

UNIVERSITY OF CALGARY

An Identification-Based Relationship Marketing Model:
Conceptual Development and Empirical Investigation

by

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A THESIS

SUBMITTED TO THE FACULTY OF GRADUATE STUDIES
IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE
DEGREE OF MASTERS OF BUSINESS ADMINISTRATION

HASKAYNE SCHOOL OF BUSINESS

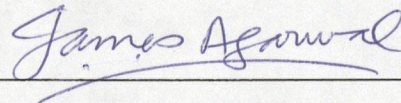
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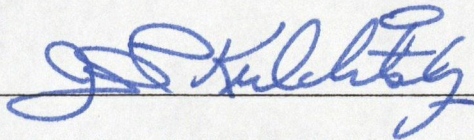
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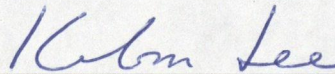
The undersigned certify that they have read, and recommend to the Faculty of Graduate Studies for acceptance, a thesis entitled "An Identification-Based Relationship Marketing Model: Conceptual Development and Empirical Investigation" submitted by Stephen Pieroway in partial fulfillment of the requirements for the degree of Masters of Business Administration.



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ABSTRACT

This thesis proposes and empirically confirms a multi-theoretical model for relationship marketing. Social contract theory and social identity theory, two distinct yet complementary theories, are integrated to provide an expanded theoretical conceptualization of the relationship between consumer and company in the business-to-consumer context. Relationship quality (social contract theory) mediates the relationship between identification (social identity theory) and the behavioural loyalty intentions of future patronage and positive word of mouth promotion. This model contributes to the growing body of relationship marketing literature in several ways. First, it conceptualizes, operationalizes, and empirically confirms the superiority of relationship quality as a second-order construct. Second, it successfully integrates two distinct theoretical foundations; social contract theory and social identity theory. Finally, framing consumer-company relationships from a social contract perspective requires a focus on fair and equitable treatment as opposed to strictly mutual gain through exchange.

ACKNOWLEDGEMENTS

The completion of this thesis would not have been possible without the help and support of so many individuals. I will begin by thanking the most influential figure throughout my time at the University of Calgary; my supervisor, Dr. James Agarwal. James, I will be forever grateful for the guidance, tutelage, support, and patience you have shown me. What I have learned goes far beyond completing a research project. To all of the Haskayne School of Business (HSB) staff, especially Lori Gibson, who provided fantastic support; thank you. To my committee members, thank you for agreeing to interrogate me. I am extremely grateful to Mr. Ronald P. Mathison and those in the Dean's office who consider my work worthy of scholarship. To the national airline company for allowing me to use their name in my research, thank you. I would be remiss if I didn't thank the following for their outstanding support: ASDE Survey Sampler Inc.; Policy Works Inc.; and Byron Poschwatta, a genius web-developer. Finally, I must thank my family, especially my mother and father. The support you have provided, in all forms, has helped me through this program. Thank you; I love you.

DEDICATION

This thesis is dedicated to my life partner, Jennifer. I am glad you found me. I love you.

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CHAPTER ONE: INTRODUCTION AND PURPOSE

1.1 Overview

Since Berry (1983) first coined the term relationship marketing (RM), academics and practitioners alike have been advancing and advocating its importance. This is evident through the continually increasing attention relationship marketing is receiving in the academic literature. Although relationship marketing and its associated terminology had been present in the services literature since 1983, the idea was not truly recognized as a wide-ranging, meaningful marketing concept until the mid 1990's (Berry 1995). In fact, the Journal of the Academy of Marketing Sciences dedicated an entire issue in 1995 to the topic, marking the arrival and acknowledgement of the relationship marketing era.

For practitioners, the attempt to develop deep, meaningful relationships with consumers (Barnes 2000; Bhattacharya and Sen 2003) signifies a strategic and tactical shift from the traditional or transactional approach of marketing tangible goods to one based on the creation of intangible value (Vargo and Lusch 2004) through consumer-company relationships. As Bhattacharya and Sen (2003, p.76) so poignantly observe, however, "only a few companies (e.g., Harley-Davidson, The Body Shop, Patagonia, Southwest Airlines) seem to have realized the ultimate promise of such relationship-building efforts." From the organizational perspective, that promise or outcome is the loyal consumer.

Why then, with the growing volumes of research on the components and structure of marketing relationships, are practitioners unable to fully crack the relationship marketing code? Sheth and Parvatiyar (2000, p.140) contend that to be successful, relationship marketing theorists and practitioners must focus on the "conditions that

encourage marketing actors to enter relationships”, not the anticipated outcomes such as loyalty. The implicit message is that consumer loyalty will naturally follow when the proper conditions for the development of meaningful relationships between consumers and companies exist.

This thesis is built on the premise that extant relationship marketing literature, while rich in theoretical development and empirical contributions, is still limited in its ability to capture the full nature and scope of consumer-company relationships. A review of the literature reveals that several factors are contributing to the stagnation of RM’s theoretical development, including the 1) reliance on social exchange theory as the dominant theoretical underpinning, 2) development of uni-theoretically based models, 3) lack of investigation into the conditions that encourage consumers to develop marketing relationships, and 4) absence of a generally accepted conceptualization and operationalization of relationship quality.

Social exchange theory, as evidenced in Appendix A, has been adopted as the theoretical heart of relationship marketing. Social exchange, as conceptualized by Blau (1964, p.91), and later integrated into marketing theory by Bagozzi (1974), is “the voluntary actions of individuals that are motivated by the returns they are expected to bring and typically do in fact bring from others.” The essence of any exchange is based on a fulfillment of one or more utilitarian needs and can only be accomplished by exchanging units of value with various partners; the benefits derived from exchange cannot be realized alone (Lawler 2001). This body of research has resulted in a rich collection of knowledge regarding the constructs generally considered to represent the conditions necessary for successful exchanges: trust, commitment, and satisfaction. Trust

and commitment are often required as mechanisms to mitigate the perceived levels of risk and opportunism that often shroud exchange scenarios (Masters et al. 2004; Nooteboom, Berger and Noorderhaven 1997). Still, how can deep meaningful relationships develop between partners when uncertainty and ambiguity pervade the exchange relationship?

This thesis proposes that academics and practitioners frame the exchange component of relationship development as more of a social contract. Supplementing the work in social exchange, social contract theory provides a larger, more complete understanding of the interactions between two or more parties by framing encounters in terms of the norms of expected behaviour (Donaldson and Dunfee 1994; Dunfee, Smith and Ross 1999). The norms of trust, commitment and satisfaction are positioned as dimensions of the higher-order relationship quality construct, considered to be the most recognized indicator of the strength of a consumer's relationship with a company (Garbarino and Johnson 1999). From where, however, do these norms derive their meaning or content? How is one to know what is expected from them, or what to expect from an exchange partner? Furthermore, beyond satisfying utilitarian, exchange-oriented needs, why and under what conditions do consumers enter into relationships with companies?

Heide and John (1992) contend that discrepancies in exchange norms invariably exist. Perhaps part of the key to unraveling the relationship marketing code is in minimizing the discrepancies in norms of expected behaviour. This thesis proposes the integration of social identity theory and social contract theory in an effort to provide meaning to the expected norms of behaviour. Social identity theory is built on the principle that individuals fulfill self-definitional needs by aligning themselves with

various social categories (Turner 1982; Tajfel and Turner 1985; Ashforth and Mael 1989).

Organizational identification, a subset of social identity theory, occurs when individuals perceive an overlap between what are believed to be central, distinctive, and enduring organizational characteristics with their own definition of self-identity (Dutton, Dukerich and Harquail 1994). A strong level of organizational identification, therefore, implies a closeness between consumer and company in terms of shared values and beliefs. It is this shared value and belief system that provides the foundation for the development of successful marketing relationships between consumers and companies.

This thesis answers Sheth and Parvatiyar's (2000) call for researchers to investigate and explain the conditions which encourage consumers to enter marketing relationships by 1) proposing the exchange process be framed in terms of the normative-driven social contract theory, 2) proposing the tenets of social identity theory underlie the development of relational norms between consumers and companies, and 3) integrating these two theoretical underpinnings to create a multi-theoretical model of relationship marketing. Quite simply, this thesis proposes that consumer-company identification will lead to higher levels of relationship quality (as represented by trust, commitment, and satisfaction), which ultimately result in the loyalty intention behaviours of future patronage and positive word of mouth promotion.

1.2 Objectives and Aims of Research

As previously indicated, the relationship marketing literature is growing in both its theoretical development and empirical work. Much of this work, however, is based on the

investigation of antecedents and outcomes as framed by the social exchange perspective.

This thesis builds a relationship marketing model in an attempt to broaden the field's understanding of the conditions necessary to encourage consumers to enter into relationships with companies. The research is guided by the following objectives:

- I. Perform a review of the existing relationship marketing literature;
- II. Expand the current conceptualization of relationship quality;
- III. Develop a conceptual model based on multi-theoretical underpinnings that simultaneously captures 1) a consumer's motivation to engage a specific firm in a marketing relationship, and 2) the mediating impact of a consumer's evaluation of relationship quality as it relates to a consumer's identification with a company and their behavioural loyalty.
- IV. Empirically test and validate the hypothesized relationships among of consumer-company identification, relationship quality, and consumer loyalty.

1.3 Contribution

Academic. Relationship marketing has received a great deal of attention in the marketing literature over the last two decades. While much has been accomplished in this field, analysis of the extant literature reveals that much is not yet understood about the dynamics of true, deep and meaningful relationships between consumers and companies in the business-consumer (B2C) context.

This thesis expands upon the current theoretical underpinnings of relationship marketing by proposing a multi-theoretical approach to relationship marketing theory development. It is the hope of the researcher that framing relationships, and relationship development, from an integrated perspective will encourage new and exciting streams of research in the field of relationship marketing.

Managerial. The relationship marketing concept is as equally popular among marketing practitioners as it is with academics. Practitioners' interest in developing relationships, however, often stems from the over-riding organizational goals of increasing revenues and profitability. It is believed that the longer a consumer remains a consumer, the more profitable they become to the organization (Jones and Sasser 1995; Heskett et al. 1994). Relationship marketing is therefore, inevitably, linked to customer loyalty.

This thesis' proposed relationship marketing framework is managerially significant for two reasons. First, it addresses the need for profitability by positioning consumer loyalty as the main effects outcome. Loyalty is believed to enhance profitability; the stronger the relationship between consumer and company, the more profitable the company (Jones and Sasser 1995; Heskett et al. 1994). This is a standard outcome in relationship marketing models and, while necessary, is not unique to this researcher's model.

Second, and more important, this thesis' model provides a guideline to help practitioners develop meaningful relationships between their organizations and consumers. A meaningful relationship should entail an aspect of mutual value. This thesis provides the framework that allows for the development of a mutually meaningful relationship between consumer and company.

1.4 Thesis Structure

This thesis' structure is designed to most effectively, comprehensively and efficiently meet the previously stated research objectives. Chapter one launches the thesis discussion

with a brief overview of relationship marketing, definition of the study's objectives, and the academic and managerial contributions of this research.

Chapter two delves into the relationship marketing literature. A thorough literature review is conducted which defines relationship marketing and describes the most commonly occurring antecedents and outcomes. This chapter concludes with a critical discussion of the strengths and limitations of the extant relationship marketing models.

Building on this review, chapter three details the proposed conceptual model of relationship marketing based on the integration of two theoretical foundations. Research propositions are presented as the theoretical framework is developed. Chapter four describes the research methodology employed to empirically test the model's propositions. Chapter five provides the results of the quantitative survey and delves into the empirical analysis of these results. Chapter six offers an in-depth discussion regarding the survey results. The academic and managerial implications of this piece of research are first discussed, followed by research limitations, suggestions for future research, and finally concluding remarks.

CHAPTER TWO: LITERATURE REVIEW

2.1 Relationship Marketing

2.1.1 Introduction to Relationship Marketing

Espoused as a fundamental shift in marketing strategy, to being heralded as the impetus for a shifting marketing paradigm (Grönroos 1994, Sheth and Parvatiyar 1995), relationship marketing has captured the interest of marketing researchers and practitioners alike. Marketing practitioners, especially, have embraced the relationship concept, eager to deem every customer encounter or direct mailing as part of their “relationship” with that customer (Barnes 2000).

According to Hennig-Thurau and Hansen (2000), the relationship marketing concept is built on three distinct, yet interrelated, theoretical approaches: behavioural perspective, network approach, and the new institutional economics approach. The behavioural perspective encompasses most of the extant models related to relationship marketing including constructs such as trust, commitment, satisfaction and customer retention. The network theory, conversely, “focuses on the interactive character of relationships in the field of business-to-business marketing and takes an inter-organizational perspective” (Hennig-Thurau and Hansen 2000, p.4). Within the network model, firms (labeled actors) are engaged in a number of complex and long-term social arrangements called networks of relationships (Low 1996). Finally, Hennig-Thurau and Hansen (2000, p. 4) describe the new institutional economics approach as trying to use, “modern economic theories to explain the development and breakdown of relationships... include transaction cost theory... and agency theory... with the overall goal of minimizing the costs of structuring and managing a given relationship.”

While all three approaches provide valuable perspectives in understanding the intricate nature of relationship marketing, this thesis focuses on and investigates the relationship construct as it exists between consumers and companies in the business-to-consumer (B2C) context. As such, the concepts and framework proposed in this thesis are drawn from the behavioural perspective.

2.1.2 Definition: Relationship Marketing

While Bagozzi (1978) was one of the first to assert that relational exchanges were at the heart of marketing, it is Berry's (1983, p.25) definition, which describes relationship marketing as, "attracting, maintaining and – in multi-service organizations – enhancing customer relationships", that is perhaps most widely cited as the seminal relationship marketing piece. Building on this, Berry and Parasuraman (1991, p.133) posit that, "relationship marketing concerns attracting, developing, and retaining customer relationships." Similarly, Morgan and Hunt (1994, p.22) put forward in a broader-sweeping fashion that, "relationship marketing refers to all marketing activities directed toward establishing, developing, and maintaining successful relational exchanges."

Building on the existing services marketing literature of the time, Grönroos (1991, p.8) identifies and incorporates the (necessary) existence of profitable outcomes for both the buyer and seller by proposing that relationship marketing act to, "establish, maintain and enhance relationships with customers and other parties at a profit so that the objectives of the parties involved are met. This is done by mutual exchange and fulfillment of promises." Not only does Grönroos incorporate outcomes into his definition, but also explicitly describes the existence of promises. Thus, relationship

marketing is based on the successful execution of promises between buyer and seller.

Further, Grönroos (1991) identifies the two-sided nature of relationships and incorporates the customer view into the relationship marketing definition.

Harker (1999), in a review of 26 extant relationship marketing definitions, argues that Grönroos (1994, 1997) offers perhaps the most comprehensive definition of marketing from the relational perspective. Relationship marketing, states Grönroos (1997) is “the process of identifying and establishing, maintaining, enhancing and when necessary terminating relationships with customers and other stakeholders, at a profit, so that the objectives of all parties involved are met, where this is done by a mutual giving and fulfillment of promises.”

Grönroos’ (1997) definition of relationship marketing is suitable as an underlying guideline on which to base this thesis’ proposed relationship marketing framework. All exchange participants, and potential relationship partners, must be free to identify, establish; maintain, enhance and terminate a relationship at any given point during the relational experience. Social contract theory, a key theoretical foundation of this thesis, is built on the understanding that participants are free to exit a relationship if their needs are not fulfilled (Donaldson and Dunfee 1994). The fulfillment of promises, including stated objectives, implicitly draws upon some aspects of the two key principles within this thesis - social contract theory and social identity theory. Although Grönroos’ definition of RM is designed to encapsulate a broader stakeholder perspective, it adequately captures the consumer-company bond as a relational phenomenon.

2.2 Review of Extant Relationship Marketing Literature

Research in the field of relationship marketing over the last twenty years has resulted in a substantial body of work. While not all-encompassing, Appendix A provides a summarization of the prominent relationship marketing models, including their respective theoretical underpinnings, antecedents and associated outcomes. An analysis of these models reveals three striking and consistent trends: 1) social exchange theory is the dominant theoretical underpinning of most RM models, 2) trust, commitment and satisfaction are the pre-dominant antecedents, and 3) company benefits, best represented by consumer loyalty, are more extensively studied than benefits accrued by the consumer.

2.2.1 Social Exchange Theory in Relationship Marketing

An examination of the seminal, well-referred to RM models (as shown in Appendix A) reveals that the authors almost invariably employ or ground their models in social exchange theory. This observation is neither surprising nor unexpected. In the early 1980's, the marketing discipline underwent a paradigm shift whereby researchers began to view marketing as being better represented as a continuous social and economic phenomenon as opposed to the traditionally adhered to, profit-driven transaction approach (Vargo and Lusch 2004). Borrowing from the field of psychology, researchers incorporated the tenets of social exchange into marketing thought in an effort to capture the shift from exchanges marked by conflict, competition, and self-interest to ones of cooperation and mutual gain (Sheth and Parvatiyar 2000).

Social exchange theory, according to Lawler (2001, p. 322 italics in original), “is conceptualized as a *joint activity* of two or more actors in which each actor has something

the other values. The implicit or explicit task in exchange is to generate benefit for each individual by exchanging behaviours or goods that actors cannot achieve alone.” This exchange process, however, is often surrounded by varying degrees of uncertainty and ambiguity that often leads to perceived risk (Masters et al. 2004; Nooteboom, Berger and Noorderhaven 1997). Blau (1964) was one of the first to contend that the impact of uncertainty and perceived risk in social exchanges is mitigated by the presence of two key norms: trust and commitment.

2.2.2 Antecedents of Extant RM Models

As noted in Appendix A, researchers in relationship marketing have identified numerous antecedents as being necessary for the successful development and maintenance of relationships in marketing contexts. The most prevalent antecedent constructs, however, are those considered to be fundamental for the occurrence of successful social exchanges: trust, commitment, and satisfaction.

Trust. The trust construct is positioned in many of the extant frameworks as being essential to developing and sustaining relationship marketing (Morgan and Hunt 1994; Garbarino and Johnson 1999; Liljander and Roos 2002; Sirdeshmukh, Singh and Sabol 2002; Hennig-Thurau and Klee 1997; Moorman, Zaltman, and Deshpandé 1992). Moorman, Zaltman, and Deshpandé (1992, p.315) define trust as “a willingness to rely on an exchange partner in whom one has confidence.” The marketing literature views trust as a belief or confidence in an exchange partner’s trustworthiness, which results from perceptions of one’s ability, credibility, and benevolence. Furthermore, trust is viewed as

a behavioural intention to rely on an exchange partner to act accordingly given levels of uncertainty and vulnerability (Moorman, Deshpandé and Zaltman 1993).

Commitment. Morgan and Hunt (1994), in perhaps one of the most well-referred to relationship marketing models assert that commitment is central to the development of long-term marketing relationships. Relationship commitment, as defined by Morgan and Hunt (1994, p.23), is a belief that “an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it; that is, the committed party believes the relationship is worth working on to ensure that it endures indefinitely.” Berry and Parasuraman (1991, p.139) similarly insist that, “relationships are built on the foundation of mutual commitment.”

An examination of the literature, as shown in Appendix A, reveals that commitment is positioned as a key antecedent to the development and existence of successful relational exchanges (Morgan and Hunt 1994; Liljander and Roos 2002; Hennig-Thurau and Klee 1997; Hennig-Thurau, Gwinner and Gremler 2002; Garbarino and Johnson 1999; Crosby, Evans and Cowles 1990). From a company viewpoint, customer commitment helps to ensure a pattern of repeat patronage from a consumer, leading to a predictable and sustained source of revenue (Reichheld and Sasser 1990). From the consumer’s perspective, commitment to a particular product- or service-provider helps to reduce uncertainty with a given company and provides improved levels of customization and personalization as the company gains more intimate knowledge regarding the consumer’s desires (Sheth and Parvatiyar 1995).

Satisfaction. Consumer satisfaction, similar to trust and commitment, is frequently cited as a cornerstone construct in the relationship marketing literature (Hennig-Thurau

and Klee 1997; Crosby, Evans and Cowles 1990; Garbarino and Johnson 1999). In his definition of social exchange, Lawler (2001) makes explicit reference to the value generated through exchange, thus implying the presence of satisfaction.

According to Anderson, Fornell, and Lehmann (1994, p.54) satisfaction is a cumulative construct representing, “an overall evaluation based on the total purchase and consumption experience with a good or service over time.” Garbarino and Johnson (1999) argue that consumers base overall levels of satisfaction on their evaluation of salient product-, or component-level attributes. The importance of satisfaction is not lost on Heskett et al. (1994) who contend, in their Service-Profit Chain model, that satisfaction drives loyalty.

Trust, commitment, and satisfaction are considered important and necessary constructs in the development of consumer-company relationships as evidenced by their frequent occurrence in extant relationship marketing models. While only briefly discussed here, each of these constructs will be explored in further detail in chapter three.

2.2.3 Outcomes of Extant RM Models

While understanding the antecedents driving the development of relationships is essential, it is the desired outcomes or benefits of engaging in relationship marketing that have captured the interest of both academics and practitioners. The following two sections investigate the salient relationship marketing benefits from two perspectives: 1) company, and 2) consumer.

The impetus for engaging in relationship marketing, as with most business activities, can quite simply be distilled to a desire to increase revenues and profitability.

While authors and researchers have cited various benefits of relationship marketing (see Appendix A), the following two outcomes are most frequently referred to: consumer retention and company promotion (positive word of mouth communication).

Company Benefit: Consumer Retention. Of all the possible benefits to be accrued by organizations as a result of engaging in relationship marketing, consumer retention is perhaps the most widely recognized (Bhattacharya and Sen 2003; Sirdeshmukh Singh and Sabol 2002; Morgan and Hunt 1994; Hennig-Thurau and Klee 1997; Heskett et al. 1994; Bendapudi and Berry 1997). This is in accord with Hennig-Thurau and Hansen's (2000, p.6) assertion that "in the relationship marketing literature, there is wide agreement on the crucial role of customer retention... for relationship marketing success." In its most basic form, retention can be defined as "the repeat patronage of a marketer or supplier by a customer" (Hennig-Thurau and Hansen 2000, p.6). It can be argued that consumer retention, however, is a more complex construct than simply implying a consumer's behavioural intention to repurchase.

Consumer loyalty is often used interchangeably with the customer retention construct. Oliver (1999, p.34) defines loyalty as "a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same-brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behaviour." While conceptually similar to retention, loyalty is argued to be a more robust indicator of a consumer's intent to remain in a relationship, as repurchasing behaviours may be due to constraining factors and not reflective of affectively-based repurchase intentions (e.g. Hennig-Thurau and Hansen 2000).

Company Benefit: Positive Word of Mouth. Positive word of mouth

communication, or company promotion, is frequently cited in the relationship marketing literature as an important outcome of engaging in relational marketing activities (Brown et al. 2005; Bhattacharya and Sen 2003; Hennig-Thurau, Gwinner and Gremler 2002; Diller 2000; Hennig-Thurau and Hansen 2000). Word of mouth communications is defined as all informal communications between a customer and any others regarding the evaluation of products or services (Hennig-Thurau, Gwinner, and Gremler 2002) and includes “relating pleasant, vivid, or novel experiences; (and) recommendations to others” (Anderson 1998, p.6).

Word of mouth communication is considered extremely valuable as personally communicated content is viewed as being more reliable than non-personal information (Zeithaml and Bitner 1996). Due to this higher level of trustworthiness, word of mouth communication is considered to be an influential driver of future buying behaviour, especially in high risk or high involvement purchase situations (Sheth, Mittal and Newman 1999). It is believed that new consumer growth is aided in part by positive recommendations and word of mouth communications from existing consumers (Diller 2000).

While the majority of the extant relationship marketing literature focuses on the benefits and outcomes from the organizational perspective, there are also hypothesized benefits enticing consumers to establish and maintain marketing relationships. Indeed, for relationships to truly exist the perceived beneficial exchange must be mutual (Barnes 1997). Although several consumer benefits have been operationalized in various ways in the relationship marketing literature, researchers (Gwinner, Gremler and Bitner 1998;

Hansen 2000) contend the benefits are best categorized as economic, psychological and social.

Consumer Benefit: Economic. In their most basic form, the economic benefits accrued by a consumer engaged in a marketing relationship are manifested in terms of preferential cost savings and other financial incentives (Hansen 2000). Economic benefits are often part of the operationalization of special treatment benefits (Barnes 1997) and come in the form of economic savings or customized service. Thus, the prospect of receiving discounts may motivate consumers to enter into a long-term association with a company.

Consumer Benefit: Psychological. The psychological benefits received by the customer, often referred to as confidence benefits, are those advantages such as: simplification of the purchasing or decision process (Gwinner, Gremler and Bitner 1998; Hansen 2000); reduction in uncertainty and vulnerability, especially in high credence-based encounters (Berry 1995); and diminished perceptions of risk and reduced cognitive dissonance (Hansen 2000; Sheth and Parvatiyar 1995). Further, it is believed that engaging in a relationship, and effectively narrowing the organizational choice set to one, helps to reduce perceptions of risk, reinforce perceptions of one's own positive behaviour, and reinforce the perception of future gain (Sheth and Parvatiyar 1995). Increased confidence benefits "should positively influence the customer's commitment to the relationship" (Hennig-Thurau, Gwinner and Gremler 2002, p.236).

Consumer Benefit: Social. Finally, social benefits, according to Hansen (2000, p.420), "result from contacts with company staff or through contacts with other customers... (and) include social respect, a feeling of belonging, and even friendship."

Gwinner, Gremler and Bitner (1998) argue that social benefits are most likely to evolve out of service-based exchanges that involve a high-level of contact between consumers and employees.

2.3 A Critical Evaluation

As shown in the previous discussion, much has been accomplished since Berry's (1983) introduction of the relationship marketing concept. An analysis of the work collected in Appendix A identifies common strengths in the extant models, but also uncovers weaknesses and gaps in the literature. The following sections examine the prominent strengths and weaknesses associated with the extant relationship marketing literature.

2.3.1 Strengths of Extant Models

The relationship marketing concept is particularly complex given the number of factors that can contribute to the development of meaningful relationships (Morgan and Hunt 1994). Even though researchers have been unable to agree upon one consistent definition of relationship marketing, analysis reveals that the extant literature is built upon a strong foundation.

Researchers (e.g. Berry 1995) contend that the field of relationship marketing is quickly advancing through the growth stage and moving into a mature stage of development. This contention is backed by the over 20 years of research focusing on relationships in marketing. Rapid advancement in relationship marketing theory has been propelled by its growth out of services marketing. Berry (1995, p.237) states that, "A natural extension of the strong interest in service quality is growing interest in

relationship marketing.” The very nature of service encounters provides the necessary conditions for individual buyers and sellers to foster relationships. Relationship marketing thought, accordingly, leveraged existing services marketing work.

