Baldinger, A. L., & Rubinson, J. (1996). Brand loyalty: The link between attitude and behavior. Journal of Advertising Research, 36(6), 22-34.

Barnes, J. G. (1994). Close to the customer: But is it really a relationship? Journal of Marketing Management, 10, 561-570.

Barsky, J. (1994). World-Class Customer Satisfaction. IL: Irwin Professional Publishing, Burr Ridge.

Bateson, J. E. G. (1977). Do we need service marketing?, Marketing Consumer Services: New Insights (pp. 77-115). Cambridge, MA: Marketing Science Institute.

Beatty, S. E., & Kahle, L. R. (1988). Alternative hierarchies of the attitude-behavior relationship: Theimpact of brand commitment and habit. Journal of the Academy of Marketing Science, 16(2), 1-10.

Bejou, D., & Palmer, A. (1998). Service failure and loyalty: An exploration empirical study of airline customers. Journal of Services Marketing, 12(1).

Bejou, D., Wray, B., & Ingram, T. N. (1996). Determinants of relationship quality: An artificial neural network analysis. Journal of Business Research, 36, 137-143.

Bendapudi, N., & Berry, L. L. (1997). Customers' motivations for maintaining relationships with service providers. Journal of Retailing, 73(1), 15-37.

Berry, L. L. (1983). Relationship marketing. In L. L. Berry, G. L. Shostack, & G. D. Upah (Eds.), Emerging Perspectives on Services Marketing (pp. 25-28). Chicago: American Marketing Association.

Berry, L. L. (1995). Relationship marketing of services : Growing interest, emerging perspectives. Journal of the Academy of Marketing Science, 23(4), 236-245.

Berry, L. L., & Parasuraman, A. (1991). Marketing Services: Competing Through Quality. New York: Free Press.

Berry, L. L., Parasuraman, A., & Zeithaml, V. A. (1988). The service quality puzzle. Business Horizon, 31(5), 35-43.

Bitner, M. J. (1990). Evaluating service encounters: The effects of physical surroundings and employee responses. Journal of Marketing, 54(April), 69-82.

Bitner, M. J. (1995). Building service relationships: It's all about promises. Journal of the Academy of Marketing Science, 23(4), 246-251.

Bitner, M. J., Booms, B. H., & Mohr, L. A. (1994). Critical service encounters: The employee's viewpoint. Journal of Marketing, 58(October), 95-106.

Bolton, R. N., & Drew, J. H. (1991). A multistage model of customers' assessments of service quality and value. Journal of Consumer Research, 17(March), 375-384.

Booms, B. H., & Bitner, M. J. (1981). Marketing strategies and organization structures for service firms. In J. Donnelly & W. George (Eds.), Marketing of Services (pp. 47-51). Chicago: American Marketing.

Boulding, W., Kalra, A., Staelin, R., & Zeithaml, V. A. (1993). A dynamic process model of service quality: From expectations to behavioral intentions. Journal of Marketing Research, 30(Feb), 7-27.

Bowen, J. T., & Shoemaker, S. (1998). Loyalty: A strategic commitment. Cornell and Hotel Restaurant Administration Quarterly, 39(1), 12-25.

Buzzell, R. D., & Gale, T. (1987). The PIMS Principles. New York: The Free Press.

Capon, N., Farley, J. U., & Hoenig, S. (1990). Determinants of financial performance: A meta-analysis. Management Science, 36(Oct), 1143-1159.

Cardozo, R. N. (1965). An experiemental study of customer effort, expectation, and satisfaction. Journal of Marketing Research, 2, 244-249.

Carman, J. M., & Langeard, E. (1980). Growth strategies of service firms. Strategic Management Journal, 1(Jan-Mar), 7-22.

Chadee, D. D., & Mattsson, J. (1996). An empirical assessment of customer satisfaction in tourism. The Service Industries Journal, 16(3), 305-320.

Cravens, D. W., & Piercy, N. F. (1994). Relationship marketing and collaborative networks in service organizations. International Journal of Service Industry Management, 5(5), 39-53.

Cronin, J. J., & Taylor, S. A. (1992). Measuring service quality: A reexamination and extension. Journal of Marketing, 56(July), 55-68.

Crosby, L. A., Evans, K. R., & Cowles, D. (1990). Relationship quality in services selling: An interpersonal influence perspective. Journal of Marketing, 54(July), 68-81.