The most significant and consistent feature leveraged by RM researchers and integrated into RM’s theoretical development, as evidenced in Appendix A, is the social aspect (represented by social exchange theory) that underpins services marketing. By leveraging an existing body of work, relationship marketing researchers rapidly developed models and empirical support. A significant occurrence in the relationship marketing literature is the growing body of empirical work that has validated the previously discussed focal constructs.

A review of the literature reveals a number of studies showing trust and commitment to be significantly and positively correlated to consumer loyalty and positive word of mouth promotion. Ganesan (1994) found trust and satisfaction to have positive and significant effects on long-term orientation in buyer-seller relationships. Hennig-Thurau, Gwinner and Gremler (2002) established that confidence benefits (trust), satisfaction and commitment to have significant and positive effects on loyalty and word of mouth promotion. Garbarino and Johnson (1999) revealed a positive and significant connection between trust, commitment, satisfaction and future intentions. Sirdeshmukh, Singh and Sabol (2002) showed that organizational trust has a positive impact on value, which in turn affects loyalty. Finally, Morgan and Hunt (1994) found a negative and significant relationship between trust, commitment and propensity to leave. While the above examples are not exhaustive, they do validate the inclusion of trust, commitment and satisfaction as constructs central to the development of relationships in marketing.

2.3.2 Limitations of Extant Models

A critical analysis of the same body of extant RM literature, however, exposes limitations and weaknesses that must be addressed if RM theory is to progress. The following section discusses four limitations observed within the relationship marketing field: 1) theoretical limitations, 2) methodological limitations, 3) measuring relationship quality, and 4) absence of key moderators.

2.3.2.1 Theoretical Limitations

Fournier and Mick (1999, p.5) warn that “reliance on a single paradigm or method may pose serious limitations for any marketing phenomenon.” Relationships marketing researchers and scholars, as evidenced in Appendix A, are still clinging to social exchange theory as the single theoretical underpinning of relationship marketing. Sheth and Parvatiyar (2000) believe that relationship marketing research and (its) theoretical development is stagnant, and that an alternative paradigm is required to adequately capture the continuous, iterative nature of relationships between consumers and companies. The authors, in an almost formal plea, call on marketing scholars to “give up the sacred cow of exchange theory in search of some other paradigm” (Sheth and Parvatiyar 2000, p.140).

Social exchange theory has proven to be a fertile ground for the development of relationship marketing. While it is impossible to ignore exchange characteristics in consumer-company relationships (due to the exchange of money for goods and services), Appendix A shows that RM researchers have been slow to integrate complementary or even supplementary theories into their exchange-based models in an effort to advance

relationship marketing thought. Relationships are considered to be dynamic, complex occurrences (Vargo and Lusch 2005; Johnson and Selnes 2004). Relying on one single theoretical foundation to capture increasing levels of unique variance is a futile endeavour; at some point a critical mass is reached whereby little-to-no new variance can be extracted from a uni-theoretical paradigm.

Another theoretical limitation apparent in the literature is RM researchers' tendency to position trust, commitment and satisfaction as acting in both main-effects and mediating roles. Some researchers for example, including Bansal, Irving and Taylor (2004), Sirdeshmukh, Singh and Sabol (2002), and Hennig-Thurau, Gwinner and Gremler (2002) position trust as a main effects construct. Other researchers (e.g. Garbarino and Johnson 1999; Hennig-Thurau and Klee 1997), however, led by the seminal work of Morgan and Hunt (1994), contend that both trust and commitment function as a mediating variables. Satisfaction, likewise, is positioned as both main effects (e.g. Bansal, Irving and Taylor 2004; Hennig-Thurau and Klee 1997; Ganesan 1994) and as an outcome variable (e.g. Garbarino and Johnson 1999).

2.3.2.2 Methodological Limitations

Limitations of the extant relationship marketing literature are not solely theoretical; methodological limitations also exist. Perhaps the most striking methodological limitation of the RM field is the borrowing and application of findings across B2B versus B2C contexts. Morgan and Hunt's (1994) seminal trust-commitment model investigated the relationship between independent automobile tire retailers and their suppliers, Sin et al. (2002) from managers at various Chinese service firms, and Ganesan's (1994) long-term

orientation study investigated the relationships between clothing retailers and vendors. On the other hand, Garbarino and Johnson (1999) surveyed theatre patrons, Wong and Sohal (2002) surveyed retail consumers in a shopping mall setting, and Crosby, Evans and Cowles (1990) sampled a panel of insurance policy holders.

The above discussion is not calling into question the particular samples investigated. It is understood and accepted that the use of varying samples is expected as a field grows and matures. What becomes apparent, however, is that in the pursuit to create parsimonious and generalizable relationship marketing models, researchers have integrated, perhaps even cross-contaminated the findings between B2C contexts (which is further confounded by product- and service-based idiosyncrasies) with results from B2B investigations. This is perhaps inappropriate as the relationships between suppliers and buyers are framed by different parameters, such as contractual obligations, than the relationships developed between consumers and companies. Further, service-based relationships may be conceptually different from the relationships that exist in the product-based context. To truly advance RM theory and allow for the generalization of research findings, scholars will be required to investigate and develop distinct relationship marketing models for 1) B2C product-based contexts, 2) B2C service-based contexts, and 3) B2B contexts.

Just as there are inconsistencies in the theoretical treatment of trust, commitment, and satisfaction, so too are there inconsistencies in the empirical connections between these constructs. Morgan and Hunt (1994) and Wong and Sohal (2002) found trust to be a significant predictor of commitment, whereas Hennig-Thurau, Gwinner and Gremler (2002) did not find a significant effect between trust and commitment. Similarly, in a

study on theatre attendees, Garbarino and Johnson (1999) found that for committed subscribers (loyal customers) their satisfaction with the actors (product level) had insignificant effects on their level of commitment. Hennig-Thurau, Gwinner and Gremler (2002), however, found that satisfaction in various service-type settings did significantly predict high levels of commitment.

While not comprehensive, the above examples perhaps highlight the need for researchers to be cognizant of the context of their empirical investigations. That is, researchers should take care to ensure their theoretical and empirical justifications for developing a model are based (as much as possible) on the results of studies within similar contexts, be it B2B or B2C.

2.3.2.3 Measuring Relationship Quality

The strength, and even existence, of a relationship between consumer and company is hard to measure or assess (Naudé and Buttle 2000). Perhaps one of the more robust theoretical measures of the strength of a relationship between consumer and company is the consumer's perception of the relationship's quality. Several authors have positioned relationship quality as an important construct in relationship marketing, including Crosby, Evans and Cowles (1990), Hennig-Thurau and Klee (1997), Hennig-Thurau, Gwinner and Gremler (2002), Holmlund (2001), De Wulf, Odekerken-Schöder, and Iacobucci (2001), and Roberts, Varki and Brodie (2003). Relationship quality, as defined by Hennig-Thurau, Gwinner and Gremler (2002), "can be regarded as a metaconstruct composed of several key components reflecting the overall nature of relationships between companies and consumers."

While Hennig-Thurau (2000) contends that there is no common consensus regarding the conceptualization or operationalization of relationship quality, several researchers (e.g. Roberts, Varki and Brodie 2003; Hennig-Thurau, Gwinner and Gremler 2002; De Wulf, Odekerken-Schöder, and Iacobucci 2001) put forward that trust, commitment, and satisfaction are recognized as the key relationship quality dimensions.

However, due to a prior lack of consensus regarding its conceptualization, researchers have not been uniform in its operationalization. Unlike their service marketing peers' standardized approach to measuring service quality, RM scholars have been disjointed in their measurement of relationship quality. The challenge facing relationship marketing scholars is to create a measurement tool, similar to Parasuraman, Zeithaml, and Berry's (1988) SERVQUAL, that sufficiently captures the essence of relationship quality in the consumer-company context. Only the development of a standardized, industry accepted measurement tool will aid researchers in assessing the true nature or strength of consumer-company relationships.

2.3.2.4 Absence of Key Moderators

Barnes (2000) believes that many researchers are developing models of relationship marketing without truly acknowledging the influence of external (to the consumer) and internal (intrapersonal idiosyncrasies) forces. These forces, while not directly impacting relational outcomes, may be influencing or moderating the strength and even development of consumer-company relationships. Many relationship marketing scholars, however, are potentially discounting the importance of these moderators by neglecting to

include them in their RM models. The following section investigates several moderators deemed important by some researchers, but invariably neglected by most.

Stage of Relationship. Bejou (1997) argues that a flaw of many of the extant RM models is that their view of relationships is much like a snapshot; one static instance as opposed to what is really a dynamic, evolving process. Several researchers, including Levitt (1983), Dywer, Schurr and Oh (1987), Bejou (1997), Jap and Ganesan (2000) and Johnson and Selnes (2004) contend that the buyer-seller relationship is actually a process marked by the development of several stages over time.

Search, Experience and Credence. Products and services are believed to exist along a search-experience-credence continuum (Nelson 1970). It is hypothesized that the availability of evaluative information steadily decreases as one progresses along this continuum. Mitra et al. (1999) empirically support this hypothesis, showing that consumers' perception of risk escalates along the search-experience-credence continuum. Recognizing where a company's offerings lie along this continuum may have consequences on the relative importance and development of key constructs such as trust and commitment.

Involvement. Involvement is defined by Zaichkowsy (1985) as the degree of personal significance of a decision in terms of consumers' basic values, goals, and self-concept. Researchers (Varki and Wong 2003; Diller 2000; Park and Hastak 1994) have shown involvement to moderate levels of consumer loyalty, arguing that highly-involved consumers are prone to display higher levels of enthusiasm and loyalty.

Relationship Proneness. De Wulf, Odekerken-Schröder, and Iacobucci (2001, p.38) contend that customer relationship proneness, defined as "a consumer's relatively

stable and conscious tendency to engage in relationships with retailers of a particular product category”, significantly impacts the success of relationship marketing activities.

The authors find empirical support for the moderating effect of relationship proneness, as the more prone consumers were to engage in relationships, the higher were their perceived levels of relationship quality.

2.4 Chapter Summary

As evident in the preceding discussion, relationship marketing is still a developing paradigm. Accelerated by its evolution out of services marketing, RM quickly established itself as a field of interest among academics and practitioners. Founding their models on the tenets of social exchange theory, RM scholars rapidly developed a substantial body of conceptual and empirical work. The extant relationship marketing literature, however, is not without its limitations. Reliance on social exchange as the dominant theoretical underpinning, and disparate research into the operationalization of relationship quality, have potentially impeded the field’s progress. Presented in the following chapter is a model of relationship marketing that builds on the strengths of the extant literature and addresses its key limitations.

CHAPTER THREE: CONCEPTUAL FRAMEWORK & RESEARCH HYPOTHESES

While much has been accomplished in the field of relationship marketing, there is room for conceptual growth. The following chapter addresses this need for growth and adds to the abundant stream of relationship marketing literature by proposing a multi-theoretical framework of relationship marketing. The chapter begins with a discussion of two complementary theories and their contribution to the development of meaningful relationships between consumers and companies in the B2C context. The sections to follow provide detailed descriptions of the model's theoretical foundations and related constructs. Finally, research hypotheses regarding the development of relational bonds between consumers and companies are developed and theoretically supported.

3.1 Framework Overview: Identification-Based Relationship Marketing

Relying solely on any one theory to explain complex occurrences, such as relationships, is a limiting endeavour as it provides a potentially narrow scope to assess an invariably broad concept. While exchange characteristics are undeniably at the heart of economic relational activities between consumers and companies, relationship marketing scholars have become single-mindedly focused on the use of social exchange theory to describe consumer-company relationships in marketing (Sheth and Parvatiyar 2000). It appears that relationship marketing's biggest strength, social exchange theory, is now becoming its biggest weakness as researchers cling to its principles in an attempt to wring more insight from an exhausted theory.

In an effort to advance relationship marketing thought beyond social exchange theory, this thesis proposes the integration of two distinct, yet complementary, theoretical

underpinnings: social contract theory and social identity theory. Social exchange forces one to focus, and thus frame, a relationship between consumer and company on the benefits derived from the exchange process. The core condition of exchange, even in the social context, is the receipt of mutual benefit; there is an expectation of reciprocity. This thesis does not exclude the presence of social exchange characteristics in marketing relationships. Rather, it upholds and builds upon the tenets of social exchange theory by framing the consumer-company relationship less as an exchange-level occurrence to one of an implicit social contract built on the foundation of mutually accepted norms.

Social contract (SC) theory, in essence, is built upon the development and existence of norms, or social contracts, that provide individuals with accepted guidelines or rules of conduct (Donaldson and Dunfee 1994; Dunfee, Smith and Ross 1999). Social exchange theory, a subset of SC theory, outlines the conditions necessary for a successful exchange to occur. The difference between the two, in terms of relationship marketing, is subtle but important. Relationships framed in terms of social exchange theory are built primarily upon a foundation of continual gain or betterment; these relationships are viewed fundamentally as economic exchanges. Social contract theory puts less emphasis on the exchange-based, profit-centered parameter that defines social exchange to provide a relational code of conduct founded on a set of mutually agreed upon norms. It is this mutually agreed upon set of norms that positions social contract theory as the foundation upon which deeper, more meaningful relationships can exist between consumer and company.

. However, building a relationship based on a set of mutual norms can be challenging. Heide and John (1992) contend it is not only possible, but more often the

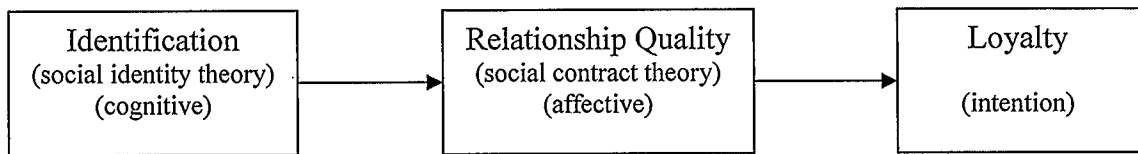
case, that variations in exchange norms exist. How do these variations arise, and what impact do these discrepancies have on relationship development? Alternatively, how does one ensure that their definitions of trust, commitment, or satisfaction are congruent with their exchange partner's definition of these constructs? The challenge facing relationship marketing scholars is to provide a framework that provides substantive meaning to these norms and expectations of behaviour.

It is proposed that social identity theory, through its subset organizational identification, gives meaning to the relational norms as prescribed by social contract theory. Social identity theory is built on the premise that individuals seek to categorize or classify themselves and others into various social groups (Turner 1982; Tajfel and Turner 1985). In certain instances consumers are motivated to align themselves with specific companies with the goal of deriving a sense of meaning that helps embody, or symbolize, their social identity (Dutton, Dukerich, and Harquail 1994; Hogg and Terry 2000). That is, being a consumer of a certain company helps an individual achieve a sense of self-enhancement and self-definition. Bhattacharya and Sen (2003) contend that the resulting consumer-company identification is a driving force in the development of meaningful, deeply held relational bonds.

The high-level structure of the proposed identification-based relationship marketing model, as shown in Figure 1, is based on the attitude-intention framework developed by Lazarus (1991). According to Bagozzi (1992, p.186), Lazarus's attitude-intention framework proposes that "appraisal processes of internal and situational conditions lead to emotional responses; these, in turn, induce coping activities: appraisal → emotional response → coping activity." This thesis adapts Lazarus's (1991) model

into the marketing context while maintaining the same structural configuration or flow: cognitive → affective → behavioural intention. The proposed identification-based RM model adheres to this structural alignment by positioning the cognitively-based identification (an appraisal process) to precede the affectively-based relationship quality (an emotional response), which in turn brings on intentions of consumer loyalty: identification (cognitive appraisal) → relationship quality (affective response) → consumer loyalty (intention).

Figure 1: High-Level Proposed Relationship Marketing Framework



The proposed relationship marketing framework discussion provides theoretical and conceptual support for the integration of social identity theory and social contract theory as complementary theories that provide a more robust understanding and explanation of marketing relationships. By integrating these two theories, this thesis moves beyond the dominant social exchange theory to make three contributions: 1) re-frame relationships by supplementing social exchange theory with social contract theory, 2) add meaning to these norms by complementing SC theory with social identity theory, and 3) provide additional explanatory power by linking the two theories in the realm of relationship marketing.

The following chapter develops and supports the proposed identification-based relationship marketing model. The discussion begins by first discussing relationship quality and consumer-company identification in the contexts of their respective theoretical underpinnings: social contract theory and social identity theory. Next, the two parallel streams of thought are integrated and hypotheses are formed. Finally, connections are established between these two constructs and the outcome variables repeat patronage and positive word of mouth promotion, both indicators of consumer loyalty.

3.2 Social Contract Theory and Relationship Quality

3.2.1 Social Contract Theory

Social contract theory is built on the foundation of both macro- and micro-social norms. These norms are designed to arm decision-makers with contextually relevant, generally agreed upon information when faced with decision-making scenarios (Donaldson and Dunfee 1994; Dunfee, Smith and Ross 1999). The underlying tenets of social contract theory, according to Donaldson and Dunfee (1994) are 1) moral free space, indicated by a freedom to choose and set microcontracts and 2) informed consent regarding the specifics of such norms, buttressed by the right to exit the relationship. When these conditions are met, the microcontract or norm is said to be authentic. That is, members of the respective community recognize and acknowledge the establishment, existence and facets of the norm (Donaldson and Dunfee 1994).

Additionally, a microcontract cannot be accepted as part of a community's moral structure unless it is legitimate. Legitimacy among micronorms restricts a communities

moral free space by requiring all norms adhere to what Donaldson and Dunfee (1994, p.265) term hypernorms, or “principles so fundamental to human existence that they serve as a guide in evaluating lower level moral norms.” These norms, in essence, are the building-blocks upon which all of life’s daily encounters, and exchanges, are guided.

Social contract theory recognizes that a certain level of uncertainty surrounds exchanges in economic contexts (Dunfee, Smith and Ross 1999; Donaldson and Dunfee 1994). The process of negotiation, and subsequent exchange, it is argued, “must occur against a backdrop of moral norms” (Donaldson and Dunfee 1994, p.260) if it is to be efficient. Further, Donaldson and Dunfee (1994, p.260) contend that “it is crucial for purposes of efficiency that certain rules about possible misinformation be understood by all parties.” These rules, or microcontracts, represent “agreements or shared understandings about the moral norms relevant to specific economic interactions” (Donaldson and Dunfee 1994, p.262).

While consent is necessary for understandings to exist, it need not be explicitly expressed; simply engaging in an activity, such as an exchange between consumer and company, is enough to imply consent (Donaldson and Dunfee 1994). Thus, a transaction is framed by the microsocial norms, or microcontracts, of both parties. The content of these microcontracts must be understood for high-quality exchanges to occur. Understanding between two parties is accomplished through explicit acknowledgement. However, if these norms are only implicitly understood or acknowledged, feelings of misunderstanding, uncertainty, confusion, and disappointment may result between exchange partners. Before investigating how these microcontracts derive meaning or content, their form or structure must be considered. The form of these microsocial

contracts, or norms, can be found in the workings of social exchange theory, equity theory, justice theory and transaction cost economics, all subsets of the broader social contract theory.

The norms of trust, commitment and satisfaction are believed essential in setting the framework for successful social and economic relationships. Interestingly, marketing researchers have conceptually argued that the same three constructs are the central dimensions of relationship quality - the consumer's affective-based evaluation of the strength, quality or value of their relationship with an organization (Hennig-Thurau, Gwinner and Gremler 2002; De Wulf, Odekerken-Schröder and Iacobucci 2001; Garbarino and Johnson 1999). The following section investigates the relationship quality (RQ) construct by first providing a detailed discussion and development of its dimensions.

3.2.2 Relationship Quality: Trust, Commitment, and Satisfaction

Perhaps the most recognized indicator or overall assessment of the strength of a relationship, contend Garbarino and Johnson (1999), is relationship quality. Smith (1998, p. 4), espousing the reflective nature of the construct, asserts that relationship quality is “a higher-order construct comprised of a variety of positive relationship outcomes that reflect the overall strength of a relationship and the extent to which it meets the needs and expectations of the parties.” While previous conceptualizations have varied, it is generally agreed that relationship quality is a higher-order metaconstruct composed of trust, commitment, and satisfaction (Roberts, Varki and Brodie 2003; Hennig-Thurau, Gwinner and Gremler 2002; De Wulf, Odekerken-Schöder, and Iacobucci 2001).

While there is no one adhered to conceptualization of relationship quality in the literature, there is a substantive body of work pointing to generally agreed upon pillars of relationship quality's construction. First, considerable support exists in the literature as to the higher-order nature of relationship quality. Researchers such as Hennig-Thurau and Klee (1997), Roberts, Varki and Brodie (2003), Smith (1998) and Crosby, Evans and Cowles (1990) all agree on the higher-order nature of relationship quality. Second, strong support for positioning all three constructs (trust, commitment and satisfaction) as dimensions, rather than determinants, of relationship quality can be found in the works of Crosby, Evans, and Cowles (1990), Hennig-Thurau and Klee (1997), Smith (1998), and Hennig-Thurau, Gwinner, and Gremler (2002). Conceptually, all of the above mentioned researchers agree on the second-order nature of relationship quality. Empirically, however, these researchers did not test relationship quality as a second-order construct; all operationalizations of relationship quality were first-order.

This thesis's model, as shown in Figure 2, adopts the generally agreed upon view that relationship quality is a higher-order construct comprised of the well referred to dimensions of trust, commitment, and satisfaction. Though discussed earlier in terms of each constructs' theoretical underpinning, the following discussion investigates the composition of each construct.

Trust. According to Blau (1964), establishing the norm of trust is the first step in developing a successful (social) exchange relationship. The need for trust arises from the perceived uncertainty, or risk, involved in committing to an exchange partner (Morgan and Hunt 1994). Risk is believed to be one of the elements common to all exchange-related situations (Masters et al. 2004; Nooteboom, Berger and Noorderhaven 1997). The

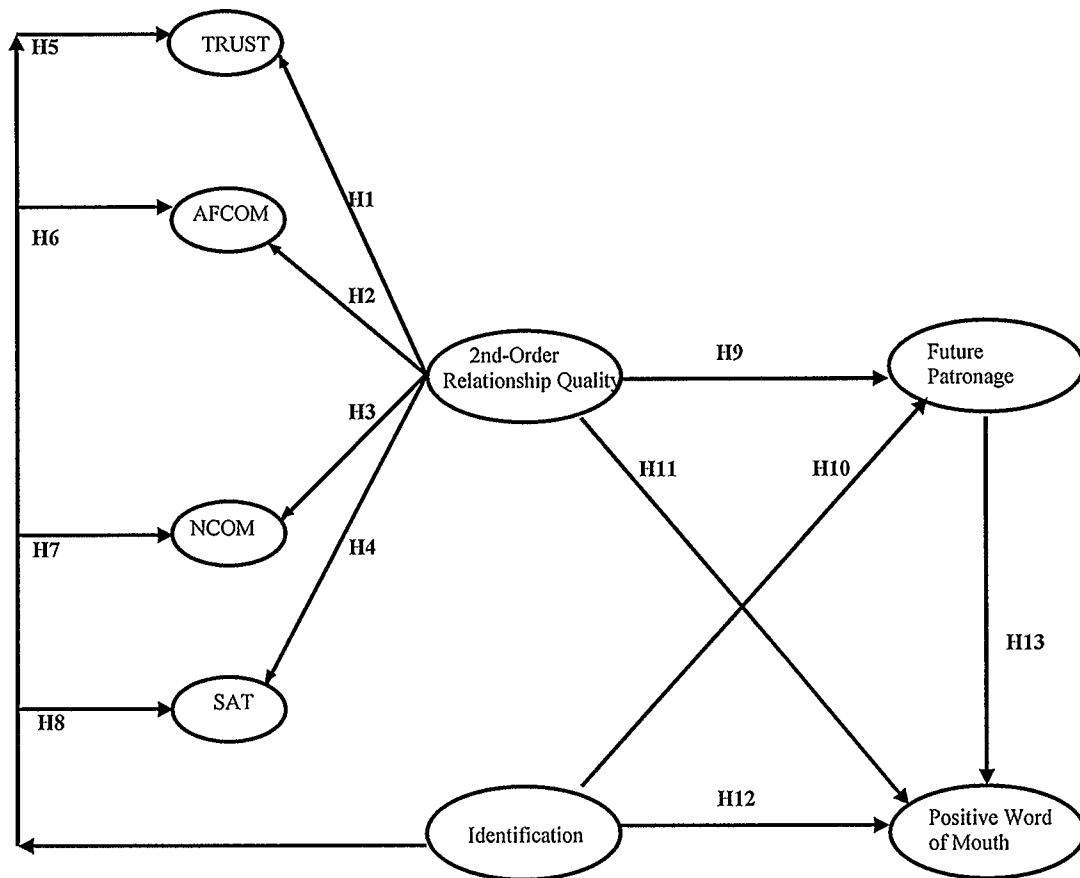
perception of risk is rooted in an understanding of transaction cost economics, where uncertainty in exchange situations can lead to fears of opportunistic behaviour of an exchange partner and the opportunity costs of selecting a specific vendor (Williamson 1975). The norm of trust is required to allow an individual the freedom, or willingness, to engage in an exchange activity given a certain level of uncertainty and risk.

Underlying trust is the concept of justice (Aryee, Budhwar and Chen 2002). Justice is theorized to have four distinct dimensions, including procedural, interactional, informational, and distributive (Kernan and Hanges 2002; Bies and Moag 1986). While debate continues in the organizational behaviour literature as to the relationship between each dimension (Kernan and Hanges 2002), Colquitt (2001) argues and empirically supports the necessary distinction of each. It is proposed that trust in the marketing context, due to the social nature of relationships (Kernan and Hanges 2002), is most heavily influenced by both interactional (the quality of interpersonal treatment received from a reciprocating exchange partner) and informational justice (accuracy and quality of explanations consumers receive about procedures). Accordingly, the more just an individual perceives their treatment during an exchange in terms of how they are treated and the quality of information received, the more trustworthy their exchange partner is likely to appear.

Trust is well documented in the relationship marketing literature. Moorman, Zaltman and Deshpandé (1992, p.315) conceptualize trust as “a willingness to rely on an exchange partner in whom one has confidence.” The willingness to rely on another is important given the context of uncertainty and vulnerability that exists in almost all exchange scenarios. While minor variations exist in the marketing literature regarding the

conceptualization of trust, with some definitions including reliability and integrity (Morgan and Hunt 1994), benevolence and credibility (Ganesan 1994), and competence, benevolence and problem-solving ability (Sirdeshmukh, Singh and Sabol 2002), there is solidarity as to the inclusion of dimensions that represent confidence and reliability in an exchange partner (Garbarino and Johnson 1999). Building on this body of work, trust, in this thesis, is conceptualized as the consumer expectation or confidence that the referent company will act in a manner that is capable, reliable and benevolent. That is, the company has the required expertise to perform tasks competently and consistently, and with the consumer's best interest at heart.

Figure 2: Proposed Identification-Based Relationship Marketing Model



Following the work of Crosby, Evans and Cowles (1990), Morgan and Hunt (1994) and Garbarino and Johnson (1999), this thesis adheres to the conceptualization and treatment of trust as a uni-dimensional construct. Some researchers in the marketing (e.g. Ganesan 1994) and organizational behaviour (e.g. Lewis and Wiegert 1985; Dirks and Ferrin 2002) literature argue for the treatment of trust as a multi-dimensional construct consisting of distinct affective and cognitive structures. This thesis' definition of trust, however, follows the accepted conceptual and empirical work supporting the view of trust as a uni-dimensional construct.

H1 Relationship Quality \rightarrow Trust : Trust is a reflective dimension characterizing and is significantly, and positively, correlated to the second-order relationship quality.

Commitment. Committing to an exchange partner is deemed necessary in establishing a successful, long-term exchange relationship (Blau 1964; Morgan and Hunt 1994). According to both social exchange theory and transaction cost economics, it becomes disadvantageous for an exchange partner to terminate a relationship after time and effort, or specific assets, have been invested in the relationship (Rindfleisch and Heide 1997). Specific assets are typically unique to the relationship between two exchange parties and are not transferable to the free market (Masters et al. 2004).

Speaking from the social exchange perspective, Blau (1964, p.98) states, “the investments an individual has made... in which it is easy to exchange services... commit him to the relationship.” Transaction cost theorists Masters et al. (2004, p.49) agree with

Blau and state, “having invested in assets specific to the exchange, at least one of the parties involved cannot walk away from the deal and revert to a free market exchange without giving up some part of the value of those investments.” In a marketing relationship, these investments may be conceptualized as taking the form of economic, social and psychological (Gwinner, Gremler and Bitner 1998). The potential loss of unique relationship investment encourages commitment to an exchange partner and promotes the long-term orientation required for successful, ongoing exchange relations.

While the RM literature is still divided on its exact definition (Bansal, Irving and Taylor 2004; Fullerton 2003), commitment has been generally conceptualized as an affective-based desire to maintain a relationship (Morgan and Hunt 1994; Moorman, Zaltman, and Deshpandé 1992). The basis for this definition is rooted in the uni-dimensional focus on the consumer’s emotional or affective-based desire to maintain a given relationship. In their seminal Commitment-Trust Theory of Relationship Marketing model, Morgan and Hunt (1994, p.23) define commitment as being driven by an exchange partner’s belief that a relationship “is so important as to warrant maximum efforts at maintaining it”.

An examination of the marketing literature reveals that while multi-dimensional constructions of commitment have been employed in B2B contexts, the conceptualization, and hence measurement, of commitment in the consumer context almost solely focuses on the uni-dimensional, affective forms of commitment.

Commitment in the organizational behaviour (Meyer and Allen 1991; Meyer, Allen and Smith 1993) and recently marketing literature (Gruen, Summers and Acito 2000; Bansal,

Irving and Taylor 2004; Fullerton 2003) is conceptualized as having three distinct aspects: affective, normative, and continuance.

Affective Commitment. As previously discussed, solidarity exists in the literature as to the importance of affective commitment, marked by repeated references to consumers' "enduring desire" (e.g. Morgan and Hunt 1994; Moorman, Zaltman and Deshpandé 1992; De Wulf, Odekerken-Schöder, and Iacobucci 2001) to maintain relationships, often described as feelings of *I want to* (Meyer and Allen 1991; Bansal, Irving and Taylor 2004).

Before the work of researchers such as Gruen, Summers and Acito (2000), and Bansal, Irving and Taylor (2004), relationship marketing scholars (e.g. Morgan and Hunt 1994) used affective commitment as a proxy for overall commitment. Affective commitment, according to Gruen, Summers and Acito (2000) is a positive emotional attachment that represents the degree to which a consumer is psychologically attached to an organization based on favourable evaluations of it. More importantly, this form of commitment represents a volitional act by the consumer to maintain a given relationship. That is, the consumer pro-actively seeks to maintain a relationship with a specific company.

H2 Relationship Quality → Affective Commitment : Affective commitment is a reflective dimension characterising and is significantly, and positively, correlated to the second-order relationship quality.

Normative Commitment. A focus or measure of commitment based solely on the affective component does not capture the full range of forces influencing or contributing to commitment (Meyer and Allen 1991; Meyer, Allen and Smith 1993). Other forces appear to bind consumers to companies. Normative commitment refers to a continued association on the basis of obligation, often represented by thoughts such as *I ought to* (Meyer and Allen 1991; Bansal, Irving and Taylor 2004). Normative commitment is believed to develop from the internalization of norms represented in social interactions (Meyer and Allen 1991). These norms are rooted in a person's perception that people important to him or her want that person to do, or not do something (Fishbein and Ajzen 1980). The impact of normative-based behaviours is potentially salient in situations involving highly socialized individuals in group settings. As such, normative commitment is positioned as a dimension of relationship quality as it is influenced by the socially norm-driven consumer-company identification.

H3 Relationship Quality → Normative Commitment : Normative commitment is a reflective dimension characterising and is significantly, and positively, correlated to the second-order relationship quality.

Continuance Commitment. Finally, continuance commitment represents “a constraint-based force binding the consumer to the service provider out of need” (Bansal, Irving and Taylor 2004, p.238). This type of commitment is marked by feelings of *I have to* (Meyer and Allen 1991; Bansal, Irving and Taylor 2004) and is typically represented by contractual obligations or transaction costs (Bendapudi and Berry 1997) of ending a

relationship. Unlike affective or even normative commitment, continuance commitment represents a negatively-charged psychological state where consumers feel unable to leave or terminate a relationship with a company.

As such, continuance commitment is excluded as a dimension of relationship quality. Social contract theory states that consumers have the ability to enter and exit non-contractual relationships at free will. Continuance commitment, with its roots in the economically-based transaction cost economics, represents a negatively-charged commitment to an organization, one based on feelings of coercion to stay. In a meta-analysis on organizational commitment, Meyer et al. (2002) found that continuance commitment is unrelated, or negatively correlated, to common organization and employee-related outcomes. It is hypothesized that this construct will not add any conceptual value in helping to explain the affectively-driven relationship quality construct. That is, feelings of coercion do not correspond with a consumer's willingness or desire to maintain a relationship with an organization.

Commitment, in this model, is conceptualized as a decision to maintain a relationship with an organization based on the effects of a consumer's perceived levels of affective and normative commitment. Therefore, only affective and normative commitment, and not continuance, are included as distinct dimensions that add power to explaining consumers' evaluations of the quality of their relationships with companies.

Satisfaction. Like trust and commitment, satisfaction is regarded by researchers as an essential cornerstone to the success of marketing relationships (Crosby, Evans and Cowles 1990; Hennig-Thurau and Klee 1997; Garbarino and Johnson 1999). The norm of

satisfaction is perhaps best explained by equity theory. Equity theory, in its simplest form, is an evaluation of expected fairness (Huppertz, Arenson and Evans 1978). A person compares the resources inputted and outcomes received in a given a situation against the expected ratio of inputs to outputs (Adams 1965). As Masters, Miles and Orr (2004, p.51) state, “the relational contract is evaluated based on equity rather than equality.” It is the perception of equity, or fairness, which underlies a consumer’s satisfaction evaluation.

According to Huppertz, Arenson and Evans (1978), equity theory subsumes the norm of distributive justice. Distributive justice theory describes the perceived fairness of the outcomes an exchange partner receives (Bies and Moag 1986; Aryee, Budhwar and Chen 2002). As such, a favourable evaluation, the perceived equality between inputs and outcomes compared to a point of past reference, elicits a feeling of satisfaction. A discrepancy between the ratios fuels perceptions of inequity, and consequent feelings of dissatisfaction may arise (Adams 1965). The conceptual link between all of these theories, from social exchange to equity to justice, is their reliance on normative underpinnings upon which each theory is developed. As such, each theory is conceivably a subset of the broader social contract theory.

A review of the literature reveals that traditional conceptualizations of satisfaction focused heavily on cognitive processes in explaining consumer satisfaction (Churchill and Surprenant 1982; Oliver 1993). Churchill and Surprenant (1982) contend that while numerous models have been proposed, the most widely adhered to model of consumer satisfaction is the confirmation/disconfirmation paradigm. Recognizing the limitations in a strictly cognitive approach and building on the momentum the role of emotions

received in areas such as social psychology (e.g. Hoffman 1986; Zajonc 1980), researchers (e.g. Westbrook 1987; Oliver 1989; Westbrook and Oliver 1991) proposed an affective dimension to satisfaction. Affective responses, contend the authors, are likely to result from post-purchase experiences and ultimately influence one's evaluation of satisfaction.

As previously discussed, RM researchers agree on the inclusion of satisfaction as a dimension of relationship quality. This thesis conceptualizes relationship satisfaction as an affective state resulting from the overall appraisal of a consumer's interactions and experiences with a company (Anderson and Narus 1990; De Wulf, Odekerken-Schröder and Iacobucci 2001; Ganesan 1994; Crosby, Evans and Cowles 1990; Westbrook 1981). As opposed to the cognitively-driven, transaction specific view of satisfaction, relationship satisfaction in this model is viewed as an affective state based on a cumulative evaluation of previous interactions with an organization (Anderson, Fornell and Rust 1997; Smith 1998; Ganesan 1994).

H4 Relationship Quality → Satisfaction : Satisfaction is a reflective dimension characterising and is significantly, and positively, correlated to the second-order relationship quality.

While social contract theory provides the norms of trust, commitment and satisfaction which guide the behaviour of both relational participants, one has to question where the meaning or value associated to each norm arises from. If the concepts of trust, commitment and satisfaction are never explicitly discussed between exchange partners

such as a consumer and company, from where do these concepts derive not only meaning, but a shared meaning between consumer and company engaging in relational activities? That is, how can consumers and companies ensure that their respective conceptualizations of trust, commitment and satisfaction are similar? The following section discusses consumer-company identification as: 1) the driving force or motivational basis on which consumers seek out certain organizations to form relationships with, and 2) the foundation for enhanced similarity of interaction-based norms between consumer and company and thus stronger feelings of relationship quality.

3.3 Social Identity Theory and Identification

3.3.1 Social Identity Theory

The underlying tenet of social identity theory is that people categorize, or classify, themselves and others into various social groups (Turner 1982; Ashforth and Mael 1989). This cognitively-driven classification process, according to Ashforth and Mael (1989) serves two functions. First, it provides the individual with a systematic framework for organizing and defining their social environment. Second, and particularly relevant to this study's model, social classification "enables the individual to locate or define him- or herself in the social environment" (Ashforth and Mael 1989, p.21). That is, the process of social identification helps a person fulfill self-definitional needs; it is a self-enhancing endeavour.

Identification allows individuals to define themselves in the social environment (Ashforth and Mael 1989) through comparison with others belonging to different classifications (Turner 1982). Tajfel and Turner (1985) assert that self-categorization

helps individuals see similarities with others of an ingroup, as well as dissimilarities with others of an outgroup. According to Hogg and Terry (2000, p.123) “social categorization of self and others into ingroup and outgroup accentuates the perceived similarity of the target to the relevant ingroup prototype (cognitive representation of features that describe and prescribe attributes of the group).” The authors further assert that self-categorization “cognitively assimilates self to the ingroup prototype” (Hogg and Terry 2000, p.123). In the consumer context, the ingroup prototype is represented by the overall values, beliefs and unique identifiers embodied by the company, its employees and other consumers.

One common form, and subset, of self-categorization is organizational identification, whereby individuals categorize themselves according to their affiliations with certain organizations that have distinctive, central and enduring attributes (Ashforth and Mael 1989; Dutton, Dukerich and Harquail 1994; Pratt 1998). Dutton, Dukerich and Harquail (1994, p.242) contend that “when organizational identification is strong, a member’s self-concept has incorporated a large part of what he or she believes is distinctive, central, and enduring about the organization into what he or she believes is distinctive, central and enduring about him- or herself.” Furthermore, organizational identification is proposed to be “the cognitive connection between the definition of an organization and the definition a person applies to him- or herself” (Dutton, Dukerich and Harquail 1994, p.242).

3.3.2 Identification

In the marketing context, Bhattacharya and Sen (2003, p.77) argue that some of the deepest, most meaningful relationships between consumers and organizations “are based

on consumers' identification with the companies that help them satisfy one or more key self-definitional needs." Based on the work of Dutton, Dukerich and Harquail (1994), the authors propose that identity similarity, identity distinctiveness and identity prestige are the key antecedents that contribute to the development of consumer-company identification. As a result, consumers are more likely to engage in loyalty behaviours such as repeat patronage and positive word-of-mouth promotion when their sense of company identification is strong.

Based on the social identity and organizational identification theories, and adopting components from the framework proposed by Bhattacharya and Sen (2003), this thesis positions consumer-company identification as a cognitively-driven process describing how consumers differentiate and choose particular companies which they are willing to invest of themselves, i.e. form relationships with. The following section describes how identification develops between consumers and companies in the marketing context by exploring its determinants: identity similarity, identity distinctiveness, identity prestige, and identity attractiveness.

It should be noted that while the antecedents of consumer-company identification will be conceptually developed, research hypotheses will not be presented. It is beyond the scope of this thesis to develop valid and reliable scale items that may accurately represent each construct. The four constructs to be discussed are still conceptual in nature and have yet to be empirically tested in the marketing literature. Accordingly, conceptual development of the antecedents is presented as theoretical insight into the development of consumer-company identification.

3.3.2.1 Antecedents of Identification

Identity Similarity. People are generally motivated to maintain a consistent, stable sense of self over time and across situations (Steele 1988; Kunda 1999). An organization's perceived identity, it is believed, can enhance or detract from consumers' perceived sense of self-stability and continuity (Dutton, Dukerich and Harquail 1994). According to Dutton, Dukerich and Harquail (1994, p.244), people find "a perceived organizational identity more attractive when it matches their own sense of who they are." Identity similarity in the consumer context, therefore, is the perceived similarity between consumers' self-identity and a company's perceived organizational identity (Bhattacharya and Sen 2003). It is this perceived identity similarity that makes a company's identity attractive to consumers.

Identity Distinctiveness. A key tenet of social identity theory suggests that people need to differentiate themselves from others in social settings (Turner 1982; Ashforth and Mael 1989; Brewer 1991; Haslam 2001). Brewer (1991) asserts that group loyalty, and essentially group survival, is directly related to the level of perceived distinctiveness among relevant outgroups. This distinctiveness is facilitated through comparisons with relevant outgroups on aspects such as group values and practices, and acts to increase one's tendency to identify with their relevant ingroup (Ashforth and Mael 1989). In the consumer context, identity distinctiveness is facilitated by consumers' comparisons between several different companies' identities on characteristics valued by consumers (Bhattacharya and Sen 2003).

Identity Prestige. According to Kunda (1999) there is a definitive drive among members of Western cultures to continually try to enhance their self-views, and in the

process maintain and affirm their sense of self-esteem. Social identity theorists (Dutton, Dukerich and Harquail 1994; Brewer 1991; Ashforth and Mael 1989) argue that through identification, organizational members enhance, or maintain, their levels of self-esteem by vicariously participating in the successes and positive status of the group. This desire to “bask in the reflected glory” of the organization (Cialdini et al. 1976) is made relevant when organizational members believe outsiders view the company in a positive light (Dutton, Dukerich and Harquail 1994). In the marketing realm, identity prestige is a consumer’s perception of how successful and important others view the company with which the consumer identifies (Bhattacharya and Sen 2003).

Identity Attractiveness. Identity attractiveness is conceptualized as the degree to which a consumer perceives an organization’s identity to be attractive based on the antecedents of identity similarity, identity distinctiveness and identity prestige (Dutton, Dukerich and Harquail 1994; Bhattacharya and Sen 2003). Identity attractiveness is a key factor in determining whether or not consumers will align themselves with a company. For a meaningful relationship to develop or exist between consumers and company (consumer-company identification), consumers must perceive the organization’s identity as being desirable or attractive (Dutton, Dukerich and Harquail 1994; Bhattacharya and Sen 2003). Identity attractiveness mediates the relationship between identification and its antecedents of similarity, distinctiveness, and prestige.

Consumer-company identification, based on the dimensions of perceived similarity, distinctiveness and prestige, offers a fruitful explanation as to why a consumer may: 1) seek out and actively choose one company over another, and 2) maintain associations with that company, that is, continue to patronize that company. As

previously described, however, the foundation of a marketing relationship is ultimately built upon an exchange process. In the process of consuming goods and services, an exchange must inevitably occur. The question, therefore, becomes how do consumers' identification with a company impact, or affect, the exchange process?

3.4 Integrating Social Contract Theory and Social Identity Theory

In the self-categorization process described above, consumer identification with a company is based on the integration of self into the ingroup prototype (Hogg and Terry 2000). The ingroup prototype, simply, is a cognitive representation (Fiske and Pavelchak 1986) of the attributes, including beliefs, feelings, attitudes and behaviours, that simultaneously describe the ingroup (company) and help distinguish it from relevant outgroups (competitors). This categorization of self is relevant in the consumer context as "it brings self-perception and behaviour in line with the contextually relevant ingroup prototype" and produces a sense of shared norms, cooperation, altruism, collective behaviour, and positive ingroup attitudes (Hogg and Terry 2000, p.123). That is, categorization helps consumers align themselves with companies that represent a shared sense of norms and beliefs.

These outcomes, especially shared norms, are particularly relevant in terms of the immediate, interaction-oriented exchange. As previously described, the exchange process is marked by an interaction between a consumer and company. Engaging in an exchange with a company one strongly identifies with will activate the contextually relevant ingroup prototype and its associated characteristics, including shared norms (Fiske and Pavelchak 1986).

Social contract theory, as previously discussed, puts forth that exchanges are guided by a backdrop of norms, or microsocial contracts (Donaldson and Dunfee 1994). The more similar the norms between two exchange partners, the more efficient the exchange (Blau 1964). As Nooteboom, Berger and Noorderhaven (1997, p.310) state, “social exchange relies more on unspecified, implicit obligations, which depend on shared systems of meaning, belief, and ethics, than on formal contracts.” When a consumer identifies with a company, that is, when the two parties are viewed as belonging to the same ingroup, the exchange process becomes less of an interaction between two unknown entities, and more of one between similar partners.

The power of consumer-company identification in relational contexts is that it acts to reduce uncertainty by allowing exchanges and relationships to occur against the backdrop of perceived similarity among participants. The inherent consumer expectation is that the company (as an exchange partner) is obliged to behave in a just and similar manner as a result of it sharing the same beliefs, values and ethics. This, in essence, is the inherent contract between a consumer and company in a marketing relationship.

When identification between consumer and company occurs, the norms guiding the relationship (trust and commitment) are strengthened (Heide and John 1992). That is, the inherent reduction in uncertainty due to identification allows trust and commitment to develop more quickly, deeply and intensely. This is the key to an identification-driven relationship: the bond between a consumer and company will be stronger as it is built on a foundation of similar beliefs. The consumer’s evaluation of this bond is marked by the value or strength of the relationship as captured by their assessment of the relationship’s quality.

Accordingly, it is proposed that consumers' cognitive-based consumer-company identification significantly impacts their affective-driven perception of relationship quality. That is, the more consumers identify with a company, the more positive their affective evaluation of their relationship with that company will be. However, as opposed to directly influencing the higher-order relationship quality, this thesis contends that consumers' identification with a company impacts each dimension of relationship quality; trust, affective commitment, normative commitment, and satisfaction. The following section provides support for these connections.

Identification and Trust. Williams (2001), drawing on the extant social identity literature (e.g. Brewer 1979; Brewer and Kramer 1985) asserts that categorization with a group that exhibits similar and valued characteristics leads individuals to see group members as being more trustworthy. Additionally, individuals not belonging to a particular group often view members of that group as being less trustworthy than members of their own group (e.g. Kramer 1994). Morgan and Hunt (1994) empirically support the role shared values (a key factor in identification) plays in determining relationship trust. Dwyer, Schurr and Oh (1987) assert that attractiveness, based on perceived similarity of beliefs and values, allows for the development of trust in marketing relationships. The development and existence of trust, therefore, stems from a perceived similarity of norms between consumer and company. That is, consumer-company identification positively influences the development and existence of higher levels of trust and thus relationship quality.

H5 Identification → Trust: Consumer-company identification will positively influence trust. That is, the stronger consumers' perception of identification, the stronger their willingness is to trust a company.

Identification and Affective Commitment. In their discussion on social identity and organizations, Ashforth and Mael (1989) contend that one of the main consequences of identification is that individuals end up committing to the organizations they identify with. Bergami and Bagozzi (2000) assert and provide empirical evidence in support of the argument that it is affective commitment that results from strong identification. This commitment to an organization is born out of a consumer's desire to maintain a consistent sense of self (Dutton, Dukerich and Harquail 1994). As the authors' contend, "those who strongly identify with an organization will seek more contact with the organization. More contact with the organization enhances the sense of continuity of one's self concept" (Dutton, Dukerich and Harquail 1994, p.254).

Further support for the link between identification and commitment is provided by Chatman (1991) and O'Reilly and Chatman (1986) who find that stronger levels of value-congruency (perceived value similarity between organization and member) positively predicted members' intent to commit to an organization. Morgan and Hunt (1994) contend, and empirically support, the role shared values plays in determining not only trust, but relationship commitment. As such, affective commitment, the enduring desire to maintain a relationship with a company, is positively impacted by strong feelings of consumer-company identification.

H6 Identification → Affective Commitment: Consumer-company identification will positively influence affective commitment. That is, the stronger consumers' perception of identification, the stronger is their affective commitment to a company.

Identification and Normative Commitment. Identification, contend Ashforth and Mael (1989), encourages homogeneity in attitudes and behaviour through the internalization and adherence of group norms. An "increased likelihood of conformity to group norms" (Ashforth and Mael 1989, p.26) contributes to a normative behaviour of commitment. The feeling of 'I ought to' (Meyer and Allen 1991) is propelled by the similarity of ingroup norms. A consumer's willingness to engage in normative behaviour, or commitment, results from the perceived or felt obligation to act according to ingroup norms. Jap and Ganesan (2000) find a positive and significant relationship between solidarity in relational norms, marked by feelings of 'we-ness', and relational commitment. The feeling of 'we-ness' represents an internalization of group norms, thus impacting the ought-like behaviour associated with normative commitment.

H7 Identification → Normative Commitment: Consumer-company identification will positively influence normative commitment. That is, the stronger consumers' perception of identification, the stronger is their normative commitment to a company.

Identification and Satisfaction. Not only does the previously described value-fit positively predict members' intent to commit to an organization, it also predicts member satisfaction (Chatman 1991). Chatman (1991) found that organizational and member value-congruency (i.e. consumer-company identification) positively predicted member satisfaction. Dwyer, Schurr and Oh (1987) draw a conceptual link between attractiveness

and satisfaction, asserting that attractiveness, based on perceived similarity of beliefs and values, precedes and helps with the development of satisfaction. Similarity of norms due to consumer-company identification should therefore lead to higher levels of perceived satisfaction.

H8 Identification → Satisfaction: Consumer-company identification will positively influence satisfaction. That is, the stronger consumers' perception of identification, the stronger is their satisfaction with a company.

3.5 Consumer Loyalty

This model of relationship marketing is built on the foundation of satisfying consumers' inherent need for social recognition and affiliation (through consumer-company identification) and their desire for ongoing, enjoyable, satisfying organizational and exchange-oriented interactions as represented by relationship quality. What, then, are the consequences of such a model? Research in the relationship marketing literature consistently positions consumer loyalty as the broad outcome of relationship quality (De Wulf, Odekerken-Schröder and Iacobucci 2001; Roberts, Varki and Brodie 2003; Ganesan 1994; Garbarino and Johnson 1999). In addition, Bhattacharya and Sen (2003), building on the organizational behaviour literature, provide conceptual support positioning consumer loyalty as a key outcome of consumer-company identification.

Loyalty, as described by Sirdeshmukh, Singh and Sabol (2002, p. 20) is "indicated by an intention to perform a diverse set of behaviors that signal a motivation to maintain a relationship with the focal firm." While loyalty may be manifested in several ways (e.g. Zeithaml, Berry, and Parasuraman 1996), Bansal, Irving and Taylor (2004)

call on researchers to distinguish between focal and discretionary behaviours or indicators of loyalty. Accordingly, this thesis proposes two constructs designed to capture loyalty when consumers both identify and perceive a high level of relationship quality with a company: 1) future patronage, and 2) positive word of mouth promotion.

Future Patronage. Consistent with prior research (e.g. Zeithaml, Berry, and Parasuraman 1996; Sirdeshmukh, Singh and Sabol 2002), the intent for future patronage is positioned as the focal outcome of this identification-based relationship marketing model. As Morgan, Crutchfield, and Lacy (2000) contend, future patronage is the primary organizational objective related to any consumer retention building program. Future patronage intent is volitional in nature and is marked by a positive attitude towards the company and a willingness to engage in future transactions (Diller 2000). That is, the better a consumer's perception of their relationship quality with an organization, the more likely he or she is to continue purchasing products or services from that company. De Wulf, Odekerken-Schröder and Iacobucci (2001) provide a review of studies linking relationship quality and its associated dimensions to several behavioural outcomes, the most notable being future purchase intentions.

Maintaining a relationship with a company one strongly identifies with perpetuates the fulfillment of needs that drives identification (Ashforth and Mael 1989; Dutton, Dukerich and Harquail 1994; Pratt 1998). In the marketing context, consumers are motivated to maintain loyal, continued relationships with companies in an effort to receive the social benefits derived from identification (Bhattacharya and Sen 2003). A by-product of this loyal, continued company patronage is intent to repurchase. Future patronage, and thus repeat purchasing, ensures that the consumer is doing their part to

keep the company in business, and thus fulfilling their self-enhancement needs (Bhattacharya and Sen 2003). Accordingly, future patronage, marked by repeat purchase intentions, is positioned as the focal, primary outcome of both relationship quality and consumer-company identification.

H9 *Relationship Quality → Future Patronage*: Consumers' evaluation of the quality of their relationship with a company will positively influence their future patronage intention. That is, the stronger consumers' evaluation of relationship quality, the stronger is their intention of future patronage.

H10 *Identification → Future Patronage*: Consumers' identification with a company will positively influence their future patronage intention. That is, the stronger consumers' identification with a company, the stronger is their intention of future patronage.

Positive Word of Mouth Promotion. Positive word of mouth promotion, often referred to as willingness to recommend, positive word of mouth, or consumer referral, is an accepted and long-standing outcome of marketing relationships (Brown et al. 2005; Morgan, Crutchfeild, and Lacey 2000). Word of mouth promotion, according to Harrison-Walker (2001, p.63) is an “informal, person-to-person communication between a perceived noncommercial communicator and a receiver regarding a brand, a product, an organization or a service.” Word of mouth is conceptualized in this thesis as the act of promoting, speaking positively about, or referring a company's products or services to relevant others. Prior research in the marketing context that empirically measures the direct causal association between relationship quality and positive word of mouth

promotion is sparse. However, several studies (e.g. Varki, Roberts, and Brodie 2003; Hennig-Thurau, Gwinner, and Gremler 2002; De Wulf, Odekerken-Schröder and Iacobucci 2001) included PWOM as an indicator of the loyalty construct, and found positive support for the association between relationship quality and consumer loyalty.