Crosby, L. A., & Stephens, N. (1987). Effects of relationship marketing on satisfaction, retention, and prices in the life insurance industry. Journal of Marketing Research, 24(Nov), 404-411.

Crosby, P. B. (1979). Quality is Free: The Art of Making Quality Certain. NY: New American Library.

Czepiel, J. A. (1990). Service encounters and service relationships: Implications for research. Journal of Business Research, 20, 13-21.

Czepiel, J. A., Rosenberg, L. J., & Akerele, A. (1974). Perspectives on consumer satisfaction. Paper presented at the AMA Educators' Proceedings, Chicago.

Danaher, P. J., & Haddrell, V. (1996). A comparison of question scales used for measuring customer satisfaction. International Journal of Service Industry Management, 7(4), 4-26.

Dick, S. A., & Basu, K. (1994). Customer loyalty: Toward an integrated conceptual framework. Journal of the Academy of Marketing Science, 22(2), 99-113.

Dwyer, F. R., Schurr, P. H., & Oh, S. (1987). Developing buyer-seller relationships. Journal of Marketing, 51(April), 11-27.

Ford, D. (1980). The development of buyer-seller relationships in industrial markets. European Journal of Marketing, 14(5/6), 339-354.

Fornell, C. (1992). A national customer satisfaction barometer: The Swedish experience. Journal of Marketing, 56, 6-21.

Frazier, G. L., & Summers, J. O. (1984). Interfirm influence strategies and their application within distribution channels. Journal of Marketing, 48(Summer), 43-55.

Garvin, D. (1983). Quality on the line. Harvard Business Review, 61(Sep-Oct), 65-73.

Gotlieb, J. B., Grewal, D., & Brown, S. W. (1994). Consumer satisfaction and perceived quality: Complementary or divergent constructs? Journal of Applied Psychology, 79(6), 875-885.

Griffin, J. (1996). The internet's expanding role in building customer loyalty. Direct Marketing, 59(7), 50-53.

Griffin, J. (1998). Customer loyalty: Earning and keeping it. Discount Merchandiser, 38(3), 98-100.

Grönroos, C. (1978). A service-oriented approach to marketing of services. European Journal of Marketing, 18(4), 36-44.

Grönroos, C. (1984). A service quality model and its marketing implications. European Journal of Marketing, 18(4), 36-44.

Grönroos, C. (1990a). Relationship approach to marketing in service contexts: The marketing and organizational behavior interface. Journal of Business Research, 20, 3-11.

Grönroos, C. (1990b). Service Management and Marketing: Managing the Moments of Truth in Service Competition. MA: Lexington Books.

Grönroos, C. (1996). Relationship marketing logic. Asia-Australia Marketing Journal, 4(1), 7-18.

Gummesson, E. (1987a). The new marketing: Developing long-term interactive relationships. Long Range Planning, 20(4), 10-20.

Gummesson, E. (1987b). Quality - The Ericsson Approach. Stockholm: Ericsson.

Gummesson, E. (1994). Making relationship marketing operational. International Journal of Service Industry Management, 5(5), 5-20.

Gundlach, G. T., Achrol, R. S., & Mentzer, J. T. (1995). The structure of commitment in exchange. Journal of Marketing, 59(1), 78-93.

Gwinner, K. P., Gremler, D. D., & Bitner, M. J. (1998). Relational benefits in services industries : The customer's perspective. Academy of Marketing Science, 26(2), 101-114.

Halstead, D., & Page, T. J. J. (1992). The effects of satisfaction and complaining behavior on consumers repurchase behavior. Journal of Satisfaction, Dissatisfaction, and Complaining Behavior, 5, 1-11.

Han, S. L., & Wilson, D. T. (1993). Antecedents of buyer commitment to a supplier: A model of structural bonding and social bonding. Paper presented at the Unpublished paper, University Park.

Heide, J. B., & John, G. (1992). Do norms matter in marketing relationships? Journal of Marketing, 56(April), 32-45.

Hennig-Thurau, T., & Alexander, K. (1997). The impact of customer satisfaction and relationship quality on customer retention: A critical reassessment and model development. Psychology and Marketing, 14(8), 737-764.