Organizational research also purports that individuals identifying with a company are inclined to publicly let others know of their association, commitment to and support for an organization (Ashforth and Mael 1989). A publicly stated and known association to a company requires an individual to frequently justify and explain this relationship. Repeated public explanations strengthen an individual's identification to a company as the desirable characteristics comprising similarity, distinctiveness, and prestige are verbally reinforced and internalized (Dutton, Dukerich and Harquail 1994). This drive is fuelled by individuals' needs for distinctiveness and self-enhancement. Similar to organizational members, strongly identified consumers strive to ensure their association with specific companies is known and recognized (Bhattacharya and Sen 2003). Consumers engage in positive word of mouth promotion regarding their association with certain companies they identify with in an effort to not only ensure others know of their relationship with those companies, but as a means to strengthen their sense of identification with selected companies.

As previously elucidated, repeat purchase intention, or future patronage intention, is considered the primary goal of most, if not all, relationship marketing programs. While considered an important behavioural consequence, word of mouth promotion is deemed a secondary or discretionary outcome as its bottom-line impact is less tangible or quantifiable than future patronage intention. As such, this thesis positions word of mouth

promotion as a discretionary behavioural outcome of relationship quality and consumer-company identification.

H11 *Relationship Quality* → PWOM: Consumers' evaluation of the quality of their relationship with a company will positively influence their positive word of mouth promotion of the company. That is, the stronger consumers' evaluation of relationship quality, the stronger is their intention of positive word of mouth promotion of the company.

H12 *Identification* → PWOM: Consumers' identification with a company will positively influence their positive word of mouth promotion of the company. That is, the stronger consumers' identification with a company, the stronger is their intention of positive word of mouth promotion of the company.

Finally, it is proposed that a consumer's intent to engage in future patronage, as a primary behavioural intention, will also result in the discretionary activity of positive word of mouth promotion. That is, highly-identified consumers who enjoy a strong relationship quality are more likely to patronize a company, and will also be more likely to promote the company through positive word of mouth communications.

H13 *Future Patronage* → PWOM: Future patronage intent is positively and significantly correlated to positive word of mouth promotion. That is, the stronger consumers' intent of future patronage with a company, the stronger is their intention of positive word of mouth promotion of the company.

It should be noted at this point that although identified in Chapter 2 as being a limitation of extant relationship marketing models, moderating factors will not be investigated in

this thesis. The exclusion of moderating factors is a result of time and resource constraints placed upon the researcher. These constraints will be further discussed in Chapter 6.

3.6 Chapter Summary

The proposed identification-based model of relationship marketing is robust in its conceptual design and development. Building on the well-established social exchange theory, this thesis proposes that relationships in the marketing context be framed as a social contract, as represented by the second-order relationship quality. In addition, consumer-company identification, through social identity theory, is proposed as a complementary theoretical platform that provides what Sheth and Parvatiyar (2000, p.140) describe as “the conditions that encourage marketing actors to enter relationships.” Empirical testing is required, however, to provide statistical support for the theoretically derived hypotheses. The following chapter details the research methodology employed to test this thesis’ relationship marketing model as proposed in Figure 2.

CHAPTER FOUR: RESEARCH METHODOLOGY

Both qualitative and quantitative research methods are required to ensure a thorough, comprehensive testing of the proposed identification-based relationship marketing model. The following chapter details the objectives and methodologies employed to complete both research methods. The chapter begins by discussing the scope of the qualitative research, including objectives, participant selection and methodology. This is followed by a discussion of the quantitative research methodology, including objectives, sample frame development, data collection and statistical analysis.

Before moving forward, however, it should be noted that all aspects and components of the following research study have been approved by the University of Calgary's Board of Ethics Committee. Appendix B shows a copy of the approval letter detailing approval of the thesis' research design and implementation.

4.1 Overview

Testing of the proposed identification-based relationship marketing model requires a specific consumer context. Specifically, the focal organization used in the research study must be one that consumers identify with at various levels. Furthermore, it must be a company that consumers at least know of, and at best have highly developed opinions. The existence of opinions and attitudes suggests, at a minimum, that consumers will have a base level of knowledge regarding the company's products or services.

Selection of the focal company, the frame of reference against which the proposed relationship marketing model will be tested, was based on a number of criteria. These criteria include: visibility of the company in the consumer market, position of the

company in its industry in relation to competitors, tendency for some consumers to highly identify with the company, and permission to use the focal company's name in a public domain study. As such, the company selected to be the frame of reference within this study is a national airline.

The selection of the nationally-based airline for this body of work is appropriate and acceptable. At the time of the study, the Canadian airline industry was fiercely competitive, with three airlines dominating national airline travel. Anecdotal evidence from fellow travelers, and support from a focus group discussion, indicates that the two largest airlines (one of which is the company chosen for this study) are viewed as being opposites in many ways, but especially in terms of corporate culture and delivery of service. Furthermore, these differences are visible to most of the public as the airline industry receives regular coverage in the news media. Finally, the nationally-based airline agreed to allow the researcher to use its name within the context of this study.

4.2 Qualitative Research

4.2.1 Objectives

As previously discussed, this thesis is built on the integration of two distinct theoretical frameworks. Initial qualitative research is required to ensure that consumers within the sample frame do hold various levels of identification with the focal company.

Furthermore, while not used in the structural model, this thesis' model of relationship marketing is comprised of ancillary constructs that are still only conceptual in nature.

These, specifically, are identity similarity, identity distinctiveness, identity prestige, and identity attractiveness. Although these constructs are not empirically tested in the focal

model, the focus group was used to develop preliminary scale items for these constructs.

Conducting qualitative research, in the form of a focus group, served four purposes:

- I. provide face validity for all hypothesized model constructs;
- II. ensure relevant constructs have not been left out of the proposed identification-based relationship marketing model;
- III. ensure consumers do have various levels of identification with the focal company; and
- IV. help guide construction of the scale items to be used in the survey instrument.

The probing and interactive nature of focus groups, according to McDaniel and Gates (2004), creates an interaction effect among participants. The interaction among participants helps generate insightful perspectives that may have been missed or overlooked by the researcher. Understanding the reasons and motivations behind consumers' attitudes and behaviours regarding the thesis' focal constructs, and in relation to a focal organization, equips the researcher with the required face-validity to proceed with the quantitative research component of the research project. Accordingly, the qualitative research entailed one focus group in which the participants discussed their attitudes towards the above mentioned constructs in relation to a national airline carrier. The following section discusses the participant selection and recruitment for the focus group.

4.2.2 Participant Selection and Recruitment

The solicitation of participants began with an email communication (Appendix C) being sent to a selected set of individuals, and then forwarded by these recipients to other potential participants who were known, a priori, to have had experiences with the focal

organization. An expression of interest from potential participants prompted the researcher to further determine 1) the strength of the connection or bond between the potential participant and the national airline, 2) the number of encounters this individual has had with the organization, and 3) if the interested participant considers him, or herself, to be an active consumer of the focal organization. Finally, the Professional Marketing Research Society (PMRS) code of conduct was followed in finalizing participant selection.

The focus group consisted of 5 participants and one moderator (the researcher). To ensure variation in respondent insights, the researcher sought participation from consumers with different degrees of identification and loyalty; three participants were devoted, committed customers, while two participants considered themselves non-committed, but occasional, customers. The session ran approximately one hour and fifteen minutes. The group was encouraged to discuss their feelings and attitudes towards the airline. The researcher moderated the focus group session by adhering to a pre-defined set of questions (see Appendix D for the moderator's guide) developed to address the range of constructs present in the researcher's identification-based relationship marketing model. The session successfully concluded with all participants giving their final thoughts before receiving remuneration of \$20 (per participant) as an expression of gratitude from the researcher.

4.2.3 Focus Group Observations

The focus group session revealed a level of face validity for all of the hypothesized constructs within the proposed model. Trust, commitment, and satisfaction (all dimensions of the relationship quality construct) received strong support in terms of participants' ability to articulate their attitudes and feelings towards the airline.

While the respondents were able to describe their feelings of trust, commitment, and satisfaction towards the airline, all had difficulty describing their relationship, or the quality of their relationship, with the focal airline. All participants acknowledged that they in fact did perceive a relationship existing between themselves and the airline. However, they struggled in describing the nature of their relationship with the airline. Some of the participants described their relationship with the airline with the words "trust", "confidence", and "darn good, over-the-top service" (satisfaction). This lends face validity and credence to the conceptualization of relationship quality as a higher, second-order construct composed of the dimensions of trust, commitment and satisfaction.

When asked about their perceptions of identification with the airline, participant responses varied. As opposed to the clearly understood concepts of trust, commitment, and satisfaction, participants had a more difficult time articulating their perceived levels of consumer-company identification. Participants referenced "corporate culture", "company story", "root for the underdog" and "friendly" as descriptors of the airline's company identity. These same characteristics and descriptors were used by participants to describe their feelings of identification with the airline.

An interesting finding was the focus group's collective sense of disidentification with the focal airline's main competitor. Recent research (Kreiner and Ashforth 2004) in the organizational behaviour literature expands the traditional conceptualization of identification to include the negatively charged disidentification. Invariably, the focus group participants described their disliking and displeasure with the competitor airline through anecdotal stories of "poor service" and "bad-attitude employees". One participant described deep-seated feelings of "mistrust" with the competitor; a result of numerous dissatisfying experiences. Encapsulating the group's attitude toward the competitive airline, one participant said "it's not worth making the effort with (competitor)."

The focus group was successful in providing face validity to the constructs found in this thesis' proposed identification-based relationship marketing model. The dimensions of trust, commitment, and satisfaction all appear to be indicators of the group's overall feelings of relationship quality with the focal organization. Consumer-company identification was evident in descriptions of the organizational encounters and exchanges as described by the focus group members. Finally, members of the group appeared to disidentify with the competitor airline almost as much as they identified with the focal airline. Though not investigated in this study, feelings of disidentification will undoubtedly provide streams of future research.

4.3 Quantitative Research

4.3.1 Objectives

While focus groups and other qualitative research methods allow researchers to delve into deeply held consumer motivations, one is not able to generalize these types of results over any given population (McDaniel and Gates 2004). The quantitative research employed in this thesis is therefore required for the following reasons:

- I. to empirically test relationship quality as a higher-order construct;
- II. to empirically test for the reliability and validity of the proposed conceptual framework integrating two theoretical paradigms and to test specific hypotheses;
- III. to establish credence of the proposed identification-based relationship marketing model so as to build a foundation for future research and potential projection of these findings onto larger, consumer-based populations, thus establishing generalizability.

Empirical investigations are necessary confirmatory pursuits in the advancement of theoretical growth. The quantitative analysis resulting from empirical investigations enables researchers to statistically substantiate theory-driven hypotheses between latent constructs. The following section dissects the quantitative methodology employed in this thesis by examining the empirical process in three parts: 1) sample frame development, 2) data collection, and 3) statistical analysis.

4.3.2 Sample Frame Development

The ideal population from which to draw a sample frame for this study would have been the national airline's actual consumer database. However, due to compliance with Canadian privacy regulations such as the Freedom of Information and Protection of

Privacy (FOIP) Act, and the airline's internal corporate privacy restrictions, provision of this information was not provided. Therefore, this study required the construction of a sample frame based on the broader Canadian population.

Population. From a broad perspective, the population of interest is the segment of the general Canadian population that flies, or has flown, Canadian-based airlines for domestic travel. Due to resource constraints and limitations, however, surveying only a sample of this population is feasible. As such, two markets, represented by Canadian cities, were chosen for survey sampling: Calgary, Alberta and Toronto, Ontario.

First, Calgary is a logical choice from which to draw a sample frame as 1) residents are intimately familiar with the national airline, having been exposed to its operations and offerings, and 2) the researcher is based out of a recognized, locally-based academic institution, adding credibility to the study. Toronto is chosen as an ancillary, yet distinct population from which to draw a sample frame as 1) the city, and thus its residents, is believed to (anecdotally) have a distinctly eastern versus western (Calgary) culture, and 2) the national airline offers service to the Toronto market, thus providing residents with exposure to the airline's service offering.

Selecting a representative sample frame based on flying habits from these two finite, but very large, populations is extremely challenging due to the lack of publicly available and accessible Canadian household airline travel information. A noticeable trend in the airline industry, however, is that an increased tendency to fly is positively correlated to consumer affluence (Gasson 2003). Therefore, in an effort to select a representative sample frame, one in which individuals are more likely to be frequent flyers, the metropolitan areas of Calgary and Toronto were narrowed by identifying select

segments of each city based on their hypothesized affluence. The following section details the development of the study's sample frame based on this segmentation approach.

Sample Frame. Two waves of surveys, targeting two different sample frames within the specified populations, were mailed during the course of this thesis. This was due to a lower than desired response rate from the first mailing. A probability sampling technique was employed in selecting both sample frames to ensure empirical validity and statistical generalizability. The selection method consisted of a simple random sampling procedure applied to the two population segments. Probability samples, according to McDaniel and Gates (2004 p.276) “are selected in such a way that every element of the population has a known, nonzero likelihood of selection.” That is, all of the potential respondents from both populations are given equal selection probability weightings.

The actual sample frame selection procedure was conducted by ASDE Inc., a Canadian telephone sampling company based out of Montreal, Quebec. ASDE Inc. performed both sample frame selections utilizing generally recognized random sampling techniques. Specifications defining each sample frame, provided by the researcher, will be discussed next.

Wave 1. The first survey wave consisted of a total sample frame of 3,000 individuals; 2,000 from the Calgary market and 1,000 from the Toronto market. ASDE Inc., the marketing research firm providing the sample frame (based on publicly listed Canadian telephone directories) was directed to provide the sample frame based on the following Canada Post FSA postal areas: 1) Calgary - T2S, T2T, T2Z, T3B, and T2E, and 2) Toronto - M5S, M5H, and M5R. These postal areas were believed to have residents of

at least middle to upper-middle class and affluence. Recipients of the mailing were given a two-week period, February 18th to March 4th, 2005, to complete the survey.

The desired sample size had not been reached by the end of the two week period, however. In an effort to increase the number of respondents, the researcher began to call individuals who had not responded to the survey. Following a board of ethics approved, pre-determined telephone script (Appendix E), the research encouraged individuals to respond to the survey. The individuals were reminded that all submissions were anonymous and that they would be entered into the travel voucher draw. This follow-up method, however, showed limited potential in its ability to generate a significant number of additional responses. As such, the researcher decided to conduct a second mailing.

Wave 2. The second survey wave consisted of a total sample frame of 2,500 individuals drawn from the Calgary marketplace. The decision to exclude Toronto from the second mailing, and to include only Calgary residents, was based on 1) the poor quality of mailing addresses for Toronto residents and thus high percentage of returned-mail from the first wave, 2) the lower than expected response rate from Toronto residents (3.19%), and 3) budgetary constraints. Again, ASDE Inc. was instructed to provide 2500 randomly selected individuals based on the following Canada Post FSA postal areas within Calgary: T3H, T3A and T2W. Recipients were again given a two-week period, March 22nd to April 4th, 2005, in which they could respond by completing the survey.

4.3.3 Data Collection

The following section details the quantitative data collection process employed in this research project, including 1) construction of the measurement instrument (survey), 2) administration of the survey, and 3) initial results of the raw data collected.

4.3.3.1 Construction of the Measurement Instrument

The measurement instrument (survey) was designed to capture respondents' attitudes towards the latent constructs as proposed in this thesis' model of identification-based relationship marketing. To facilitate this objective the survey, as shown in Appendix F, was divided into five distinct sections: 1) Your Flying Habits, 2) Identification with (national carrier), 3) Relationship Quality, 4) Loyalty Behaviour, and 5) Demographic Information. Aside from the context specific questions in the warm-up introductory section and the concluding demographics section, the scale items used in this survey are drawn entirely from empirically tested studies in the relationship marketing literature.

The scale items representing the constructs of identification, trust, affective commitment, normative commitment, satisfaction, future patronage and positive word of mouth promotion have been theoretically developed and empirically tested in the marketing literature, enjoying proven reliability and construct validity. Churchill (1979) calls on marketers to be mindful of their use of proven, tested scale items in measuring latent marketing constructs. The scholar further implores marketers to resist the temptation to use scale items that have not been rigorously tested and proven to show reliability and validity. Table 1 provides a review of each scale item used to represent the above-mentioned constructs and the source from which it is borrowed or adopted.

Table 1: Measurement Instrument – Scale Item Sources

Construct	Scale Item(s)	Source
Identification	2.1, 2.33	Bergami, M., and Bagozzi, R.P. (2000). Self-categorization, affective commitment and group self-esteem as distinct aspects of social identity in the organization. <i>British Journal of Social Psychology</i> , 39, 555-577.
Trust	3.2	Ganesan, S. (1994). Determinants of long-term orientation in buyer-seller relationships. <i>Journal of Marketing</i> , 58 (April), 1-19.
	3.3, 3.5	Sirdeshmukh, D., Singh, J. and Sabol, B. (2002). Consumer trust, value, and loyalty in relational exchanges. <i>Journal of Marketing</i> , 66 (1), 15-37
	3.4	Bansal, H.S., Irving, P.G., and Taylor, S.F. (2004). A three-component model of customer commitment to service providers. <i>Journal of the Academy of Marketing Science</i> , 32 (3), 234-250.
	3.6, 3.7	Ganesan, S. (1994). Determinants of long-term orientation in buyer-seller relationships. <i>Journal of Marketing</i> , 58 (April), 1-19.
	3.8	Morgan, R.M. and Hunt, S.D. (1994). The commitment-trust theory of relationship marketing. <i>Journal of Marketing</i> , 58 (July), 20-38.
Affective Commitment	3.10, 3.11, 3.12	Bansal, H.S., Irving, P.G., and Taylor, S.F. (2004). A three-component model of customer commitment to service providers. <i>Journal of the Academy of Marketing Science</i> , 32 (3), 234-250. Fullerton, G. (2003). When does commitment lead to loyalty? <i>Journal of Service Research</i> , 5 (4), 333-344.
	3.13	Fullerton, G. (2003). When does commitment lead to loyalty? <i>Journal of Service Research</i> , 5 (4), 333-344.
Normative Commitment	3.19 – 3.22	Bansal, H.S., Irving, P.G., and Taylor, S.F. (2004). A three-component model of customer commitment to service providers. <i>Journal of the Academy of Marketing Science</i> , 32 (3), 234-250.
Satisfaction	3.23 (a-d)	Bansal, H.S., Irving, P.G., and Taylor, S.F. (2004). A three-component model of customer commitment to service providers. <i>Journal of the Academy of Marketing Science</i> , 32 (3), 234-250.
Loyalty Behaviour	4.1 – 4.6	Zeithaml, V.A., Berry, L.L., and Parasuraman, A. (1996). The behavioural consequences of service quality. <i>Journal of Marketing</i> , 60 (April), 31-46.

With the exception of the first identification question (2.1), all of the scale items are represented by a 7-point likert scale. The 7-point scale is utilized in an effort to maintain measurement consistency among items. In keeping with Churchill's (1979) call to researchers, the empirical analysis in Chapter 5 is built upon a solid foundation of proven measurement items.

Antecedents to Identification. Identity similarity, identity distinctiveness, identity prestige, and identity attractiveness are constructs that, at the time of this study, are only conceptual in nature and have not been operationalized in empirical studies. The development of these scale items resulted from proposed items suggested by researchers such as Bhattacharya and Sen (2003) and development of items by the researcher. Ideas for the development of new scale items are based on the underlying theoretical aspects representing each construct and feedback generated from the focus group session.

Inclusion of these items in the measurement instrument is strictly for exploratory research purposes. See Appendix G for a comprehensive list of all items not used in the empirical analysis. In their conceptual consumer-company identification paper, Bhattacharya and Sen (2003) call on researchers to develop scale items for each of the identity-related constructs. While the development and measurement of the identity-related scale items addresses their request, inclusion of the resulting responses is beyond the scope of this thesis. Churchill (1979) encourages researchers to employ a rigorous, and iterative, process when developing new scale items. As such, the inclusion of these scale items is viewed as the first of many steps required to develop reliable and valid measures for these constructs.

4.3.3.2 Administration of the Survey

The measurement instrument, as detailed above, is designed to be a self-administered survey. That is, respondents are required to complete the survey by themselves and without outside assistance or influence. The following steps were used in administering the survey and collecting the quantitative data:

- I. One two-page solicitation letter was mailed to each individual of the sample frame, stating the project's purpose;
- II. Individuals were encouraged to visit a secure website to complete the survey, and were provided with detailed instructions to access the survey on-line.

The solicitation letter, as shown in Appendix H, begins by introducing the researcher and purpose of the study to the recipient. The potential respondent is made aware of the nature of the study, its academic focus, the national airline's approval of the use of its name and identity, and the University of Calgary's board of ethics approval. Finally, remuneration is presented in the form of entry into a random draw, whereby one participant will receive a \$500 travel voucher from Travel Cuts. Non-cash incentives, according to Cobanoglu, Warde and Moreo (2001), can significantly increase response rates, supporting the inclusion of a chance to win a \$500 travel voucher.

The second page of the letter provided instructions on how to access, and complete, the on-line survey. On-line surveying is gaining acceptance as a viable medium through which data collection may be facilitated. Recent research indicates that on-line surveying is a more efficient means of collecting data as responses are captured immediately (Griffis, Goldsby and Cooper 2003; Naglieri et al. 2004). Studies comparing different response vehicles, including web-based surveys, fax and traditional mail,

indicate that on-line surveys generally result in higher response rates and are more cost-effective to administer (Cobanoglu, Warde and Moreo 2001; Griffis, Goldsby and Cooper 2003).

Furthermore, the quality of data collected on-line is comparable to standard, generally accepted mediums such as traditional paper-based surveys. Griffis, Goldsby and Cooper (2003, p.254) found that “no significant differences were found in the characteristics of the data collected by the mail and web surveys.” Finally, the direct data collection is beneficial to researchers as it significantly reduces the cost, time and likelihood of errors that are associated with manual data entry activity. As such, this research project utilized a web-based survey in the anticipation of obtaining a large sample size in a cost effective, and efficient, manner.

The on-line survey was hosted by a Calgary-based software development company. The company employed all necessary security practices to ensure the safeguarding of all information. Furthermore, each participant was assigned a unique identifier that permitted entry to the survey, allowed only one submission per respondent, and ensured privacy and confidentiality of responses. Respondents were informed of the researcher’s privacy policy regarding collecting information via an on-line survey (see page 2 of the solicitation letter for the on-line privacy policy). Finally, a web-developer was contracted to construct, with guidance from the researcher, the on-line survey.

Once past the secured home page, respondents were instructed to follow the directions and, where appropriate, type or select answers to the questions. After all questions had been answered, respondents were asked to submit their responses and were

thanked for their cooperation and participation. Finally, respondents were reminded of their automatic entry into the random prize draw.

After the survey close-date, each respondent received a thank you letter, stating the researcher's appreciation for their participation in the research study. Additionally, the letter named the winner (who consented to the release of their name in this context) of the travel voucher prize draw. See Appendix I for a copy of the thank you letter.

4.3.3.3 Raw Data Collected

Two waves of surveying to a total of 5500 potential respondents resulted in the collection of 301 responses; an overall response rate of 5.47% (301/5500). This conservative response rate is not accurate, however, as 867 surveys were returned to the researcher (due to out-dated residential addresses), reducing the actual sample size to 4633. As a result, the smaller but more accurate sample size inflated the actual response rate to 6.50% (301/4633). Table 2 shows a detailed breakdown of the response rates for both waves of surveys.

Table 2: Survey Response Rates

Wave 1	Mailed	Returned	Actual	Responses	Response Rate (based Actual)
Calgary	2000	284	1716	99	5.77%
Toronto	1000	342	658	21	3.19%
Wave 2					
Calgary	2500	241	2259	181	8.01%
Overall	5500	867	4633	301	6.50%

Though lower than desired, it is important to consider the response rate in the context of this study. Morgan and Hunt (1994), in a similar study, contend that the

important issues in testing new conceptual models is 1) whether the sample is contextually appropriate to test the theory, and 2) whether the sample of respondents has variance to be explained. Given the purpose of this study, the appropriateness of the sample, and the variance among respondents (to be addressed shortly), the possibility of non-response bias is of minimal concern (Hunt 1990; Morgan and Hunt 1994).

Before beginning the analysis, however, the respondent sample was filtered to better represent those respondents who have had actual flying experiences with the focal company. Questions 1.5 (number of years using company), 1.6 (average flights per year with focal company) and 1.7 (number of flights with focal company in last 2 years) were used as filters to represent actual flying experiences with the focal organization. Respondents answering 0 to all three questions were presumed to have had no contact or flying experience with the focal company and thus not representative of an active consumer. A total of 25 respondents replied with 0 to all three questions. These respondents were subsequently removed from the respondent sample, effectively reducing the analysis sample to 276. It should be noted that all of the 276 remaining cases had complete information. That is, there were no missing values among the 276 responses. This absence of missing values was due to the parameters set by the researcher through the online survey; respondents were not permitted to submit partial surveys as an answered had to be provided for each question.

Finally, the researcher conducted an independent t-test on the two waves of survey responses to ensure there was no significant variability in the responses or respondents. As evidenced in Appendix J, no significant differences in means existed

between wave 1 (n = 103) or wave 2 (n = 176) for any of the construct indicators used in the analysis.

Sample Characteristics. The sampling method was successful in providing respondents with considerable variability in terms of personal characteristics and flight experience with the airline. As shown in Appendix K, respondents varied noticeably in terms of age (21-30 years of age, 6.9%; 31-40 years of age, 19.6%; 41-65 years of age, 65.6%; and over 65 years of age, 8%), education (some technical or college training, 8%; graduated college or technical school, 19.9%; some university 11.2%; undergraduate degree, 27.5%; graduate degree, 25.7%), and marital status (never married, 14.5%; married without children, 10.1%; married with children, 62%; divorced / widowed / separated, 13.4%), but were predominantly male (male, 72.8%; female, 27.2%).

Respondents' flight experience with the focal airline also varied considerably according to years flying with the airline (1, 8%; 2, 12.7%; 3, 14.5%; 4, 14.1%; 5, 27.5%; 6, 9.1%), average flights per year with the airline (1, 31.9%; 2, 28.3%; 3, 15.9%; 4, 7.2%), and number of flights with company in the last 2 years (1, 13.4%; 2, 18.1%; 3, 12%; 4, 12%; 5, 59.4%; 6, 8%). Slightly less variability existed in terms of respondents' flight preferences, as measured by airline used most often (focal airline, 64.1%; major competitor, 32.6%) and airline of preference (focal airline, 69.6%; major competitor, 25%). Finally, respondents varied considerably in their identification with the focal airline as indicated by their perceived overlap of personal and organizational overlap (far apart, 6.9%; close together but separate, 15.2%; very small overlap, 8.7%; small overlap, 13.8%; moderate overlap, 27.9%; large overlap, 22.1%; very large overlap, 4.3%; complete overlap, 1.1%) and perceived overlap of personal and organizational image

(not-at-all = 1, 13.8%; 2, 15.2%; 3, 18.1%; moderate = 4, 22.1%; 5, 22.8%; 6, 7.2%; very much = 7, 0.7%).

4.3.4 Empirical Analysis Methodology

This thesis' model of identification-based relationship marketing is built upon the integration of multiple theoretical underpinnings that hypothesize the causal relationship between several latent constructs. Empirical analysis of this complex model was conducted using the robust and comprehensive confirmatory method known as structural equation modeling (SEM). As MacKenzie (2001, p.159) denotes, the ability of structural equation modeling to estimate and test complex theoretical structures "encourages us to broaden the scope of our theoretical models by thinking in terms of entire systems of conceptual relationship that better represent the complex environments to which we hope our theories apply." Employing the two-step approach recommended by Anderson and Gerbing (1988), the empirical analysis first began with a measurement model, followed by a confirmatory structural model.

The factor analysis procedure "specifies the relations of the observed measures to their posited underlying constructs" (Anderson and Gerbing 1988). Marketing constructs are often represented by latent variables. The use of multiple indicators to measure these latent, or unobserved, constructs is preferred because of their collective ability to assign meaning to the construct (Anderson and Gerbing 1982). Anderson, Gerbing and Hunter (1987) recommend a minimum of two indicators per latent construct, while other researchers (e.g. Steenkamp and van Trijp 1991) maintain a minimum threshold of three indicators per construct. The purpose of the factor analysis procedure is to determine the

appropriateness of each indicator as a measure for only one latent construct. In doing so, a researcher hopes to establish unidimensionality.

Unidimensionality can be defined “as the existence of one construct underlying a set of items” (Steenkamp and van Trijp 1991, p.286). Achieving unidimensionality requires the establishment of both reliability and validity of the constructs’ indicators. Reliability is defined as the “extent to which a set of two or more indicators “share” in their measurement of a construct” (Hair et al. 1998, p.583). That is, reliability measures the extent to which the indicators of one given construct are correlated, or share a common amount of extracted variance. Two measures, according to Bagozzi and Yi (1988), are composite reliability (of a set of indicators) and average variance extracted. The minimum desired levels for adequate composite reliability and average variance extracted are 0.7 and 0.5, respectively (Bagozzi and Yi 1988). Once reliability is established, the validity of the measurement items is investigated.

Validity, according to Ping (2004, p.130) is “how well an item measures what it should.” That is, validity is an assessment of how well an item or indicator accurately measures the construct it is hypothesized to measure. The a priori assignment of indicators in this model is based on a strong theoretical and conceptual underpinning; this provides an adequate degree of face (content) validity. While face validity may be conceptually driven, it is only the starting point in establishing validity. Constructs are valid when they exhibit both internal (convergent) and external (discriminant) validity.

The convergent validity of each indicator is assessed by analyzing the significance of its pattern coefficient, or factor loading, on its hypothesized factor or latent construct. An item is considered significant if its factor loading is greater than 0.6

(Hu and Bentler 1999). Discriminant validity assesses the significance of the correlation between latent constructs. The discriminant validity of two constructs may be established by setting the correlation parameter to unity (1.0) and performing a chi-square difference test (Anderson and Gerbing 1988), with p values < 0.001 representing a statistically significant difference between the two constructs.

Once the psychometric measurement confirmation is complete, and unidimensionality, reliability, and validity have been established, the strength of the causal or path relationships will be investigated. That is, the nomological validity of the structural model will be tested. According to Steenkamp and Trijp (1991, p.294), nomological validity “is assessed by testing the relationships with other constructs in a nomological net, usually with correlation or regression analysis.” Anderson and Gerbing (1988) recommend a competing models approach to nomological testing that involves the testing of the proposed model and subsequent nested or competing models.

Rindskopf and Rose (1988) propose a hierarchy of models for testing second-order factor structures, as represented by the higher-order relationship quality construct in this thesis’ framework. The hierarchy of models for factor structure comparison used in this thesis is marked by four levels with increasing restrictions (Rindskopf and Rose 1998). The first, and least restricted, model to be tested is the bi-factor model consisting of one general factor plus group factors. The next nested model to be tested is the group-factor model, or the first-order factor model without the presence of the general factor. This is accomplished by setting factor loadings for the general factor to zero. Next, the second-order factor model will be tested. This special case of group factor model puts a structure on the pattern of correlations among the first-order group factors. Finally, the

most restrictive model is tested. This model is a one-factor, second-order model where the unique variances of the first-order factors are set to zero. This four step process, as detailed by Rindskopf and Rose (1988), will be employed in testing the higher-order conceptualization of relationship quality as conceptualized in the proposed framework.

Competing models' goodness of fit results provides a benchmark to assess how well the conceptually derived framework compares against arbitrary configurations of the same latent constructs. That is, the competing models approach to model testing provides methodological and analytical support to the statistical significance of a structural model by providing a comparative means upon which goodness of fit indices can be attributed to more than mere chance. Overall goodness-of-fit is assessed through a variety of measures, including chi-square, root mean square error of approximation (RMSEA), comparative fit index (CFI), non-normed fit index (NNFI), and consistent akaike information criterion (CAIC). According to Hu and Bentler (1999), a model is considered satisfactory if the chi-square test is non-significant, RMSEA is less than or equal to .06, and both NNFI and CFI values are greater than or equal to .95. These measures of model fit will be used in evaluating the forthcoming empirical analysis.

4.4 Chapter Summary

The preceding chapter provided a thorough discussion of the methodology employed to gather information and data for the empirical testing of the proposed identification-based relationship marketing model. Qualitative research in the form of a focus group was conducted to ensure face validity of the constructs under investigation. Results from the focus group confirm the inclusion of trust, commitment, and satisfaction as key

components of relationship quality. Furthermore, the presence of consumer-company identification was evident, although to varying degrees, among all participants. Building on the observations of the focus group and previous empirical work, a survey was constructed to measure the proposed relationship marketing framework. Administration of the survey was conducted in two separate waves which resulted in the collection of 301 cases. Of the 301 cases, 25 were filtered, leaving 276 suitable cases with complete data available for analysis. An independent t-test analysis revealed no significant difference among the two waves of surveys administered, thus providing the support for analyzing all 276 cases together. The following chapter provides a detailed analysis of the data collected and tests the hypotheses generated in Chapter 3.

CHAPTER FIVE: DATA ANALYSIS & RESULTS

As detailed in the previous chapter, the data collected during this thesis is both qualitative and quantitative in nature. Results of the qualitative research, as previously discussed, provided face validity for the proposed model's constructs. The following chapter details the analysis and interpretation of the quantitative data collected through administration of the survey.

5.1 Structural Equation Modeling (SEM) Analysis

This thesis' identification-based relationship marketing framework is an integration of first and second order constructs. The positioning of second-order relationship quality as a mediating construct increases the complexity of the model. The psychometric and econometric properties of the proposed model were assessed using the aforementioned SEM methodology and techniques. LISREL 8.3 was used to conduct the SEM analysis.

5.1.1 Measurement Model

Initial confirmatory factor analysis was conducted on the measurement model which included the seven previously discussed latent factors: trust (TRUST), affective commitment (AFCOM), normative commitment (NCOM), satisfaction (SAT), identification (IDENT), future patronage (FPAT), and positive word of mouth promotion (PWOM). These constructs were represented by a total of 27 indicators. Based on the criteria proposed by Hu and Bentler (1999) the initial results indicated an unsatisfactory model fit [$\chi^2(303) = 689.08$; RMSEA=0.071; CFI=0.94; NNFI=0.94; CAIC=1220.69].

Table 3: Full Model Initial Confirmatory Factor Analysis¹

Scale Item	Construct						
	TRUST	AFCOM	NCOM	SAT	IDEN T	FPAT	PWOM
TRUST1: The promises made by COMPANY are reliable.	0.78						
TRUST2: COMPANY is not very dependable.	0.49²						
TRUST3: COMPANY is honest and truthful with me.	0.83						
TRUST4: COMPANY is a very competent organization.	0.87						
TRUST5: COMPANY has made sacrifices for me in the past.	0.51²						
TRUST6: COMPANY cares for my well-being.	0.79						
TRUST7: I feel that COMPANY can be counted on to do what is right.	0.83						
AFCOM1: I do not feel like part of the COMPANY family as a customer.		0.47²					
AFCOM2: I feel emotionally attached to COMPANY.		0.93					
AFCOM3: I feel a strong sense of belonging to COMPANY		0.97					
AFCOM4: COMPANY has a great deal of personal meaning for me.		0.92					
NCOM 1: Even if it were to my advantage, I do not feel it would be right to stop flying COMPANY.			0.78				
NCOM1: COMPANY deserves my loyalty.			0.73²				
NCOM2: I would feel guilty if I stopped flying COMPANY.			0.90				
NCOM3: I would not leave COMPANY right now because I have a sense of obligation to them.			0.91				
SAT1: Overall cumulative satisfaction with COMPANY: Displeased-Pleased				0.91			
SAT2: Overall cumulative satisfaction with COMPANY: Disgusted-Contented				0.96			
SAT3 Overall cumulative satisfaction with COMPANY: Dissatisfied-Satisfied				0.94			
SAT4: Overall cumulative satisfaction with COMPANY: Unhappy-Happy				0.93			
IDENT1: Indicate which case (A, B, C, D, E, F, G, or H) best describes the level of overlap between your own and COMPANY's identities.					0.76		
IDENT2: Indicate to what degree your self-image overlaps with COMPANY's image.					0.90		
FPAT1: I try to book with COMPANY first when planning to fly.						0.87	
FPAT2: I do not plan to fly with COMPANY in the future.						0.54²	
FPAT3: I would pay a modest price premium to fly with COMPANY, even if competitors had slightly lower prices.						0.60	
PWOM3: I say positive things about COMPANY to other people.							0.93
PWOM2: I recommend COMPANY to anyone seeking my advice about flying in Canada							0.95
PWOM3: I encourage my friends and relatives to fly with COMPANY.							0.90

1. Completely Standardized Solution; 2. Item removed from analysis.

Further inspection of the factor loadings, as shown in Table 3, however, revealed that four items had loadings of less than 0.60. Measures less than 0.60 indicate a non-significant factor loading and must be removed from the analysis. These items – TRUST2, TRUST5, AFCOM1, and FPAT2 – were removed. Furthermore, NCOM2 was removed even though its factor loading was 0.73. This was done for two reasons: empirical and theoretical. First, the modification index and expected changes based on model fit results indicated it should be removed. Second, upon closer inspection, the scale item's question, "Airline deserves my loyalty" is a confounding question as it is perhaps a better indicator of loyalty, and not commitment.

Based on the above analysis, a modified measurement model with 22 indicators was tested. The results [$\chi^2(188) = 322.81$; RMSEA=0.050; CFI=0.98; NNFI=0.97; CAIC=746.48] were satisfactory as they exceeded the minimum accepted levels of RMSEA ≤ 0.06 and CFI and NNFI of ≥ 0.95 (Hu and Bentler 1999). As indicated in Table 4, all items achieved loadings of greater than 0.60.

After establishing the overall acceptability of the modified measurement model, tests for reliability and validity were conducted. Table 5 exhibits the means and standard deviations (SD) for each construct indicator, as well as the composite reliability (CR) and average variance extracted (AVE). Table 6 lists the correlations of the seven constructs. The CR and AVE of all seven constructs were above the recommended minimum levels of 0.70 and 0.50 respectively (Bagozzi and Yi 1988), thus establishing reliability of the measurement scales. The convergent validity of the measures was then assessed.

Table 4: Modified Measurement Model Factor Loadings¹

Scale Item	Construct						
	TRUST	AFCOM	NCOM	SAT	IDENT	FPAT	PWOM
TRUST1: The promises made by COMPANY are reliable.	0.78						
TRUST2: COMPANY is honest and truthful with me.	0.83						
TRUST3: COMPANY is a very competent organization.	0.87						
TRUST4: COMPANY cares for my well-being.	0.79						
TRUST5: I feel that COMPANY can be counted on to do what is right.	0.83						
AFCOM1: I feel emotionally attached to COMPANY.		0.93					
AFCOM2: I feel a strong sense of belonging to COMPANY		0.97					
AFCOM3: COMPANY has a great deal of personal meaning for me.		0.92					
NCOM1: Even if it were to my advantage, I do not feel it would be right to stop flying COMPANY.			0.76				
NCOM2: I would feel guilty if I stopped flying COMPANY.			0.92				
NCOM3: I would not leave COMPANY right now because I have a sense of obligation to them.			0.92				
SAT1: Overall cumulative satisfaction with COMPANY: Displeased-Pleased				0.91			
SAT2: Overall cumulative satisfaction with COMPANY: Disgusted-Contented				0.96			
SAT3: Overall cumulative satisfaction with COMPANY: Dissatisfied-Satisfied				0.94			
SAT4: Overall cumulative satisfaction with COMPANY: Unhappy-Happy				0.93			
IDENT1: Indicate which case (A, B, C, D, E, F, G, or H) best describes the level of overlap between your own and COMPANY's identities.					0.76		
IDENT1: Indicate to what degree your self-image overlaps with COMPANY's image.					0.91		
FPAT1: I try to book with COMPANY first when planning to fly.						0.86	
FPAT1: I would pay a modest price premium to fly with COMPANY, even if competitors had slightly lower prices.						0.62	
PWOM1: I say positive things about COMPANY to other people.							0.92
PWOM2: I recommend COMPANY to anyone seeking my advice about flying in Canada							0.95
PWOM3: I encourage my friends and relatives to fly with COMPANY.							0.91

1. Completely Standardized Solution.

Table 5: Psychometric Properties of Full Measurement Model

Constructs	Mean	SD	CR	AVE
TRUST			0.91	0.68
Trust 1	5.39	0.07		
Trust 2	5.48	0.06		
Trust 3	5.59	0.07		
Trust 4	4.66	0.08		
Trust 5	5.04	0.08		
AFCOM			0.96	0.88
Afcom 1	2.84	0.09		
Afcom 2	2.91	0.10		
Afcom 3	2.84	0.09		
NCOM			0.90	0.88
Ncom 1	2.75	0.10		
Ncom 2	2.58	0.10		
Ncom 3	2.47	0.09		
SAT			0.97	0.88
Sat 1	5.66	0.07		
Sat 2	5.59	0.07		
Sat 3	5.66	0.07		
Sat 4	5.55	0.07		
IDENT			0.82	0.70
Ident 1	4.30	0.10		
Ident 2	3.50	0.09		
FPAT			0.71	0.56
Fpat 1	5.21	0.10		
Fpat 2	3.5	0.09		
PWOM			0.95	0.86
Pwom 1	5.44	0.08		
Pwom 2	5.42	0.08		
Pwom 3	5.09	0.09		

Table 6: Correlation Matrix

	TRUST	AFCOM	NCOM	SAT	IDENT	FPAT	PWOM
(1) TRUST	1.00						
(2) AFCOM	0.53	1.00					
(3) NCOM	0.41	0.73	1.00				
(4) SAT	0.83	0.43	0.36	1.00			
(5) IDENT	0.61	0.66	0.48	0.48	1.00		
(6) FPAT	0.78	0.59	0.57	0.77	0.62	1.00	
(7) PWOM	0.83	0.54	0.45	0.78	0.62	0.95	1.00

Convergent validity is established if all factor item loadings are equal to, or above, the recommended cut-off level of 0.60. All of 22 items had factor loadings above 0.70, well-above the recommended minimum of 0.60, with only one item at the 0.62 level. Thus, convergent validity was confirmed.

Following the recommendation of Anderson and Gerbing (1988), the researcher set out to establish discriminant validity by conducting separate chi-square tests on each individual pair of constructs (correlations set to unity). Except for 6 of the 21 pairs, results indicated that each of the remaining 15 pairs had significant difference at $p < 0.001$, supporting an overall strong measure of discriminant validity. See Appendix L for results of the chi-square tests. In summary, the scale items used in this study are deemed to be both reliable and valid. As such, the structural properties of the proposed model were then investigated.

5.1.2 Structural Model

Having established the reliability and validity of the scale items used in the measurement model, the structural model and its hypothesized paths were analyzed. The structural model test was conducted in two necessary and distinct steps: 1) testing of the second-order nature of relationship quality as a contained, isolated construct, and 2) upon successful confirmation of RQ as a second-order construct, testing of the linkages between relationship quality, identification, and the two loyalty constructs.

First, the higher-order conceptualization of relationship quality was tested to ensure its conceptualization as a second-order construct was empirically supported. The researcher employed Rindskopf and Rose's (1988) hierarchical, four-step competing models approach, as detailed in Chapter 4, to assess the nomological validity and factor structure of the second-order relationship quality.

Testing began with the least restricted, bi-factor model of relationship quality. While the results indicate a good model fit [$\chi^2(70) = 109.57$; RMSEA=0.046; CFI=0.99;

NNFI=0.99; CAIC=442.17], they must be viewed with suspicion as the model did not converge.

The next model tested was the group factor model (i.e., first-order correlated factor model) in which the general factor was omitted. The model fit well [$\chi^2(84) = 142.80$; RMSEA=0.050; CFI=0.99; NNFI=0.98; CAIC=379.83] and resulted in a significant chi-square difference ($\Delta\chi^2(14) = 33.23$, $p < 0.005$) as compared to the least restricted, bi-factor model. Given the interpretational problems resulting from the bi-factor model's failure to converge and the significant chi-square difference between the two models, more credence was given to the group factor model (i.e. first-order correlated model). That is, the group factor model was viewed as the more robust model between the two.

Next in the hierarchy of tests was the second-order model of relationship quality. As with the first-order model, results indicated an acceptable fit: [$\chi^2(87) = 272.60$; RMSEA=0.085; CFI=0.96; NNFI=0.95; CAIC=476.71]. The chi-square difference between the first-order and second-order models, however, was significant ($\Delta\chi^2(3) = 129.80$, $p < 0.000$), representing a better model fit in favour of the first order model. Although the first-order model was superior to the second-order model based on the chi-square difference test, both models indicated an acceptable fit worthy of further investigation. While testing for these competing models of relationship quality will be addressed shortly, it should be noted that the second-order model is the preferred model on the grounds of parsimony and theory, especially when viewed within the proposed nomological framework.

Finally, the most restricted, one-factor model was tested and the results indicated a dramatic deterioration in model fit: [$\chi^2(90) = 1803.46$; RMSEA=0.31; CFI=0.60; NNFI=0.54; CAIC=2730.18]. These results clearly point to an unsatisfactory and unacceptable model fit for the restrictive, one-factor model.

Relationship quality, as previously discussed, is conceptualized as a second-order construct. As a result, the constructs of trust, affective commitment, normative commitment, and satisfaction are positioned as dimensions of relationship quality. That is, they are not antecedents but reflective dimensions of the quality of a relationship between consumer and company.

To ensure all possible conceptualizations of relationship quality were explored, the antecedent model of RQ was also tested. That is, the constructs of TRUST, AFCOM, NCOM, and SAT (with AFCOM and NCOM correlated) were positioned as antecedents to the RQ construct. The results were unacceptable: [$\chi^2(130) = 583.98$; RMSEA=0.10; CFI=0.91; NNFI=0.90; CAIC=70.43], providing further empirical support for the conceptualization of relationship quality as a second-order construct. Table 7 summarizes the psychometric model fit results for all the tested constructions of relationship quality.

Structural Model Comparison. The preceding analysis, though favouring a second-order conceptualization of relationship quality, is not conclusive; both the first-order correlated model and second-order models represented acceptable levels of fit. The bi-factor and one-factor models of

Table 7: Relationship Quality Factor Structures - Summary of Competing Models

<i>RQ Factor Structure Models</i>	χ^2 Value	DF	RMSEA		CFI	NNFI	CAIC	Comments
Bi-Factor Model	109.37	70	0.046		0.99	0.99	442.17	Solution Did Not Converge
First-Order Correlated Model	142.80	84	0.050		0.99	0.98	379.83	Acceptable Fit
Second-Order Model	272.60	87	0.085		0.96	0.95	476.71	Acceptable Fit
One-Factor Model	1803.46	90	0.310		0.60	0.54	2730.18	Unacceptable Fit
<i>RQ Full Structural Model</i>								
First-Order Correlated Structural Model	1294.78	188	0.140		0.82	0.78	1597.83	Unacceptable Fit
Second-Order Structural Model	409.22	199	0.062		0.97	0.96	768.68	Acceptable Fit

relationship quality were dismissed on the grounds of lack of interpretability (solution did not converge) and lack of fit, respectively. Therefore, a test for structural model fit was conducted on the two acceptable and remaining models: first- and second-order.

Before testing the structural fit of both models, however, one adjustment was completed. Prior research in the commitment literature (e.g. Allen and Meyer 1996; Meyer et al. 2002) indicates a strong correlation between the affective and normative commitment constructs. While distinct from one another, they are strongly correlated, with affective commitment shown to influence normative commitment. As such, affective commitment was set to correlate to normative commitment.

Results from the structural model comparison indicated that the second-order structural model was by far superior to the first-order model (see Table 7). The second-order model results were strong and represented an acceptable model fit [second-order model: $\chi^2(199) = 409.22$; RMSEA=0.062; CFI=0.97; NNFI=0.96; CAIC=768.68], while the first-order model results were unsatisfactory and thus unacceptable [first-order model: $\chi^2(188) = 1294.78$; RMSEA=0.140; CFI=0.82; NNFI=0.78; CAIC=1597.83]. To further ensure acceptability of the second-order model as the valid conceptualization of relationship quality, a chi-square test was conducted between both models. Results revealed a statistically significant difference [$\Delta\chi^2(11) = 885.56$, $p < 0.000$] in favour of the second-order model.

In summary, there is overwhelming evidence for the superiority of the second-order relationship quality model in terms of parsimony, interpretability, and nomological validity. This conceptualization of relationship quality was therefore used in the following analysis of overall model fit.

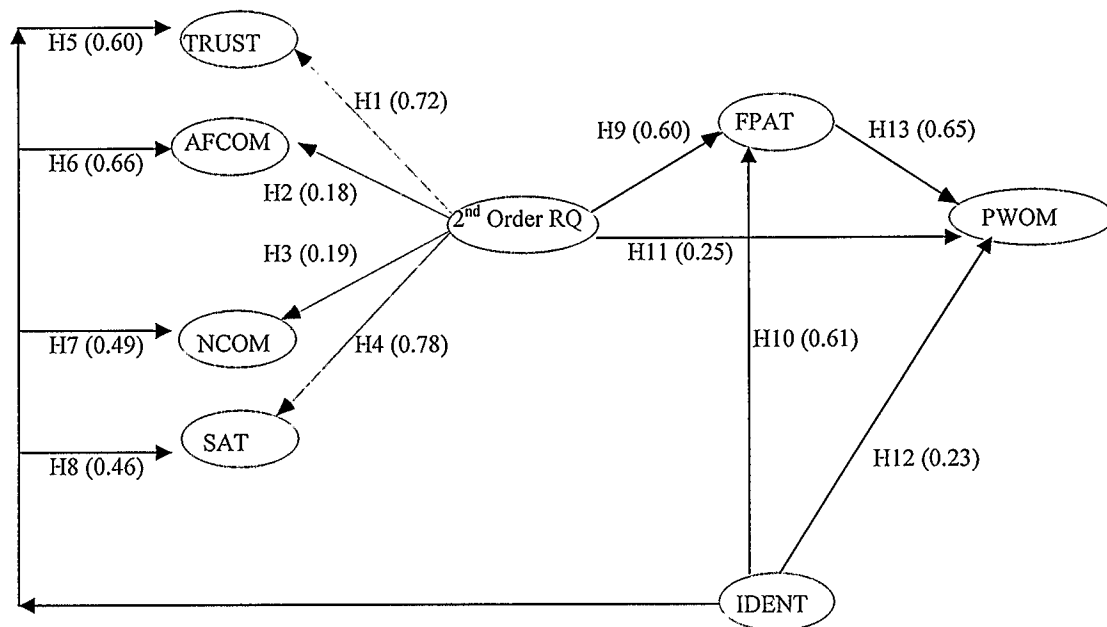
Table 8: Relationship Quality, Identification, and Loyalty Constructs - Loadings and Structural Coefficients

Dimensions of Second Order RQ		Second Order Loading Estimates	T-Values	Hypothesis	Comments
TRUST	γ_{11}	0.72	λ set to 1	H1	Significant – H1 Supported
AFCOM	γ_{21}	0.18	3.22	H2	Significant – H2 Supported
NCOM	γ_{31}	0.19	2.99	H3	Significant – H3 Supported
SAT	γ_{41}	0.78	15.56	H4	Significant – H4 Supported
Consequences of Second Order RQ and Identification		Structural Coefficient Estimates	T-Values	Hypothesis	Comments
IDENT→TRUST	β_{15}	0.60	8.48	H5	Significant – H5 Supported
IDENT→AFCOM	β_{25}	0.66	10.14	H6	Significant – H6 Supported
IDENT→NCOM	β_{35}	0.49	6.87	H7	Significant – H7 Supported
IDENT→SAT	β_{45}	0.46	7.07	H8	Significant – H8 Supported
RQ→FPAT	γ_{61}	0.60	10.72	H9	Significant – H9 Supported
IDENT→FPAT	β_{65}	0.61	8.56	H10	Significant – H10 Supported
RQ→PWOM	γ_{71}	0.25	2.62	H11	Significant – H11 Supported
IDENT→PWOM	β_{75}	0.23	2.31	H12	Significant – H12 Supported
FPAT→PWOM	β_{76}	0.65	4.36	H13	Significant – H13 Supported

Full Model Structural Analysis. Having established the second-order conceptualization of relationship quality, the entire structural model was ready to be tested. The full structural model, with relationship quality mediating the association between consumer-company identification and the loyalty behaviours of future patronage and positive word of mouth, was tested for nomological validity. The overall model results were very good [$\chi^2(196) = 342.31$; RMSEA=0.050; CAIC = 708.12; CFI=0.98; NNFI=0.97], indicating acceptable model fit.

Figure 3 presents the structural parameter estimates, as listed in Table 8, within the context of the entire nomological framework; the identification variable, the mediating the second-order relationship quality factor structure, and the two outcome variables of future patronage and positive word of mouth communication. As indicated in both Figure 3 and Table 8, all hypotheses were supported.

Figure 3: Proposed Model with Structural Parameter Estimates



As indicated in Figure 3, all of the hypotheses H1-H4 were positive and significant, providing strong empirical support for the conceptualization of relationship quality as a second-order construct composed of the four dimensions of satisfaction, trust, affective commitment and normative commitment. An interesting observation is the strength of the paths between relationship quality and its dimensions. Of the four dimensions, satisfaction and trust represent the strongest association to relationship quality, with path estimates of 0.78 and 0.72, respectively. Affective and normative commitment, although significant at 0.18 and 0.19, are much weaker in their association with relationship quality.