Hocutt, M. A. (1998). Relationship dissolution model: Antecedents of relationship commitment and the likelihood of dissolving a relationship. International Journal of Service Industry Management, 9(2), 189-200.

Homans, G. (1961). Social Behavior: Its Elementary Forms. New York: Harcourt, Brace and World.

Howard, J. A., & Sheth, J. N. (1969). The Theory of Buyer Behavior. New York: John Wiley & Sons, Inc.

Hunt, S. D., & Morgan, R. M. (1995). The comparative advantage theory of competition. Journal of Marketing, 59(April), 1-15.

Jackson, B. B. (1985). Wining and Keeping Industrial Customers: The Dynamices of Customer Relationships. Lexington: Lexington Books.

Jarvelin, A., & Lehtinen, U. (1996). Relationship quality in business-to-business service context. In B. B. Edvardsson, S W Johnston, R Scheuing, E E (Ed.), QUIS 5 Advancing Service Quality: A Global Perspective (pp. 243-254). UK: Warwick Printing Company Ltd.

Javalgi, R. G., & Moberg, C. R. (1997). Service loyalty: Implications for service providers. The Journal of Services Marketing, 11(3), 165-179.

Johnson, J. L. (1999). Strategic integration in industrial distribution channels: Managing the interfirm relationship as a strategic asset. Journal of the Academy of Marketing Science, 27(1), 4-18.

Juran, J. M. (1980). Quality Planning and Analysis: From Product Development Through Use. NY: McGraw-Hill, Inc.

Kandampully, J. (1998). Service quality to service loyalty: A relationship which goes beyond customer services. Total Quality Management, 9(6), 431-443.

Kelley, S. W., Donnelly, J. H., & Skinner, S. J. J. (1990). Customer participation in service production and delivery. Journal of Retailing, 66(3), 315-335.

Kotler, P. (1984). Marketing Management: Analysis, Planning, and Control. (5th ed.). Englewood Cliffs, NJ: Prentice-Hall.

Kotler, P., & Levy, S. J. (1969). Broadening the concept of marketing. Journal of Marketing, 33(fEB), 10-15.

Kotler, P., & Singh, R. (1981). Marketing warfare in the 1980's. Journal of Business Strategy, Winter, 30-34.

Lagace, R. R., Dahlstrom, R., & Gassenheimer, J. B. (1991). The relevance of ethical salesperson behavior on relationship quality: The pharmaceutical industry. Journal of Personal Selling and Sales Management, 11(4), 39-47.

Lee, Y. L., & Hing, N. (1995). Measuring quality in restaurant operations: An application of the SERVQUAL instrument. International Journal of Hospitality Management, 14(3/4), 293-310.

Lehtinen, U. (1996). Our present state of ignorance in relationship marketing. Asia-Australia Marketing Journal, 4(1), 43-51.

Levitt, T. (1986). The Marketing Imagination. New York: The Free press.

Liljander, V., & Strandvik, T. (1995). The nature of customer relationships in services. In T. A. Swartz, D. E. Bowen, & S. W. Brown (Eds.), Advances in Services Marketing and Management (Vol. 4,). London: JAI Press.

Locke, E. A. (1969). What is job satisfaction? Organizational Behavior and Human Performance, 4, 309-336.

Lovelock, C. H. (1981). Why marketing management needs to be different for services. In J. Donnelly & W. George (Eds.), Marketing of Services (pp. 5-9). Chicago: American Marketing.

Lovelock, C. H. (1983). Classifying services to gain strategic marketing insights. Journal of Marketing, 47(Summer), 9-20.

MacNeil, I. R. (1980). The New Social Contract, An Inquiry into Modern Contractual Relations. New Haven, CT: Yale University Press.

McCall, G. J. (1970). The social organization of relationships. In G. J. McCall (Ed.), Social Relationships (pp. 334). Chicago, IL: Aldine Publishing Company.

Mittal, B., & Lassar, W. M. (1998). Why do customers switch? The dynamics of satisfaction versus loyalty. The Journal of Services Marketing, 12(3), 177-194.

Mittal, V., Ross, W. T., & Baldasare, P. M. (1998). The asymmetric impact of negative and positive attribute-level performance on overall satisfaction and repurchase intentions. Journal of Marketing, 62(Jan), 33-47.

Mohr, J., & Nevin, J. R. (1990). Communication strategies in marketing channels: A theoretical perspective. Journal of Marketing, 54(Oct), 36-51.

Moorman, C., Zaltman, G., & Deshpandé, R. (1992). Relationships between providers and users of market research: The dynamics of trust within and between organizations. Journal of Marketing Research, 29(August), 314-328.

Morgan, R. M., & Hunt, S. D. (1994). The commitment-trust theory of relationship marketing. Journal of Marketing, 58(July), 20-38.

Oliver, R. L. (1989). Processing of the satisfaction response in consumption: A suggested framework and research propositions. Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior, 2, 1-16.

Oliver, R. L. (1993). A conceptual model of service quality and service satisfaction: Compatible goals, different concepts. In T. A. Swartz, D. E. Bowen, & S. W. Brown (Eds.), Advances in Services Marketing and Management (Vol. 2, pp. 65-85). Greenwich, CT: JAI Press Inc.

Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1985). A conceptual model of service quality and its implications for future research. Journal of Marketing, 49(Fall), 41-50.

Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988). SERVQUAL: A multiple-item scale for measuring consumer perceptions of service quality. Journal of Retailing, 64(1), 12-40.

Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1991). Refinement and reassessment of the SERVQUAL scale. Journal of Retailing, 67(4), 420-450.

Peppers, D., & Rogers, M. (1993). The One to One Future: Building Relationships One Customer at a Time. New York: Double Day.

Peppers, D., & Rogers, M. (1995). A new marketing paradigm: Share of customer, not market share. Planning Review, Mar-April, 14-21.

Phillips, L. W., Chang, D. R., & Buzzell, R. D. (1983). Product quality, cost position and business performance: A test of some key hypotheses. Journal of Marketing, 47(Spring), 26-43.

Pritchard, M. P., Havitz, M. E., & Howard, D. R. (1999). Analyzing the commitment-loyalty link in service contexts. Academy of Marketing Science, 27(3), 333-348.

Pritchard, M. P., & Howard, D. R. (1997). The loyal traveler: Examining a typology of service patronage. Journal of Travel Research(Spring), 2-10.

Rao, C. P., & Kelkar, M. M. (1997). Relative impact of performance and importance ratings on measurement of service quality. Journal of Professional Services Marketing, 15(2), 69-86.

Reicheld, F., & Sasser, W. E. J. (1990). Zero defections: Quality comes to services. Harvard Business Review, 68(Sep/Oct), 105-111.

Rust, R. T., & Zahorik, A. J. (1993). Customer satisfaction, customer retention and market share. Journal of Retailing, 69(2), 193-215.

Ruyter, K., & Bloemer, J. (1999). Customer loyalty in extended service settings: The interaction between satisfaction, value attainment and positive mood. International Journal of Service Industry Management, 10(3), 320-336.

Scheer, L. K., & Stern, L. W. (1992). The effect of influence type and performance outcomes on attitude toward the influencer. Journal of Marketing Research, 29(Feb), 128-142.

Schmenner, R. W. (1986). How can service businesses survive and prosper? Sloan Management Review, 27(3), 21-32.

Schurr, P. H., & Ozanne, J. L. (1985). Influence on exchange processes: Buyers' preconceptions of a seller's trustworthiness and bargaining toughness. Journal of Consumer Research, 11(4), 939-953.

Shani, D., & Chalasani, S. (1992). Exploiting niches using relationship marketing. Journal of Services Marketing, 6(4), 43-52.

Sheaves, D. E., & Barnes, J. G. (1996). The fundamentals of relationships: An exploration of the concept to guide marketing implementation. In T. A. Swartz, D. E. Bowen, & S. Brown (Eds.), Advances in Services Marketing and Management (Vol. 5, pp. 215-245). Connecticut, USA: JAI Press Inc.

Shemwell, D. J., Yavas, U., & Bilgin, Z. (1998). Customer-service provider relationships: An empirical test of a model of service quality, satisfaction and relationship-oriented outcomes. International Journal of Service Industry Management, 9(2), 155-168.

Sheth, J. N., & Atul, P. (1995). Relationship marketing in consumer markets: Antecedents and consequences. Journal of the Academy of Marketing Science, 23(4), 255-271.

Smith, B. (1998). Buyer-seller relationships: Bonds, relationship management, and sex-type. Revue Canadienne des Sciences de l'Administration, 15(1), 76-92.