This finding indicates that, in this context, consumers' evaluations of relationship quality are based firmly on their perceptions of satisfaction and trust. Thus, satisfaction and trust are key dimensions in the development of relationship quality. As discussed earlier, the proposed model correlated the affective and normative constructs based on prior theoretical and empirical research. In order to further validate this point, an alternative model without the affective-normative correlation was tested. Results indicate the superiority of the proposed correlated model over the uncorrelated model.¹

As predicted, all four of the identification-based hypotheses linked with the RQ dimensions (H5-H8) were confirmed. Identification proved to be a robust predictor of relationship quality through RQ's four dimensions: identification → affective

¹ A modified model, one in which the a priori correlation between AFCOM and NCOM was removed, was tested to ensure the lower path estimates between both forms of commitment and relationship quality were not caused by the correlation between the two constructs. The model results [$\chi^2(197) = 429.20$; RMSEA=0.070; CAIC = 801.94; CFI=0.96; NNFI=0.96] indicate a significantly poorer fit compared to the proposed model. Further, the path loadings between relationship quality and both affective commitment (-0.16) and normative commitment (-0.18), though similar in weight to the original model, are negative. These findings are peculiar and not theoretically justifiable. Therefore, the correlation between AFCOM and NCOM is empirically and theoretically supported.

commitment (0.66); identification \rightarrow trust (0.60); identification \rightarrow normative commitment (0.49); and identification \rightarrow satisfaction (0.46). As opposed to their relatively weak correlations to relationship quality, both affective commitment and normative commitment were strongly influenced by identification. Trust and satisfaction, traditionally considered to be exchange-oriented constructs, were both substantially correlated to identification.

Finally, all five of the hypotheses (H9-H13) regarding the loyalty-based constructs of future patronage intention and positive word of mouth promotion were confirmed. Relationship quality positively and significantly influenced future patronage and positive word of mouth promotion, with path estimates of 0.60 and 0.25, respectively. Similarly, identification exerted a positive and significant influence on future patronage intention, 0.61, and positive word of mouth promotion, 0.23.

Of particular interest is the apparent mediating role played by future patronage intention on positive word of mouth promotion; the future patronage \rightarrow positive word of mouth connection is very strong at 0.65. This correlation is substantially greater than the impact exerted by relationship quality (0.25) or identification (0.23). Consumers in this study, it appears, are more likely to engage in positive word of mouth behaviours as a result of engaging in future patronage behaviours.

Relationship quality and identification, as previously discussed, are practically equivalent in their impact on future patronage intention and positive word of mouth communication. Consequently, the mediating impact of relationship quality was not readily apparent. Therefore, one final analysis, employing a product-of-coefficients test and Sobel's (1982) first-order approximation, was conducted to assess the significance of

relationship quality's partial mediation on future patronage intention and positive word of mouth communication.

Relationship quality, however, was conceptualized and operationalized in this study as a second order factor construct. Before performing the above outlined analysis, a computation was required to produce an appropriate measure of relationship quality for regression analysis. Using the method of parceling (e.g. Roberts, Varki, and Brodie 2003), the second order relationship quality was reduced to a first order construct by averaging the items measuring each dimension of relationship quality (trust, affective commitment, normative commitment, and satisfaction). Similarly, the scale items representing identification, future patronage intentions, and positive word of mouth communications were averaged, respectively, to form representative measures appropriate for regression analysis. Finally, all measures were standardized using the mean-centered technique. The coefficients and their respective standard errors were calculated using a three-step approach (Baron and Kenny 1986). First, relationship quality was regressed on identification. Second, future patronage intention (positive word of mouth communication) was regressed on identification. Finally, future patronage (positive word of mouth communication) was regressed on both identification and relationship quality. Results of the regression analysis can be viewed in Appendix M.

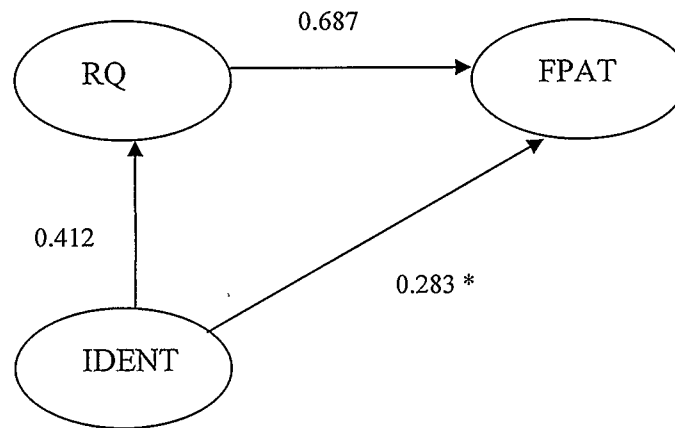
Following the steps outlined by Baron and Kenny (1986), the indirect effect coefficient, i.e. identification \rightarrow future patronage intention, was calculated by multiplying the zero-order coefficient for identification \rightarrow relationship quality (0.413) with the beta coefficient for relationship quality \rightarrow future patronage intention (0.687). The resulting indirect coefficient, as shown in Figure 4, was 0.283. However, the coefficient's standard

error is required in order to test for its significance. Following the lead of Baron and Kenny (1986), this thesis employed Sobel's (1982) first-order approximation for calculating a coefficient's standard error. This standard error is computed as

$\sqrt{\alpha^2 \sigma_\beta^2 + \beta^2 \sigma_\alpha^2}$, where α is the unstandardized regression coefficient for predicting RQ from IDENT, σ_α is standard error of this coefficient, β is the unstandardized partial

regression coefficient for predicting FPAT from RQ while controlling for ID, and σ_β is its standard error. The standard error for the indirect effect (IDENT \rightarrow FPAT), as shown in Appendix M, is 0.046. The resulting t-statistic of 6.11 was significant at the $p < 0.000$ level, indicating a partial mediation of identification by relationship quality in relation to future patronage intention.

Figure 4: Mediating impact of RQ on FPAT

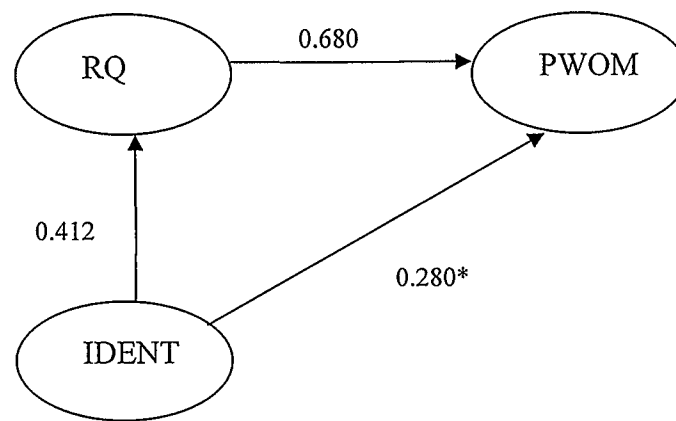


* significant at the $p < 0.000$ level

The above computations were replicated and conducted on the coefficients of the IDENT \rightarrow RQ \rightarrow PWOM mediating structure as represented by Figure 5. As seen in Appendix M, the results point to a similar finding; the resulting t-statistic of 7.36 was

significant at the $p < 0.000$ level, indicating a significant partial mediation of identification by relationship quality in relation to positive word of mouth. The above analysis confirms that while identification is positively and significantly correlated with both future patronage intention and positive word of mouth communication, its impact is partially yet significantly mediated by the relationship quality construct.

Figure 5: Mediating impact of RQ on PWOM



* significant at the $p < 0.000$ level

5.2 Chapter Summary

The results of the empirical analysis positively confirm the conceptual structure and hypotheses of the identification-based relationship marketing model. As shown, relationship quality is best conceptualized and operationalized as a second-order construct composed of the first-order dimensions of trust, commitment, and satisfaction. Strong statistical support also exists for the integration of consumer-company identification and relationship quality in the B2C context. Finally, analysis confirmed that the impact of identification on loyalty behaviours is partially mediated by relationship quality. The following chapter discusses the conceptual and managerial implications of

the empirically supported, identification-based relationship marketing model by investigating the 1) conceptualization of relationship quality as a second-order construct, 2) influence of identification on relationship quality, 3) strength of the model as a result from the integration of the two distinct theories.

CHAPTER SIX: DISCUSSION

Results from the empirical investigation are very gratifying; the hypothesized second-order nature of relationship quality is validated, the proposed model of identification-based relationship marketing has a good overall fit, and all of the 13 hypotheses are confirmed. The logical question flowing from the analysis, then, is what does this mean? What are the implications of this body of research? The following chapter discusses the empirical analysis within the context of the conceptual framework in an effort to provide meaning to the results. Specifically, the chapter begins with an interpretation and discussion of the results, including implications for both academics and marketing managers. Next, the contributions of this study are discussed. Finally, suggestions for future research are put forward, followed by a discussion of the limitations of the study.

6.1 Theoretical Implications

The overall results, as evidenced in Chapter 5, indicate a very good overall model fit and provide nomological validity for the proposed identification-based relationship marketing model. The first significant and positive finding is confirmation of the second-order nature of the relationship quality factor structure. As shown in Table 7, this study provides compelling empirical support for the conceptualization of relationship quality as a higher-order construct composed of the dimensions trust, commitment, and satisfaction. These finding supports the literature's multi-faceted conceptualization of relationship quality (Roberts, Varki and Brodie 2003; Hennig-Thurau, Gwinner and Gremler 2002; De Wulf, Odekerken-Schöder, and Iacobucci 2001; Smith 1998).

While most researchers agree on, and conceptualize relationship quality as a second order construct (e.g. Roberts, Varki and Brodie 2003; De Wulf, Odekerken-Schöder, and Iacobucci 2001; Smith 1998), each reduced or operationalized the construct to one of a first order magnitude. This approach, while convenient for testing, does not truly represent the higher-order nature of relationship quality. To the best of the author's knowledge, this study is the first to run an empirical analysis of relationship quality while maintaining its second order status. In doing so, this study maintains relationship quality's second order integrity within the relationship marketing framework.

A valuable contribution of this thesis is its use of social contract theory, not merely social exchange theory, as the theoretical underpinning guiding consumer-company interactions. Moving away from the benefit-oriented social exchange theory, social contract theory prescribes a set of guidelines or norms that act to guide behaviour. This theoretical shift does not discount the value of social exchange theory; the norms of trust, commitment and satisfaction were employed in this study and are crucial to the development of long-term relations in the marketing context.

The difference in theoretical framing is that social contract theory encourages fair, equitable encounters between two parties that are based on commonly understood or acknowledged norms. These relational norms, as described by Heide and John (1992, p.34), "are based on the expectation of mutuality of interest, essentially prescribing stewardship behaviour, and are designed to enhance the wellbeing of the relationship as a whole." Social exchange theory, conversely, is focused primarily on the generation of incremental value or benefit for each participant through the exchange of goods or services (Lawler 2001). Trust and commitment, from the social exchange viewpoint, have

more to do with mitigating perceptions of opportunism (negative connotation) as opposed to prescribing desired forms of behaviour (positive connotation).

Employing social contract theory not only allows for, and captures, the conceptual overlap and integration that exists between social exchange, justice, and equity theories, but it provides a powerful platform for the integration of social identity theory into relationship development. Building Lazarus's (1991) attitude-intention framework, this research hypothesized that identification would significantly influence each of the four dimensions of relationship quality. The results show that identification does indeed significantly predict all four dimensions: affective commitment, trust, normative commitment, and satisfaction.

Consistent with prior research (e.g. Bergami and Bagozzi 2000), this model supports the strong connection between the cognitive identification and affective commitment. Allen and Meyer (1996, p.263) contend that affective commitment is correlated to those experiences which leave an individual feeling "psychologically comfortable". Identification with a company, in essence, represents a level of psychological comfort through perceived identity similarity, supporting the connection between it and affective commitment. Furthermore, when consumers actively seek out a company with which they identify, they will want to maintain their relationship with that company.

The identification → trust relationship also indicates a positive and significant connection. This finding is in-keeping with the social identity literature (e.g. Brewer 1979; Brewer and Kramer 1985) which purports that an individual's categorization with a group that exhibits similar, and valued, characteristics leads to elevated perceptions of

group, or in this case organizational, trustworthiness. In the marketing context, consumers' perceptions of trust will be significantly impacted by their perceived similarity of norms, or identification, with a company. This positive and significant connection between identification and trust adds to the generalizability of Morgan and Hunt's (1994) research who found a significant correlation between shared values and trust.

Similarly, identification had a significant, positive influence on normative commitment. The development of normative commitment, according to Allen and Meyer (1996), is based on an individual's socialization experiences within the organizational context. Consumer-company identification, through the recognition of group-based norms, fosters a sense of "ought" behaviour. Through identification, consumers are implicitly encouraged to act according to common, or accepted norms, resulting in strong feelings of normative commitment.

Satisfaction, like the other three dimensions of relationship quality, was positively and significantly influenced by identification. This finding builds on the work of Chatman (1991) to support the development of satisfaction as a result of similarity due to value congruency. Though traditionally conceptualized as being exchange-oriented, consumer satisfaction, according to this study, will be influenced by the norm-based identification. The significant link between identification and satisfaction lends support to the social aspect of satisfaction as conceptualized by Fournier and Mick (1999). Identification, in essence, provides a conceptual underpinning for the development of the social dimension of satisfaction.

From a theoretical perspective, the confirmation of all four hypotheses between identification and the dimensions of relationship quality is conceptually important for two reasons. First, it represents a synergy between social contract theory and social identity theory; two divergent, yet complementary, theories. Second, it contributes to the growth of the relationship marketing literature by providing strong conceptual and empirical support for a multi-theoretical, as opposed to uni-theoretical, framework of relationship marketing. Sheth and Parvatiyar (2000) call upon researchers to move beyond the confines of social exchange theory in describing the conditions necessary for successful marketing relationships. By integrating two complementary theories, this thesis provides the framework for a deeper understanding and development of the conditions that foster meaningful relationships between consumers and companies.

Relationship quality and identification are positively and significantly correlated to both outcome variables of future patronage and positive word of mouth. These findings add to the growing body of relationship marketing literature that positions loyalty behaviours as the primary outcomes associated with relationship quality (e.g. Roberts, Varki and Brodie 2003; Hennig-Thurau, Gwinner and Gremler 2002; De Wulf, Odekerken-Schröder and Iacobucci 2001) and identification (Bhattacharya and Sen 2003).

Additionally, analysis revealed that relationship quality is a partial, yet significant, mediator between identification and the two outcome variables of future patronage intention and positive word of mouth promotion. This finding is important for two reasons. First, it adds support to the existing body of literature that positions relationship quality as a mediating construct (e.g. Roberts, Varki and Brodie 2003; De

Wulf, Odekerken-Schröder and Iacobucci 2001). Second, it further strengthens and supports this thesis' integration of two complementary theories; social contract and social identity. Together, these theories provide a solid foundation for the explanation of successful, meaningful relationship development between consumers and companies.

Interesting, however, is the strength of the path coefficients for both future patronage and positive word of mouth in relation to relationship quality and identification. As shown in Table 8, the coefficients for $RQ \rightarrow FPAT$ and $IDENT \rightarrow FPAT$ are 0.60 and 0.61, respectively. By comparison, the coefficients for $RQ \rightarrow PWOM$ and $IDENT \rightarrow PWOM$, though significant at 0.25 and 0.23, are much weaker. Consumers in this study are much more likely to engage in future patronage intentions than positive word of mouth as a result of having positive feelings of relationship quality and identification.

This finding supports the distinction between focal and discretionary outcome behaviours (Bansal, Irving, and Taylor 2004; Meyer and Herscovitch 2001). A common and accepted approach to behavioural outcomes in the relationship marketing literature, however, is to clump all intentions under one 'loyalty' banner (e.g. Zeithaml, Berry, and Parasuraman 1996). As evidenced, there is a clear distinction in this thesis between consumers' intentions regarding future purchase intention and intent to tell others.

Furthermore, the relationship between future patronage \rightarrow positive word of mouth communications is quite robust ($\beta_{76} = 0.65$) in comparison to both of the direct effects between $RQ \rightarrow PWOM$ and $IDENT \rightarrow PWOM$. This indicates that future patronage intention appears to mediate the relationship between $RQ \rightarrow PWOM$ and $IDENT \rightarrow PWOM$. Consumers of the focal airline, it appears, are much more likely to engage in

positive word of mouth communications when their intention to patronize the airline in the future is also high.

As evidenced through the preceding discussion, this thesis contributes to the theoretical and conceptual development of relationship marketing in four ways. First, it provides strong empirical support for the superiority of relationship quality as a second order construct. Second, it conceptually re-frames consumer-company relationships to exist under a social contract, as opposed to social exchange, theory. Third, it provides strong empirical support for a multi-theoretical framework in which the underpinnings of social contract theory and social identity theory are integrated. Finally, it provides evidence for the study of outcome behaviours as distinct constructs. The following section investigates the managerial implications of these theoretical contributions.

6.2 Managerial Implications

The results of the identification-based relationship marketing model imply that there are specific tactics that marketing practitioners may employ to help develop high quality relationships with its customers. First, marketing managers and practitioners must be continually focused on 1) developing high levels of customer satisfaction, trust and commitment, and 2) measuring customers' perceptions of relationship quality. That is, asking customers "if they have a quality relationship" with the company will not be enough. Similar to Parasuraman, Zeithaml, and Berry's (1988) SERVQUAL, managers may employ the relationship quality measurement instrument used in this study to ensure they accurately capture their customers' perceptions of relationship quality.

The impact of identification on relationship quality has important implications for marketing practitioners. To enhance feelings of high quality relationships, marketing managers must ensure that their organization's identity, i.e. its values and beliefs, are not only visible but guide all consumer-company interactions. To do this, marketing practitioners must first clearly establish the values and beliefs of 1) company and 2) customer base. Establishing the common values and beliefs will set the framework through which all ongoing communications and identity-related activities can be built. A thorough understanding of the overlap between consumer and organizational norms, values, and beliefs will help an organization develop meaningful communications messages. As Bhattacharya and Sen (2003, p.86) assert, "companies must articulate and communicate their identities clearly, coherently, and in a persuasive manner."

Marketers must ensure that all forms of communications messages are designed to capture the sense of shared identity between consumer and company. That is, all proxies representing possible consumer-company interactions (e.g. advertising, website, employees) must embody the company-level values and beliefs upon which the consumer-body identifies. Marketers must work to provide consumers' with experiences that are guided by a shared norm and value system, and work to enhance feelings of trust, commitment and satisfaction.

From a strategic perspective, identification is a powerful means by which marketers may differentiate their company from competitors. Several companies (e.g. Beyond Petroleum, Nike, Coca-Cola), in response to shifting consumer values, have begun to weave corporate social responsibility (CSR) into their corporate communications messages (Maignan and Ferrell 2004). This not only helps to position

companies as being responsible, or of holding a certain ethical perspective, but it assists consumers in identifying which companies they will chose to patronize and potentially form a relationship with.

Furthermore, knowing a company's value-system should encourage consumers to feel good about building a relationship with specific companies. Marketers must be committed to developing relationship marketing programs that allow for consumers to satisfy higher-order self-definitional needs (Bhattacharya and Sen 2003). Starbucks (the international coffee company), through its 2004 Corporate Social Responsibility Report, distinguishes itself as an organization "committed to conducting business with the highest level of integrity and in an ethical and responsible manner". Using its website, Starbucks clearly communicates its mission and values, statement of identity, corporate social responsibility, environmental affairs, and code of conduct. Knowing that Starbucks is committed to social and environmental leadership may help patrons (those who are environmentally and socially conscious) to feel good about supporting the company; there is a shared sense of values and beliefs.

The decision to develop consumer-company identification, however, will undoubtedly mean the exclusion of some consumer segments. Identification, by nature, requires the formation of an in-group (consumers patronizing the company) and out-group (consumers not patronizing the company). Marketing practitioners must not be afraid to distance one or more segments of the market. Efforts to appeal to a perceived 'out-group', in an attempt to increase revenues or market share, may jeopardize the in-group's relationship with the company. Increasing revenues or market share must not be done at the expense of the company's identity. Identification requires the practitioner to

be faithful to the values and beliefs of the organization and the identifying consumer base.

6.3 Limitations

A number of factors restrict the breadth and depth of this thesis' research. First, the limited budget that was available to the researcher did not allow for similar studies to be conducted in various markets, or industries. Accordingly, the findings from this study are perhaps generalizable to only consumer-company relationships in the airline sector. Further research in a number of product and service oriented industries is required before these findings are accepted as generalizable across a number of contexts.

Second, this study employs a cross-sectional methodology to measure consumers' relationships with a specific company. While the cross-sectional methodology is an accepted form of data gathering within the marketing field and accurately portrays the status of a consumer's relationship with a company at a given point in time, it is unable to capture the ongoing nature of consumer-company relationships. Resources permitting, a longitudinal study of consumers' relationships with companies would enable researchers to track the development of relationships over time.

Third, all items in the measurement instrument are self-reports, including measures of future loyalty behaviours. While this gives a strong indication of future intention, it is not representative of actual patronage behaviour. When available, actual loyalty behaviours, not hypothesized intentions, should be measured against the antecedent constructs of consumer-company identification and relationship quality. Although a research luxury, actual hard-data consumer purchase behaviour data would

help solidify the implicit connection between attitude and behaviour.

Finally, due to the scope of this research study, an investigation of moderating variables was not included. As described in Chapter 3, moderating variables such as relationship proneness and involvement will influence the relationship between consumer-company identification, relationship quality and the loyalty behaviours of future patronage intention and positive word of mouth promotion. Further research is required to assess the influence of moderating variables in the development of consumer-company identification in a relationship context.

6.4 Future Research

It is believed the results of this thesis will provide the foundation for various paths of related future research. First, there is a strong need for long-term research that investigates the temporal development of identification and its impact on relationship quality. In an edifying study on relationship development Johnson and Selnes (2004) describe the progression of relationship status in buyer-seller (B2B) contexts as moving along an acquaintances-friends-partners continuum. Each stage of development reveals an increasing number of salient dimensions as consumers and companies become closer.

For example, at what stage of relationship development is identification most salient to a consumer? Do feelings of identification wane or diminish over time, or are they strengthened as consumers continue to interact with a company? Or, do consumers' feelings of identification, once established, give-way to the immediacy of exchange interactions? That is, do consumers focus more on the outcomes of exchanges and relegate thoughts of identification (assumed to be resolved) to the background? The

answers to these questions will enable researchers to track the development of identification between consumer and company.

This study examines the impact of the positively oriented consumer-company identification. Recent research by Kreiner and Ashforth (2004), however, proposes that identification may in fact be multi-faceted. The authors describe four possible levels of identification, including identification, neutral identification, ambivalent identification and disidentification. As evidenced in this study's focus group, it is possible that consumers are not only drawn to certain companies because they identify with them, but are they also repelled from competing companies because they disidentify with them. Therefore, how will feelings of disidentification, or ambivalent identification, affect feelings of relationship quality and consumer loyalty behaviour? Further research is required to investigate the impact of each form of identification on the development of relationships between consumers and companies.

Finally, more research is required to test the determinants of consumer-company identification as proposed by Bhattacharya and Sen (2003). The first step will be the development of the scale items for identity similarity, identity distinctiveness, identity prestige, and identity attractiveness. The rigorous development of each constructs' scale items, as prescribed by Churchill (1979), will be required to ensure the validity and reliability of each item. With valid and reliable scale items, researchers will be able to test the identification antecedent model proposed by Bhattacharya and Sen (2003) within the content of this thesis' identification-based RM model. Better understanding of the determinants of consumer-company identification will help academic researchers and

marketing practioners alike in their quest to develop meaningful relationships between consumers and companies.

6.5 Conclusion

Relationship marketing has been a topic of great interest among academic researchers and marketing practitioners alike. This thesis adds to the growing body of relationship marketing literature by developing and testing a RM model that addresses some key limitations in the extant literature.

A critical analysis of the extant relationship marketing literature revealed three key limitations: 1) researchers' tendency to conceptualize relationship quality as a higher-order construct but operationalize the construct as a first-order phenomenon during empirical testing, 2) researchers' reliance on social exchange theory as the dominant theoretical underpinning in relationship marketing models, and 3) researchers' tendency to employ a uni-theoretical approach to explaining relationships between consumers and companies.

The proposed identification-based relationship marketing model and supportive empirical findings contribute to the relationship marketing literature in four ways. First, this thesis conceptualizes, operationalizes, and empirically validates the superiority of relationship quality as a second-order construct with trust, affective commitment, normative commitment, and satisfaction as its key dimensions. Second, this thesis builds upon the strength of social exchange in marketing relationships to re-frame consumer-company relationships as a social contract. A consumer-company relationship, under social contract theory, is one that is built upon a foundation of mutually respected and

agreed upon norms of behaviour that guide the fair treatment of both parties. Third, this thesis successfully integrates social contract theory and social identity theory, two distinct yet complementary theoretical underpinnings. This multi-theoretical integration improves researchers' ability to understand and explain the conditions necessary for meaningful relationships to occur between consumers and companies. Finally, this thesis provides conceptual and empirical support for the treatment of future patronage intention and positive word of mouth promotion as distinct constructs representing loyalty behaviour.

The development of new and insightful relationship marketing theory is dependent upon the willingness of researchers to move beyond traditionally accepted conceptualizations of consumer-company relationships. It is the hope of the researcher that this thesis will encourage and stimulate further research in the field of relationship marketing.

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APPENDIX A

Extant Relationship Marketing Literature Review

Source	Research Objectives	Major Constructs (A = Antecedents; M=Mediating; O=Outcomes)	Theoretical Framework(s)	Key Finding(s) and Arguments	Comments
Dwyer, Schurr and Oh (1987), Journal of Marketing	1. develop a buyer-seller relationship framework	Attraction, communication & bargaining, power & justice, norm development, expectations development, (commitment)	modern contract law	Relationship delineated in 5 stages or phases; espouses view of (marketing) relationships as developing and occurring over multiple, rather than discrete, encounters.	A seminal paper in the development of relationship marketing theory. However, heavily focused on relationship development from a B2B perspective.
Crosby, Evans and Cowles (1990), Journal of Marketing	1. formulate a model of relationship quality, including antecedents and consequences, as viewed by the customer; 2. validate relationship quality model.	A: relational selling behaviour, service domain expertise, similarity M: relationship quality (trust, satisfaction are dimensions) O: sales effectiveness, anticipation of future interaction	social exchange theory	1. relationship quality has significant influence on (customer's) anticipation of future interaction with salesperson; 2. relationship quality has insignificant effect salesperson effectiveness.	Actors in an exchange relationship rely on their perceptions of relationship quality (based on an assessment of past interactions) as a means to predict exchange partner behaviour in future interactions.
Heide and John (1992), Journal of Marketing	1. investigate the effect of social norms on interfirm relationships.	A: Buyer control, buyer-specific assets, relational norms (flexibility, information exchange, solidarity), buyer concentration, buyer's in-house manufacturing	transaction cost analysis (TCA)	1. the positive impact of buyer-specific assets is dependent on the presence of relational norms. That is, a supplier's willingness to relinquish control is dependent on the presence of behaviour guiding norms.	Relational norms are required as a mechanism for exchange between two parties where one party may be in a position to exert more power, or control, over the other.
Morgan and Hunt (1994), Journal of Marketing	1. examine relationship marketing and develop construct	A: relationship termination costs, relationship benefits, shared values, communication, opportunistic behaviour M: trust and commitment O: acquiescence, propensity to leave, cooperation, functional control, uncertainty	social exchange theory	1. trust significantly mediates antecedents and outcomes; 2. commitment significantly mediates antecedents and outcomes.	Trust and commitment positioned as mediating, as opposed to main effects, variables. Relationship model construction differs from conceptualizations that position trust and/or commitment as main effects.