Soderlund, M. (1998). Customer satisfaction and its consequences on customer behaviour revisited: The impact on different levels of satisfaction on word-of-mouth, feedback to the supplier and loyalty. International Journal of Service Industry Management, 9(2), 169-200.

Spreng, R. A., MacKenzie, S. B., & Olshavsky, R. W. (1996). A reexamination of the determinants of consumer satisfaction. Journal of Marketing, 60(July), 15-32.

Stephenson, F. J., & Fox, R. J. (1987). Corporate attitudes towards frequent flyer programs. Transportation Journal, Fall, 10-22.

Storbacka, K., Strandvik, T., & Grönroos, C. (1994). Managing customer relationships for profit: The dynamics of relationship quality. International Journal of Service Industry Management, 5(5), 21-38.

Taylor, S. A., & Baker, T. L. (1994). An assessment of the relationship between service quality and customer satisfaction in the formation of consumers' purchase intentions. Journal of Retailing, 70(2), 163-178.

Thibault, J. W., & Kelly, H. H. (1959). Social Psychology of Groups. NY: John Wiley & Sons, Inc.

Turnbull, P. W., & Wilson, T. D. (1989). Developing and protecting profitable customer relationships. Industrial Marketing Management, 18(August), 233-238.

Turner, R. H. (1970). Family Interaction. New York: John Wiley & Sons, Inc.

Webster, F. E. J. (1992). The changing role of marketing in the corporation. Journal of Marketing, 56(Oct), 1-17.

Westbrook, R. A. (1981). Sources of satisfaction with retail outlets. Journal of Retailing, 57(Fall), 68-85.

Wilson, D. T. (1995). An integrated model of buyer-seller relationships. Journal of the Academy of Marketing Science, 23(4), 335-345.

Wilson, D. T., & Mummalaneni, V. (1986). Bonding and commitment in buyer-seller relationships: A preliminary conceptualisation. Industrial Marketing and Purchasing, 1(3), 44-58.

Wong, A., Dean, A., & White, C. (1999). The impact of service quality on customer loyalty in the hospitality industry. International Journal of Customer Relationship Management, 2(1), 81-89.

Yi, Y. (1990). A critical review of customer satisfaction. In V. A. Zeithaml (Ed.), Review of Marketing . Duke University: American Marketing Association.

Zeithaml, V. A. (1988). Consumer perceptions of price, quality and value: A means-end model and synthesis of evidence. Journal of Marketing, 52(July), 2-22.

Zeithaml, V. A. B., L L Parasuraman, A. (1996). The behavioral consequences of service quality. Journal of Marketing, 60(2), 31-46.

DEPARTMENT OF MANAGEMENT
2000 WORKING PAPER SERIES

1/00 Amy Wong. "The Role of Relationship Strength in the Formation of the Customer-Contact Employee Relationship" (February, pp.26).

2/00 Paul Kalfadellis & Loong Wong "Labour of Burden: An Analysis of Occupational Change – The Domestic Worker" (February, pp.9).

3/00 Marjorie Jerrard "Organisation of the Roman Clothing and Textile Industry: Skill, Occupation, and the Gender-segmented Workforce" (February, pp.11).

4/00 Marjorie Jerrard "Formation to Arbitration" – The Early Years of the Queensland Branch of the Australasian Meat Industry Employees' Union 1889-1918" (February, pp.14).

5/00 Jacintha Tan & Damian Morgan "Quality in Australian Tourism Education: Educator and Professional Views" (February, pp.15).

6/00 Betty Weiler & Sam H Ham "Training Ecotour Guides in Developing Countries: Lessons Learned from Panama's First Guides Course" (February, pp.9).

7/00 Rosemary Black, Sam Ham & Betty Weiler "Ecotour Guide Training in Less Developed Countries: Some Research Directions for the 21st Century" (February, pp.12).

8/00 Jacintha Tan & Damian Morgan "Tourism Education: Views from Educator and the Tourism Industry" (February, pp.8).

9/00 Warwick Frost "Ecotourism and Rainforests" (February, pp.13).

10/00 Glenice J. Wood & Margaret Lindorff "Sex Differences in Managers' Explanations for Career Progress: A Test of Social Role Theory" (February, pp.15).