Source	Research Objectives	Major Constructs (A = Antecedents; M=Mediating; O=Outcomes)	Theoretical Framework(s)	Key Finding(s) and Arguments	Comments
Ganesan (1994), Journal of Marketing	1. examine antecedents of long-term orientation in retail channel relationships; 2. identify major dimensions of trust and their impact on long-term orientation (LTO).	A: environmental diversity, environmental volatility, transaction specific investments by retailer, perception of specific investments by vendor, reputation of vendor, retailer's experience with vendor, satisfaction with previous outcomes M: dependence of retailer on vendor, perception of vendor's dependence on retailer, vendor's credibility (trust), vendor's benevolence (trust) O: retailer's long-term orientation	relational exchange theory	Overall: relationship roles account for differences in construct valuation. Retailer perspective: 1. vendor credibility and satisfaction related to LTO 2. fairness can lead to credibility but not benevolence Vendor perspective: 1. retailer credibility, dependence on vendor and satisfaction explained 42% variance in LTO.	Results indicate an asymmetrical tendency for relationship participants to behave in exactly the same fashion. That is, relationship partners may value and place emphasis on different constructs.
Sheth and Parvatiyar (1995), Journal of the Academy of Marketing Science	Theoretical piece contending that consumers engage in relational market behaviour due to personal, social and institutional stimuli.	Not applicable	Overview of various theoretical foundations	1. consumers engage in relational market behaviour to ease the choice task; 2. personal, social, and organizational factors are cited as motivators to engage in relational behaviour.	The authors provide an expanded view of potential contributors to relationship development, but fail to provide a conceptual model integrating the strengths of each construct.
Hennig-Thurau and Klee (1997), Psychology & Marketing	Theoretical piece offering a conceptual model with relationship quality mediating the interaction between customer satisfaction and customer retention.	A: customer satisfaction M: relationship quality (relative quality, trust, commitment are dimensions) O: customer retention	social exchange theory	1. the relationship between satisfaction and retention is mediated by the customer's perception of relationship quality.	The authors conceptualize, and incorporate, relationship quality as a higher-order construct. Position satisfaction as antecedent, a move contrary to most RM models.

Source	Research Objectives	Major Constructs (A = Antecedents; M=Mediating; O=Outcomes)	Theoretical Framework(s)	Key Finding(s) and Arguments	Comments
Garbarino and Johnson (1999), Journal of Marketing	1. examine the customer relationship evaluations for two segments of customers: a) strong relational bonds and b) weak relational bonds.	A: actor satisfaction, actor familiarity, play attitudes, theater attitudes M: trust, commitment O: overall satisfaction, future intentions	modern contract law	1. relational customers: product evaluation attitudes impact satisfaction, but satisfaction does not; influence future intentions 2. discrete customers: future intentions driven by overall satisfaction	For highly relational customers, satisfaction had a non-significant impact on future intentions compared to commitment and trust for the organization. For transactional customers, however, future intentions were significantly correlated to overall satisfaction.
Gruen, Summers and Acito (2000), Journal of Marketing	1. identify a set of relationship marketing activities appropriate to managing member relationships, 2. investigate the multi-component nature of commitment	A: reliance on external membership requirements, dissemination of organizational knowledge, enhancement of member interdependence, core services performance, recognition. M: normative commitment, continuance commitment, affective commitment O: retention, participation, coproduction	organizational commitment	1. affective commitment (AC) positively and significantly correlated to coproduction and participation behaviour; 2. continuance commitment (CC) positively and significantly correlated to participation; 3. normative commitment (NC) positively and significantly correlated to coproduction; 4. neither commitment significantly correlated to retention.	Support for treating commitment as a multi-dimensional construct is present. However, no support was found for the role of commitment in the retention of members. This is contrary to previous marketing studies (Morgan and Hunt 1994; Garbarino and Johnson 1999), which find significant correlations between commitment and retention. Several reasons offered for this finding.

Source	Research Objectives	Major Constructs (A = Antecedents; M=Mediating; O=Outcomes)	Theoretical Framework(s)	Key Finding(s) and Arguments	Comments
De Wulf, Odekerken-Schröder and Iacobucci (2001), Journal of Marketing	1. determine the impact different relationship marketing tactics have on consumer perceptions of relational investment; 2. provide empirical evidence for perceived relationship investment on relationship quality and behavioural loyalty; 3. investigate the mediating impact of consumer characteristics on relationship investment and relationship quality.	A: perceived relationship investment M: relationship quality (trust, commitment and satisfaction are dimensions) O: behavioural loyalty	reciprocal action theory	1. significant and positive relationships exist between perceived relationship investment and relationship quality, and relationship quality and behavioural loyalty.	While relationship investment is significantly correlated to relationship quality and loyalty, the authors establish the impact of customer relationship proneness and product category involvement as key moderators of relationship strength between consumer and retailer.
Hennig-Thurau, Gwinner and Gremler (2002), Journal of Service Research	1. propose a theoretical model positioning satisfaction and commitment as mediating the relationship between relational benefits (confidence/trust, social, special treatment) and word-of-mouth communication and loyalty; 2. empirically validate the proposed model.	A: confidence benefits, social benefits, special treatment benefits M: satisfaction, commitment O: word-of-mouth, customer loyalty	social exchange theory	1. satisfaction and commitment strongly influence loyalty, with satisfaction strongly impacting communication; 2. trust and confidence benefits have strongest impact on satisfaction.	Authors include relational benefits as the motivation (to consumers) to engaging in relational behaviour.

Source	Research Objectives	Major Constructs (A = Antecedents; M=Mediating; O=Outcomes)	Theoretical Framework(s)	Key Finding(s) and Arguments	Comments
Liljander and Roos (2002), The Journal of Services Marketing	Investigates relationships from the customer's point of view.	trust (calculus, knowledge and identification-based), affective commitment, relationship benefits	social exchange theory	1. most customers were satisfied with the service but classified as having a spurious (absent of relational benefits) relationship.	The authors propose relationship categorizations to show an example of how one may interpret repeat purchase behaviour as constituting a relationship, when in fact the relationship is weak and not based on enduring relational qualities.
Sirdeshmukh, Singh and Sabol (2002), Journal of Marketing	1. examine and distinguish between trust and trustworthiness; 2. incorporate non-linear movement of trust building and depleting; 3. examine the interrelationship among trust and loyalty;	A: trustworthiness in managerial policies and practices (MPP), trustworthiness in front-line employees (FLE) (competence, benevolence, problem-solving orientation are dimensions of both), M: trust in MPP, trust in FLE, value O: loyalty	social exchange theory	1. dimensions of consumer perceptions of trust consistently significant across contexts for front-line employees but vary for consumer perceptions of trust in management; 2. perceptions of value significantly affect loyalty.	Authors demonstrate the impact contextual forces can play in determining where consumers place trust in relational exchanges; at the individual or organizational level.
Roberts, Varki, and Brodie (2003), European Journal of Marketing	1. develop a scale for relationship quality (regardless of service type) 2. empirically test RQ's predictive ability on loyalty	A: service quality M: relationship quality O: loyalty behaviours	social exchange theory	1. relationship quality subsumes the impact of service quality on loyalty behaviours, i.e. impact of service quality on loyalty is completely mediated by RQ; 2. relationship quality positively impacts loyalty behaviours.	The authors demonstrate that relationship quality is a strong predictor of loyalty behaviours.

Source	Research Objectives	Major Constructs (A = Antecedents; M=Mediating; O=Outcomes)	Theoretical Framework(s)	Key Finding(s) and Arguments	Comments
Fullerton (2003), Journal of Service Research	1. expand conceptualization of commitment in marketing relationships by including continuance dimension to commitment	A: affective commitment, continuance commitment O: switching intentions, advocacy intentions, willingness to pay more	social exchange theory	1. affective found to positively influence advocacy and pay more, and negatively correlated with switching; 2. continuance commitment negatively correlated with switching and advocacy; 3. negative interaction effect present between affective and continuance commitment in relation to loyalty intentions	Traditional conceptualization of commitment in marketing relationships may be narrow. Author shows presence of continuance commitment diminishes impact of affective commitment on predicting loyalty intentions.
Bansal, Irving, and Taylor (2004), Journal of the Academy of Marketing Science	1. define conceptual domain of consumer commitment; 2. understand commitment's role in service provider switching intentions.	A: subjective norms, satisfaction, trust, switching costs, alternative attractiveness M: normative commitment, affective commitment, continuance commitment, affective x continuance O: switching intentions	social exchange theory	1. results indicate the three components of commitment at least partially mediate switching drivers and switching intentions.	The authors expand on the traditional conceptualization of commitment further to include all 3 components as per Meyer et al. (1991). And Gruen et al. (2000). Implications for broadening the explanation of retention behaviour in consumer markets with constraint-based forces.
Johnson and Selnes (2004), Journal of Marketing	1. develop a dynamic theory of relationship management that captures a firm's entire portfolio of customer relationships, 2. test theory through simulation	A: cost of conversion, cost of gaining, customers lost	social exchange theory	1. customers exist along a continuum of relationship depth: acquaintances, friends and partners; 2. acquaintances are more likely to dominate a firm's portfolio and be the primary source of economies of scale.	The authors provide a dynamic model, arguing that customer relationships exist at different levels of development. Additional bonding conditions emerge as customers progress through these levels of relationship development.

APPENDIX B

Ethics Research Approval



UNIVERSITY OF
CALGARY

CERTIFICATION OF INSTITUTIONAL ETHICS REVIEW

This is to certify that the Conjoint Faculties Research Ethics Board at the University of Calgary has examined the following research proposal and found the proposed research involving human subjects to be in accordance with University of Calgary Guidelines and the Tri-Council Policy Statement on *"Ethical Conduct in Research Using Human Subjects"*. This form and accompanying letter constitute the Certification of Institutional Ethics Review.

File no: 4182
 Applicant(s): Stephen R. Pieroway
 Department: Haskayne School of Business
 Project Title: An Identification-Based Relationship Marketing Framework:
 Conceptual Development and Empirical Investigation
 Sponsor (if applicable):

Restrictions:

This Certification is subject to the following conditions:

1. Approval is granted only for the project and purposes described in the application.
2. Any modifications to the authorized protocol must be submitted to the Chair, Conjoint Faculties Research Ethics Board for approval.
3. A progress report must be submitted 12 months from the date of this Certification, and should provide the expected completion date for the project.
4. Written notification must be sent to the Board when the project is complete or terminated.

Janice Dickin, Ph.D, LLB,
Chair

Conjoint Faculties Research Ethics Board

2004/12/09
Date:

Distribution: (1) Applicant, (2) Supervisor (if applicable), (3) Chair, Department/Faculty Research Ethics Committee, (4) Sponsor, (5) Conjoint Faculties Research Ethics Board (6) Research Services.

APPENDIX C

Focus Group Solicitation Email

Recruitment Documentation for Focus Group Participation
Email Copy

Subject heading: Focus Group participants needed - Earn \$20 to talk about your experiences with COMPANY

Body Content:

Fellow MBA'er,

Need a break from studying? You can earn \$20 by participating in a focus group that will investigate your experiences and attitudes towards COMPANY, the Calgary-based no-frills airline.

The focus group will take place at DAY, TIME AND ROOM NUMBER in Scurfield Hall. Please note that this research is part of my thesis and is not being conducted on behalf of COMPANY or any other organization. If you are interested or would like more information, please email Steve Pieroway, MBA-Thesis Student in marketing, at pieroway@ucalgary.ca, or simply reply to this email.

Thanks,

Steve

Steve Pieroway
MBA-Thesis Student, Marketing
Class of 2005
Haskayne School of Business

In-Class (verbal) Request

Fellow MBA'er,

Need a break from studying? You can earn \$20 by participating in a focus group that will investigate your experiences and attitudes towards COMPANY, the Calgary-based no-frills airline.

The focus group will take place at DAY, TIME AND ROOM NUMBER in Scurfield Hall. Please note that this research is part of my thesis and is not being conducted on behalf of COMPANY or any other organization. If you are interested or would like more information, please email Steve Pieroway, MBA-Thesis Student in marketing, at pieroway@ucalgary.ca, or simply reply to this email.

Thanks.

APPENDIX D

Focus Group Moderator Guide

Moderator's Guide

Objectives

Thesis Objectives:

- Analyze current relationship marketing (RM) literature to provide a critique and analysis of extant RM models;
- Develop an integrated model of relationship marketing addressing the gaps as identified in the RM literature review.

Research Objectives:

- Confirm the hypothesized RM variables associated with identification and relationship quality are in fact present, or drivers, in how consumers view their relationships with organizations;
- Ensure the proposed RM model is not missing any variables deemed important in the consumer's view of the relational bonds formed with organizations.

Research Problem:

- Assess the motivations and attitudes of consumers engaged in (marketing) relationships with organizations.

Moderator's Question Guide

Pre-Amble and Introductions (5 minutes)

- Thank you and welcome to the focus group.
- Nature of the focus group dynamics.
- Feel free to answer honestly and candidly; there are no right or wrong answers.
- We are going to be discussing your relationships with companies that you feel close to, or enjoy patronizing.

Relationships with Companies (10 minutes)

- Would you believe me if I said consumers can have relationships with companies? (Discuss the nature of relationships in business-consumer contexts.)
- Describe the types of companies that you would be most likely to form a strong relationship, or association, with. Can you provide any examples?

Consumer-Company Relationship Scenario

- Let's look at airline and flight service providers in Canada. Would you say the two major airlines have distinct identities? Discuss.

Identification (35-40 minutes)

- Can you think, in your personal life, about instances where identification (based on similarity, distinctiveness and prestige) with certain groups is important? Describe.
- What drives your need to identify with certain organizations?
- With which companies would you say you have great / good / bad relationships with? Describe your feelings associated with each level of relation.
- Why do you seek out certain companies with which you form long-term relational bonds? That is, what factors help you to choose which companies to deal with?

Identity Attractiveness

- What makes a company's identity attractive or desirable?
- Is it fair to say that you generally deal, or associate, with companies that you feel have more attractive identities versus those that don't?

Identity Similarity

- For those companies that you have strong feelings towards, or bonds with, do you feel a sense of similarity with the organization?
- What is this feeling of similarity based on? Describe.

Identity Distinctiveness

- How does being associated with that organization help distinguish you from customers of other companies in the same industry?
- Can, or do, you compare yourself to customers of other companies in the same industry? If you did, what characteristics would you use for comparison?

Identity Prestige

- Would you consider this organization to be the most reputable in the industry?
- Describe the importance of being aligned with a 'winner'?
- Do you feel a sense of shared success when this company does well?

Identification Wrap-up

- How do you see the components of similarity, distinctiveness, and prestige influencing the attractiveness of a company's identity?
- What else would help make you feel 'closer' to an organization?
- What could an organization do to help you feel this way?

Relationship Quality (20 minutes)

- When you think about your relationship with a company, what characteristics are essential for strong, high-quality relationships?

Trust

- Is being able to trust a company important?
- Describe (explore).

Commitment

- How committed are you to the companies in your life?
- Describe (explore).

Satisfaction

- Are you satisfied with your relationships with the companies in your life?
- Describe (explore).
 - Does the satisfaction of close others (including family and friends) influence how satisfied you are?

RQ Wrap-up

- What would make your relationships with these organizations better?
- How can organizations strengthen their relationships with you?
- How does closely identifying with a company influence the exchanges or interactions you experience with (representatives of) this company?

Behavioural Loyalty

- How does being strongly identified with a company affect your desire to:
 - Repeatedly patronize the company?
 - Speak favourably about the organization?
 - Refer friends and family to use the company's services?

Moderating Variables

- What factors influence when or why you may, or may not, be inclined to enter into a long-term relation with a company?
- How does a strong brand influence your decision to identify with an organization?

Close (5 minutes)

- Is there anything we haven't touched on that you feel is important in the relationships you may have with organizations?
- What advice would you give organizations looking to form stronger relations with you?
- Thank you for participating.

APPENDIX E

Telephone Follow-up Script

Telephone Script

The following script will be used when conducting follow-up phone calls with recipients of the initial mail campaign:

Hello, may I speak with (first name last name), please.

My name is Steve Pieroway, a grad student at the Haskayne School at the University of Calgary. You recently received a letter asking for your participation in my research project. Your participation would mean a great deal to the success of my research.

Can I ask for your support in completing the on-line survey? Would you consider completing the survey if it was faxed or mailed to you? Please remember that all responses are confidential and you are still eligible for the travel voucher draw.

(If response is YES)

Thank you, (first name), for your support. Your participation is greatly appreciated. Have a nice day/evening.

(If response is NO)

Thank you for your time. Have a nice day/evening.

APPENDIX F

Measurement Instrument



**Perceptions of Identification and Relationship Quality with COMPANY
Customer Survey Questionnaire**

Purpose of the survey

The following survey aims to investigate your attitudes and feelings towards COMPANY as a result of 1) your perceptions of COMPANY's corporate identity and 2) your experiences as a COMPANY customer.

Contact information

If you have any questions about this survey or require any assistance with any question please contact Stephen Pieroway by phone at (403) 686-3231 or (403) 210-9531, or by email at pieroway@ucalgary.ca.

Authenticity

This survey is a component of Stephen Pieroway's (University of Calgary Graduate Student) thesis research. This survey is strictly for academic research purposes only and is not being completed for financial gain. While COMPANY has granted permission to use their name in this project, the survey is NOT being conducted on their behalf. Furthermore, no one will contact you with any sales/promotional offers as a result of your participation. This survey also has official approval from the research ethics board at the University of Calgary. If you would like more information about the authenticity of this research, please contact Dr. James Agarwal, Associate Professor and Area Chair of Marketing, Haskayne School of Business, University of Calgary at (403) 220-7302.

UNIQUE IDENTIFIER _____

Please write your Unique Identifier in the space above. Your Unique Identifier can be found under your name on the introduction letter. Failure to write your Unique Identifier will result in ineligibility for the travel voucher draw.

Section 1: Your Flying Habits

The following questions relate to your flying habits and preferences among airlines in Canada. Use the available space to write your answer.

- 1.1 Which airline do you use most often for domestic travel within Canada? _____
- 1.2 Which airline do you prefer to use for travel within Canada? _____
- 1.3 What is the primary reason you prefer this airline? _____
- 1.4 Do you actively collect points in the following loyalty programs? (circle those answers that apply)

a. Aeroplan	YES	NO
b. AIR MILES	YES	NO
- 1.5 How long (in years) have you used COMPANY for domestic travel in Canada? _____
- 1.6 On average, how many flights per year have you taken with COMPANY for domestic travel in Canada? _____
- 1.7 How many flights have you taken with COMPANY in the last 2 years for domestic travel in Canada? _____









Section 2: Identification with COMPANY

Companies, much like people, are believed to have distinct identities. A corporate identity is often built upon the company's organizational culture, reputation, mission statement, leadership, and values (those formally expressed or informally witnessed through interactions with staff and other company representatives). For example, the computer company Apple® can be described as an innovative, flexible, and customer-oriented company.

Similarly, a person's own identity, is simply how one defines oneself in terms of their personality, values, and beliefs. For example, I (the researcher) believe that I am a mild-mannered, soft-spoken individual who values independence and open-mindedness, and believes in living life by the golden rule.

Before responding to the questions and statements in the following survey, take a moment to think about some of the central, distinctive, and enduring attributes of 1) COMPANY's corporate identity and 2) your own personal identity.

- 2.1 Imagine that one of the circles at the left in each row represents your own identity and the other circle at the right represents COMPANY's identity. Please indicate which case (A, B, C, D, E, F, G, or H) best describes the level of overlap between your own and COMPANY's identities.

	Me	COMPANY	
A			Far Apart
B			Close Together but Separate
C			Very Small Overlap
D			Small Overlap
E			Moderate Overlap
F			Large Overlap
G			Very Large Overlap
H			Complete Overlap

For the next set of statements, please indicate how strongly you agree or disagree based on the following scale:

1 = strongly disagree; 2 = disagree; 3 = somewhat disagree; 4 = neither disagree or agree; 5 = somewhat agree; 6 = agree; 7 = strongly agree.

	Strongly Disagree						Strongly Agree	
	1	2	3	4	5	6	7	
2.2 I recognize myself in COMPANY.								
2.3 My sense of who I am matches my sense of COMPANY.	1	2	3	4	5	6	7	
2.4 My values are similar to COMPANY's values.	1	2	3	4	5	6	7	
2.5 I find it difficult to see similarities between my identity and COMPANY's identity.	1	2	3	4	5	6	7	
2.6 Flying with COMPANY helps me express my sense of self.	1	2	3	4	5	6	7	
2.7 I value the characteristics that make COMPANY different.	1	2	3	4	5	6	7	
2.8 I choose to fly with COMPANY because of its distinctiveness.	1	2	3	4	5	6	7	
2.9 COMPANY does not stand out from its competitors.	1	2	3	4	5	6	7	
2.10 COMPANY has a distinctly western culture.	1	2	3	4	5	6	7	
2.11 Compared to other Canadian airlines, COMPANY's identity is refreshing.	1	2	3	4	5	6	7	
2.12 I think of COMPANY as a first-class, prestigious company.	1	2	3	4	5	6	7	
2.13 I am proud of COMPANY's successes.	1	2	3	4	5	6	7	
2.14 I think of COMPANY as a reputable company.	1	2	3	4	5	6	7	
2.15 People important to me (e.g. family/friends/others) do not think highly of COMPANY.	1	2	3	4	5	6	7	
2.16 People important to me (e.g. family/friends/others) think of COMPANY as a prestigious company	1	2	3	4	5	6	7	

2.17 People important to me (e.g. family/friends/others) think of COMPANY as a reputable company.	1	2	3	4	5	6	7
2.18 I think highly of COMPANY.	1	2	3	4	5	6	7
2.19 COMPANY has an attractive identity.	1	2	3	4	5	6	7
2.20 I like what COMPANY stands for.	1	2	3	4	5	6	7
2.21 I am drawn to COMPANY as my airline of choice.	1	2	3	4	5	6	7
2.22 My interactions with COMPANY make me a valued player in the organization.	1	2	3	4	5	6	7
2.23 COMPANY values my opinions.	1	2	3	4	5	6	7
2.24 COMPANY does not actively seek out my opinions.	1	2	3	4	5	6	7
2.25 I feel a sense of ownership in COMPANY.	1	2	3	4	5	6	7
2.26 I feel connected to COMPANY's employees and customers.	1	2	3	4	5	6	7
2.27 When someone criticizes COMPANY, it feels like a personal insult.	1	2	3	4	5	6	7
2.28 I am not interested in what others think about COMPANY.	1	2	3	4	5	6	7
2.29 When I talk about COMPANY, I usually say we rather than they.	1	2	3	4	5	6	7
2.30 COMPANY's successes are my successes.	1	2	3	4	5	6	7
2.31 When someone praises COMPANY it feels like a personal compliment.	1	2	3	4	5	6	7
2.32 If a story in the media criticizes COMPANY, I would feel embarrassed.	1	2	3	4	5	6	7
2.33 Please indicate to what degree your self-image overlaps with COMPANY's image.	not-at-all 1	2	3	4	5	moderate 6	very much 7

Section 3: Relationship Quality

The following are statements that describe attitudes regarding customer experiences with COMPANY. These experiences can include all points of contact you may have with COMPANY, including its website, ticket agents and the in-flight experience itself. **Please indicate how strongly you agree or disagree based on the following scale:**

1 = strongly disagree; 2 = disagree; 3 = somewhat disagree; 4 = neither disagree or agree; 5 = somewhat agree; 6 = agree; 7 = strongly agree.

	Strongly Disagree					Strongly Agree	
	1	2	3	4	5	6	7
3.1 Overall, I trust COMPANY.	1	2	3	4	5	6	7
3.2 The promises made by COMPANY are reliable.	1	2	3	4	5	6	7
3.3 COMPANY is not very dependable.	1	2	3	4	5	6	7
3.4 COMPANY is honest and truthful with me.	1	2	3	4	5	6	7
3.5 COMPANY is a very competent organization.	1	2	3	4	5	6	7
3.6 COMPANY has made sacrifices for me in the past.	1	2	3	4	5	6	7
3.7 COMPANY cares for my well-being.	1	2	3	4	5	6	7
3.8 I feel that COMPANY can be counted on to do what is right.	1	2	3	4	5	6	7
3.9 Overall, I am committed to my relationship with COMPANY.	1	2	3	4	5	6	7
3.10 I do not feel like part of the COMPANY family as a customer.	1	2	3	4	5	6	7
3.11 I feel emotionally attached to COMPANY.	1	2	3	4	5	6	7
3.12 I feel a strong sense of belonging to COMPANY	1	2	3	4	5	6	7
3.13 COMPANY has a great deal of personal meaning for me.	1	2	3	4	5	6	7

3.14 Flying with COMPANY is a matter of necessity as much as it is desire. 1 2 3 4 5 6 7

3.15 I have devoted too much (time and money) to flying with COMPANY
to consider flying with another airline. 1 2 3 4 5 6 7

3.16 It would be very hard for me to stop flying COMPANY right now
even if I wanted to. 1 2 3 4 5 6 7

3.17 My life would be disrupted if I decided I wanted to leave COMPANY now. 1 2 3 4 5 6 7

3.18 I feel that I have too few options to consider not flying with COMPANY. 1 2 3 4 5 6 7

3.19 Even if it were to my advantage,
I do not feel it would be right to stop flying COMPANY. 1 2 3 4 5 6 7

3.20 COMPANY deserves my loyalty. 1 2 3 4 5 6 7

3.21 I would feel guilty if I stopped flying COMPANY. 1 2 3 4 5 6 7

3.22 I would not leave COMPANY right now because
I have a sense of obligation to them. 1 2 3 4 5 6 7

3.23 Overall, how do you feel about your cumulative satisfaction with COMPANY till date:

Displeased	1	2	3	4	5	6	7	Pleased
Disgusted	1	2	3	4	5	6	7	Contented
Dissatisfied	1	2	3	4	5	6	7	Satisfied
Unhappy	1	2	3	4	5	6	7	Happy
Disinterested	1	2	3	4	5	6	7	Interested
Disdain	1	2	3	4	5	6	7	Admire

3.24 My judgment to maintain a relationship with COMPANY is a wise one.

Strongly Disagree	1	2	3	4	5	6	7	Strongly Agree
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3.25 I believe I do the right thing when I fly COMPANY. 1 2 3 4 5 6 7

3.26 Compared to other airlines, COMPANY does a good job.	1	2	3	4	5	6	7
3.27 I am satisfied with the value of my relationship with COMPANY	1	2	3	4	5	6	7
3.28 My family's satisfaction is important to me.	1	2	3	4	5	6	7
3.29 Members of my family are generally more satisfied as a result of my flying with COMPANY.	1	2	3	4	5	6	7
3.30 My friends' approval with my flying COMPANY impacts my satisfaction with COMPANY.	1	2	3	4	5	6	7
3.31 Interactions with family members are generally more pleasant as a result of me flying COMPANY.	1	2	3	4	5	6	7
3.32 Overall, I am satisfied with my relationship with COMPANY.	1	2	3	4	5	6	7
3.33 Generally, I am someone who likes to be a regular customer of an airline.	1	2	3	4	5	6	7
3.34 Generally, I am someone who wants to be a steady customer of the same airline.	1	2	3	4	5	6	7
3.35 Generally, I am someone who is willing to "go the extra mile" to fly with the same airline.	1	2	3	4	5	6	7
3.36 How would you define your relationship with COMPANY based on the following descriptions (check one only):							
(a) Acquaintance _____							
(b) Friend _____							
(c) Partner _____							

Section 4: Loyalty Behaviour

The following statements reflect future flight intentions with COMPANY. Please indicate how strongly you agree or disagree based on the following scale:

1 = strongly disagree; 2 = disagree; 3 = somewhat disagree; 4 = neither disagree or agree; 5 = somewhat agree; 6 = agree; 7 = strongly agree.

4.1 I say positive things about COMPANY to other people.	1	2	3	4	5	6	7
4.2 I recommend COMPANY to anyone seeking my advice about flying in Canada.	1	2	3	4	5	6	7
4.3 I encourage my friends and relatives to fly with COMPANY.	1	2	3	4	5	6	7
4.4 I try to book with COMPANY first when planning to fly.	1	2	3	4	5	6	7
4.5 I do not plan to fly with COMPANY in the future.	1	2	3	4	5	6	7
4.6 I would pay a modest price premium to fly with COMPANY, even if competitors had slightly lower prices.	1	2	3	4	5	6	7
4.7 I forgive COMPANY when they make a mistake.	1	2	3	4	5	6	7
4.8 The current lawsuits facing COMPANY are falsely constructed to damage COMPANY's image.	1	2	3	4	5	6	7

Section 5: Demographic Information

The following questions are designed to give us a better understanding of who you are. Please indicate which item best describes you.

5.1 What is the highest level of education you have received?

- a. Some high school or less _____
- b. Graduated high school _____
- c. Some technical or college training _____
- d. Graduated college or technical school _____
- e. Some university _____
- f. Undergraduate degree _____
- g. Graduate degree _____
- h. Ph.D. _____
- i. Other _____

5.2 Please check you age category:

- a. Under 20 years
- b. 21-30 years
- c. 31-40 years
- d. 41-65 years
- e. Over 65 years

5.3 Gender:

- a. Male
- b. Female

5.4 Marital status:

- a. Never married
- b. Married (no children)
- c. Married with children
- d. Divorced/Widowed/Separated

Additional comments

Please, provide any additional comments about this survey or about your air travel experience in general.

APPENDIX G

Survey Scale Items Not Used in Model Analysis

Construct	Scale Item	Source
Trust (overall)	3.1	Proposed
Commitment (overall)	3.9	Proposed
Continuance Commitment	3.14, 3.15	Meyer, J.P., Allen, N.J., and Smith, C.A. (1993). Commitment to organizations and occupations: Extension and test of a three-component conceptualization. <i>Journal of Applied Psychology</i> , 78 (4), 538-551
	3.16, 3.17, 3.18	Bansal, H.S., Irving, P.G., and Taylor, S.F. (2004). A three-component model of customer commitment to service providers. <i>Journal of the Academy of Marketing Science</i> , 32 (3), 234-250. Fullerton, G. (2003). When does commitment lead to loyalty? <i>Journal of Service Research</i> , 5 (4), 333-344.
Overall Satisfaction	3.32	Hennig-Thurau, T., Gwinner, K.P. and Gremler, D.D. (2002). Understanding relationship marketing outcomes: An integration of relational benefits and relationship quality. <i>Journal of Service Research</i> , 4 (3), 230-247
Cognitive Satisfaction	3.24, 3.25	Hennig-Thurau, T., Gwinner, K.P. and Gremler, D.D. (2002). Understanding relationship marketing outcomes: An integration of relational benefits and relationship quality. <i>Journal of Service Research</i> , 4 (3), 230-247
	3.26	Garbarino, E. and Johnson, M.S. (1999). The different roles of satisfaction, trust, and commitment in customer relationships. <i>Journal of Marketing</i> , 63 (April), 70-87.
	3.27	De Wulf, K., Odekerken-Schröder, G., and Iacobucci, D. (2001). Investments in consumer relationships: A cross-country and cross-industry exploration. <i>Journal of Marketing</i> , 65 (October), 33-50.
Social Satisfaction	3.28 – 3.31	Fournier, S., and Mick, D.G. (1999). Rediscovering satisfaction. <i>Journal of Marketing</i> , 63 (October), 5-23
Relationship Proneness	3.33 – 3.35	De Wulf, K., Odekerken-Schröder, G., and Iacobucci, D. (2001). Investments in consumer relationships: A cross-country and cross-industry exploration. <i>Journal of Marketing</i> , 65 (October), 33-50.
Stage of Relationship	3.36	Johnson, M.D., and Selnes, F. (2004). Customer portfolio management: Toward a dynamic theory of exchange relationships. <i>Journal of Marketing</i> , 69 (April), 1-17.
Identification	2.27 – 2.32	Kreiner, G.E., and Ashforth, B.E. (2004). Evidence toward an expanded model of organizational identification. <i>Journal of Organizational Behavior</i> , 25, 1-27. Mael, F. & Ashforth, B.E. (1992). Alumni and their alma mater: a partial test of the reformulated model of organizational identification. <i>Journal of Organizational Behaviour</i> , 13, 103-123. Bergami, M., and Bagozzi, R.P. (2000). Self-categorization, affective commitment and group self-esteem as distinct aspects of social identity in the organization. <i>British Journal of Social Psychology</i> , 39, 555-577.
Identity Similarity	2.2, 2.3	Bhattacharya, C.B. and Sen, S. (2003). Consumer-company identification: A framework for understanding consumers' relationships with companies. <i>Journal of Marketing</i> , 67 (April), 76-88.
	2.4	Doney, P.M., & Cannon, J.P. (1997). An examination of the nature of trust in buyer-seller relationships. <i>Journal of Marketing</i> , 61, 35-51.
	2.5, 2.6	Proposed and based on social identity theory literature

Construct	Scale Item	Source
Identity Distinctiveness	2.9, 2.10	Bhattacharya, C.B. and Sen, S. (2003). Consumer-company identification: A framework for understanding consumers' relationships with companies. <i>Journal of Marketing</i> , 67 (April), 76-88.
	2.7, 2.8, 2.11	Proposed and based on social identity theory literature
Identity Prestige	2.12	Bhattacharya, C.B. and Sen, S. (2003). Consumer-company identification: A framework for understanding consumers' relationships with companies. <i>Journal of Marketing</i> , 67 (April), 76-88.
	2.13	Scale item included as a result of the "pride" element that came through in the focus group discussion.
	2.14	Mael, F. & Ashforth, B.E. (1992). Alumni and their alma mater: a partial test of the reformulated model of organizational identification. <i>Journal of Organizational Behaviour</i> , 13, 103-123.
	2.15 - 2.17	Proposed and based on social identity theory literature
Identity Attractiveness	2.19, 2.20	Bhattacharya, C.B. and Sen, S. (2003). Consumer-company identification: A framework for understanding consumers' relationships with companies. <i>Journal of Marketing</i> , 67 (April), 76-88.
	2.18, 2.21	Proposed and based on social identity theory literature
Embeddedness	2.22	Bhattacharya, C.B. and Sen, S. (2003). Consumer-company identification: A framework for understanding consumers' relationships with companies. <i>Journal of Marketing</i> , 67 (April), 76-88.
	2.23 – 2.26	Proposed and based on social identity theory literature
Loyalty Indicator	4.7	Bhattacharya, C.B. and Sen, S. (2003). Consumer-company identification: A framework for understanding consumers' relationships with companies. <i>Journal of Marketing</i> , 67 (April), 76-88.
	4.8	Item constructed based on 1) resilience to negative info construct as per B&S and 2) occurrences in current market place

APPENDIX H

Participant Solicitation Letter

February 9, 2005

NAME
ADDRESS
CITY, POSTAL CODE
PROVINCE

Unique Identifier: (12-Letter Password)

Dear NAME,

My name is Stephen Pieroway and I am a graduate student at the Haskayne School of Business's MBA-Thesis program at the University of Calgary. As part of my research project, I am conducting a survey of people's attitudes towards airlines in Canada. Specifically, I am interested in investigating your attitudes and feelings towards COMPANY as a result of a) your perceptions of COMPANY'S corporate identity and b) your experiences as a COMPANY customer.

Complete this survey and you will be entered in a draw for a \$500 travel voucher from Travel Cuts*. Accessing this survey via the web is simple and directions are clearly outlined on the next page. The survey should take you approximately 15-20 minutes to complete.

This survey is for academic research purposes only and is not part of an industry commissioned study. While COMPANY has granted permission to use their name in this project, the survey is NOT being conducted on their behalf. Furthermore, no one will contact you with any sales or promotional offers as a result of your participation. This survey also has official approval from the research ethics board at the University of Calgary. If you would like more information about the authenticity of this research, please contact Dr. James Agarwal, Area Chair of Marketing, Haskayne School of Business, at (403) 220-7302.

Thank you for your time and consideration. To ensure eligibility for the travel voucher prize draw, please complete the web-based survey no later than Friday, March 4th. Your participation in completing this survey will enable me to successfully complete my MBA-Thesis program. Thank you.

Sincerely,



Stephen Pieroway
MBA-Thesis Student
Haskayne School of Business, University of Calgary

cc. Dr. James Agarwal, Area Chair of Marketing

(Please See Reverse)

Survey Instructions

To access and complete this survey via the web, simply follow the steps below:

1. Enter the following web address into your web browser's url:

<http://142.179.182.120/ThesisSurvey/index.html>

2. Enter your 12-letter unique identifier, as shown below your name in the previous letter, into the box labelled UNIQUE IDENTIFIER. (Please ensure to use appropriate capitalization.)
3. Complete the survey by checking on the appropriate answer for each statement or question.
4. Check *Submit* when all questions have been completed. You will be automatically entered in the draw for the \$500 travel voucher from Travel Cuts.

Survey Details

Your name and address have been sourced from ASDE Inc, a telephone sampling company serving the market research industry. It is based on published and publicly listed Canadian telephone directory information. Participation in this survey is completely voluntary. If, for any reason, you do not wish to complete a survey you have started, simply close your web-browser and terminate the survey session.

Privacy Statement

Please note that all information will be kept in confidence and no one individual will be identified in the analysis of the surveys. That is, survey results will be tabulated and analyzed on an aggregate, not individual, level. The aggregate results of the survey, however, will be published in academic journals.

Your electronic identification will not be tracked as a result of completing this web-based survey. That is, no identifying information will be collected regarding your IP address or web-hosting service. Furthermore, technical and procedural safeguarding methods are in place to ensure the protection of your information. Survey results will be kept secure so that only the researcher will have access. These measures are designed to protect information from loss, disclosure, and unauthorized access.

*Travel Voucher Offer Regulations

The Unique Identifier will be used to track those individuals completing the survey and thus ensuring eligible for the prize draw. Only the researcher will know who has replied to the survey. Completion of the survey is required to enter the draw. Respondents may only answer once. The winner will be contacted via phone and mail. Chance of winning is dependent on the number of respondents.

The travel voucher may be redeemed at any Travel Cuts locations across Canada. Certain restrictions may apply. See Travel Cuts for information regarding restrictions on, and usage of, travel gift vouchers.

APPENDIX I

Respondent Thank You Letter



April 26, 2005

NAME
ADDRESS
CITY, POSTAL CODE
PROVINCE

Dear NAME,

Thank you for taking the time to complete my thesis survey regarding your perceptions of COMPANY. Your participation is greatly appreciated and is vital to the success of my thesis project.

The survey is now complete, and I am pleased to announce that RESPONDENT of Calgary, Alberta is the winner of the \$500 travel voucher draw from Travel Cuts. RESPONDENT has graciously donated the \$500 travel voucher to the Canadian Cancer Society. The winner was randomly selected by a Haskayne School of Business representative on Monday, April 18 at 1:00pm MST.

Again, thank you for completing my thesis survey. I cannot express how grateful I am for your participation.

Sincerely,

A handwritten signature in black ink that reads "Stephen Pieroway". The signature is written in a cursive style with a long, sweeping underline.

Stephen Pieroway
MBA-Thesis Student
Haskayne School of Business, University of Calgary

cc. Dr. James Agarwal, Area Chair of Marketing

APPENDIX J

T-Test Results Between 2 Waves of Responses

Mean Comparison Between Waves

Scale Item	Wave	Mean	Std. Deviation	Std. Error Mean
Identification with COMPANY	1	4.36	1.852	.182
	2	4.26	1.645	.125
Please indicate to what degree your self image overlaps with COMPANY'S image.	1	3.56	1.595	.157
	2	3.46	1.508	.115
The promises made by COMPANY are reliable.	1	5.35	1.289	.127
	2	5.42	1.171	.089
COMPANY is not very dependable.	1	2.41	1.438	.142
	2	2.44	1.480	.113
COMPANY is honest and truthful with me.	1	5.47	1.110	.109
	2	5.49	1.032	.078
COMPANY is a very competent organization.	1	5.58	1.133	.112
	2	5.60	1.077	.082
COMPANY has made sacrifices for me in the past.	1	3.68	1.628	.160
	2	3.43	1.682	.128
COMPANY cares for my well-being.	1	4.70	1.320	.130
	2	4.63	1.443	.110
I feel that COMPANY can be counted on to do what is right.	1	5.07	1.215	.120
	2	5.03	1.344	.102
I do not feel like part of the COMPANY family as a customer.	1	3.54	1.552	.153
	2	3.71	1.548	.118
I feel emotionally attached to COMPANY.	1	2.96	1.552	.153
	2	2.77	1.559	.119
I feel a strong sense of belonging to COMPANY.	1	3.01	1.524	.150
	2	2.85	1.607	.122
COMPANAY has a great deal of personal meaning for me.	1	2.91	1.585	.156
	2	2.80	1.562	.119
Even if it were to my advantage, I do not feel it would be right to stop flying COMPANY.	1	2.72	1.717	.169
	2	2.76	1.734	.132

Scale Item	Wave	Mean	Std. Deviation	Std. Error Mean
COMPANY deserves my loyalty.	1	3.70	1.776	.175
	2	3.87	1.817	.138
I would feel guilty if I stopped flying COMPANY.	1	2.66	1.752	.173
	2	2.53	1.627	.124
I would not leave COMPANY right now because I have a sense of obligation to them.	1	2.47	1.571	.155
	2	2.48	1.569	.119
Overall, your cumulative satisfaction with COMPANY: Displeased - Pleased	1	5.71	1.126	.111
	2	5.64	1.131	.086
Overall, your cumulative satisfaction with COMPANY: Disgusted - Contented	1	5.65	1.100	.108
	2	5.55	1.117	.085
Overall, your cumulative satisfaction with COMPANY: Dissatisfied - Satisfied	1	5.68	1.104	.109
	2	5.65	1.208	.092
Overall, your cumulative satisfaction with COMPANY: Unhappy - Happy	1	5.58	1.116	.110
	2	5.53	1.184	.090
I say positive things about COMPANY to other people.	1	5.46	1.211	.119
	2	5.43	1.286	.098
I recommend COMPANY to anyone seeking my advice about flying in Canada.	1	5.44	1.326	.131
	2	5.40	1.359	.103
I encourage my friends and relatives to fly with COMPANY.	1	5.17	1.415	.139
	2	5.04	1.523	.116
I try to book with COMPANY first when planning to fly.	1	5.29	1.594	.157
	2	5.16	1.659	.126
I do not plan to fly with COMPANY in the future.	1	1.87	1.311	.129
	2	1.90	1.262	.096
I would pay a modest price premium to fly with COMPANY, even if competitors had slightly lower prices.	1	3.31	1.760	.173
	2	3.16	1.816	.138

What is the highest level of education you have received?	1	5.31	1.566	.154
	2	5.46	1.568	.119
Please check you age category:	1	3.70	.684	.067
	2	3.77	.708	.054
Gender:	1	1.35	.479	.047
	2	1.23	.419	.032
Marital status:	1	2.67	.994	.098
	2	2.79	.782	.059

Independent Samples t-Test

EVA = Equal Variances Assumed

EVNA = Equal Variances Not Assumed

Scale Item	Levene's Test for Equality of Variances			t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Identification with COMPANY	EVA	2.130	.146	.462	274	.645	.099	.215	-.323	.522
	EVNA			.448	194.843	.655	.099	.221	-.337	.535
Please indicate to what degree your self image overlaps with COMPANY'S image.	EVA	.942	.333	.555	274	.579	.106	.192	-.271	.484
	EVNA			.547	205.025	.585	.106	.194	-.277	.490
The promises made by COMPANY are reliable.	EVA	.374	.541	-.440	274	.660	-.067	.151	-.365	.231
	EVNA			-.430	198.540	.668	-.067	.155	-.373	.239
COMPANY is not very dependable.	EVA	.005	.945	-.173	274	.863	-.032	.182	-.390	.327
	EVNA			-.174	219.449	.862	-.032	.181	-.388	.325

Scale Item		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
COMPANY is honest and truthful with me.	EVA	.038	.845	-.192	274	.848	-.025	.132	-.285	.235
	EVNA			-.188	202.290	.851	-.025	.135	-.291	.240
COMPANY is a very competent organization.	EVA	.204	.652	-.136	274	.892	-.019	.137	-.288	.250
	EVNA			-.135	205.841	.893	-.019	.138	-.292	.254
COMPANY has made sacrifices for me in the past.	EVA	1.356	.245	1.190	274	.235	.246	.207	-.161	.653
	EVNA			1.199	220.072	.232	.246	.205	-.158	.650
COMPANY cares for my well-being.	EVA	1.112	.293	.396	274	.692	.069	.174	-.274	.412
	EVNA			.405	229.864	.686	.069	.170	-.266	.404
I feel that COMPANY can be counted on to do what is right.	EVA	.393	.531	.242	274	.809	.039	.161	-.279	.357
	EVNA			.248	231.870	.804	.039	.157	-.271	.349
I do not feel like part of the COMPANY family as a customer.	EVA	.017	.896	-.838	274	.403	-.162	.193	-.541	.218
	EVNA			-.837	214.083	.403	-.162	.193	-.542	.219
I feel emotionally attached to COMPANY.	EVA	.393	.531	.963	274	.336	.187	.194	-.195	.568
	EVNA			.964	215.269	.336	.187	.194	-.195	.568

Scale Item		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
I feel a strong sense of belonging to COMPANY.	EVA	1.748	.187	.815	274	.416	.160	.196	-.226	.546
	EVNA			.826	223.580	.409	.160	.194	-.222	.542
COMPANY has a great deal of personal meaning for me.	EVA	.251	.616	.588	274	.557	.115	.196	-.270	.500
	EVNA			.586	212.087	.559	.115	.196	-.272	.502
Even if it were to my advantage, I do not feel it would be right to stop flying COMPANY.	EVA	.023	.880	-.207	274	.836	-.045	.215	-.468	.379
	EVNA			-.208	216.190	.836	-.045	.215	-.467	.378
COMPANY deserves my loyalty.	EVA	.001	.978	-.749	274	.454	-.168	.224	-.610	.273
	EVNA			-.754	218.463	.452	-.168	.223	-.607	.271
I would feel guilty if I stopped flying COMPANY.	EVA	.995	.319	.644	274	.520	.134	.208	-.276	.544
	EVNA			.632	202.010	.528	.134	.212	-.285	.553
I would not leave COMPANY right now because I have a sense of obligation to them.	EVA	.123	.726	-.070	274	.944	-.014	.195	-.398	.371
	EVNA			-.070	214.289	.944	-.014	.195	-.399	.371

Scale Item		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
Overall, your cumulative satisfaction with COMPANY: Displeased - Pleased	EVA	.574	.449	.519	274	.604	.073	.141	-.204	.350
	EVNA			.519	215.335	.604	.073	.140	-.204	.350
Overall, your cumulative satisfaction with COMPANY: Disgusted - Contented	EVA	.579	.447	.691	274	.490	.096	.138	-.177	.368
	EVNA			.694	217.201	.488	.096	.138	-.176	.367
Overall, your cumulative satisfaction with COMPANY: Dissatisfied - Satisfied	EVA	1.268	.261	.181	274	.856	.026	.146	-.260	.313
	EVNA			.186	229.947	.853	.026	.142	-.254	.307
Overall, your cumulative satisfaction with COMPANY: Unhappy - Happy	EVA	.943	.332	.352	274	.725	.051	.144	-.233	.335
	EVNA			.357	224.655	.721	.051	.142	-.229	.331
I say positive things about COMPANY to other people.	EVA	.501	.480	.182	274	.855	.029	.157	-.280	.337
	EVNA			.185	224.827	.853	.029	.154	-.275	.333
I recommend COMPANY to anyone seeking my advice about flying in Canada.	EVA	.138	.711	.193	274	.847	.032	.168	-.298	.362
	EVNA			.194	218.743	.847	.032	.167	-.296	.361
I encourage my friends and relatives to fly with COMPANY.	EVA	.655	.419	.675	274	.500	.125	.185	-.239	.488
	EVNA			.688	227.109	.492	.125	.181	-.232	.482

Scale Item		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
I try to book with COMPANY first when planning to fly.	EVA	.110	.741	.636	274	.525	.129	.204	-.271	.530
	EVNA			.642	221.365	.521	.129	.201	-.268	.526
I do not plan to fly with COMPANY in the future.	EVA	.216	.642	-.139	274	.890	-.022	.159	-.336	.292
	EVNA			-.138	208.077	.891	-.022	.161	-.339	.295
I would pay a modest price premium to fly with COMPANY, even if competitors had slightly lower prices.	EVA	.217	.642	.666	274	.506	.149	.223	-.291	.589
	EVNA			.671	219.904	.503	.149	.222	-.288	.586
What is the highest level of education you have received?	EVA	.000	.984	-.778	274	.437	-.152	.195	-.536	.232
	EVNA			-.778	214.790	.437	-.152	.195	-.536	.233
Please check you age category	EVA	.351	.554	-.868	274	.386	-.076	.087	-.247	.096
	EVNA			-.876	220.524	.382	-.076	.086	-.245	.094
Gender	EVA	17.526	.000	2.254	274	.025	.124	.055	.016	.232
	EVNA			2.178	192.403	.031	.124	.057	.012	.236
Marital status	EVA	13.598	.000	-1.077	274	.282	-.116	.108	-.329	.096
	EVNA			-1.015	176.727	.312	-.116	.115	-.342	.110

APPENDIX K

Respondent Demographic Characteristics

Years flying with COMPANY

	Frequency	Percent
0	3	1.1
1	22	8.0
2	35	12.7
3	40	14.5
4	39	14.1
5	76	27.5
6	25	9.1
7	13	4.7
8	4	1.4
9	2	.7
10	17	6.2
Total	276	100.0

Average number of flights with COMPANY per year

	Frequency	Percent
0	7	2.5
1	88	31.9
2	78	28.3
3	44	15.9
4	20	7.2
5	9	3.3
6	8	2.9
7	3	1.1
8	5	1.8
9	1	.4
10	6	2.2
13	1	.4
15	1	.4
17	1	.4
25	1	.4
26	1	.4
33	1	.4
50	1	.4
Total	276	100.0

Total number of flights with COMPANY in last 2 years

	Frequency	Percent
0	16	5.8
1	37	13.4
2	50	18.1
3	33	12.0
4	33	12.0
5	26	9.4
6	22	8.0
7	10	3.6
8	13	4.7
9	5	1.8
10	6	2.2
11	2	.7
12	5	1.8
13	2	.7
14	3	1.1
15	3	1.1
16	2	.7
18	1	.4
20	3	1.1
22	1	.4
50	3	1.1
Total	276	100.0

Airline of Preference

	Frequency	Percent
COMPETITOR A	69	25.0
COMPANY	192	69.6
COMPETITOR B	1	.4
No preference	8	2.9
Other	3	1.1
Listed both COMPETITOR A and COMPANY	3	1.1
Total	276	100.0

Airline Used Most Often

	Frequency	Percent
COMPETITOR A	90	32.6
COMPANY	177	64.1
COMPETITOR B	1	.4
Listed both COMPETITOR A and COMPANY	3	1.1
Other	5	1.8
Total	276	100.0

Identification with COMPANY

	Frequency	Percent
far apart	19	6.9
close together but separate	42	15.2
very small overlap	24	8.7
small overlap	38	13.8
moderate overlap	77	27.9
large overlap	61	22.1
very large overlap	12	4.3
complete overlap	3	1.1
Total	276	100.0

Self image overlap with COMPANY'S image.

	Frequency	Percent
1	38	13.8
2	42	15.2
3	50	18.1
4	61	22.1
5	63	22.8
6	20	7.2
7	2	.7
Total	276	100.0

Education

	Frequency	Percent
some high school or less	1	.4
graduated high school	11	4.0
some technical or college training	22	8.0
graduated college or technical school	55	19.9
some university	31	11.2
undergraduate degree	76	27.5
graduate degree	71	25.7
Ph.D	6	2.2
other	3	1.1
Total	276	100.0

Age

	Frequency	Percent
21-30 years	19	6.9
31-40 years	54	19.6
41-65 years	181	65.6
over 65 years	22	8.0
Total	276	100.0

Gender

	Frequency	Percent
male	201	72.8
female	75	27.2
Total	276	100.0

Marital Status

	Frequency	Percent
never married	40	14.5
married (no children)	28	10.1
married (with children)	171	62.0
divorced/widowed/separated	37	13.4
Total	276	100.0

APPENDIX L

Pair-wise Chi-Square Tests

Discriminant Validity Check

$$\text{PH (1,2): } \chi^2 = 327.69/189^*$$

$$\text{PH (1,3): } \chi^2 = 339.00/189^*$$

$$\text{PH (1,4): } \chi^2 = 1536.07/189^*$$

$$\text{PH (1,5): } \chi^2 = 326.24/189^*$$

$$\textbf{PH (1,6): } \chi^2 = \textbf{322.92/189^{**}}$$

$$\text{PH (1,7): } \chi^2 = 1517.27/189^*$$

$$\text{PH (2,3): } \chi^2 = 330.27/189^*$$

$$\text{PH (2,4): } \chi^2 = 331.79/189^*$$

$$\text{PH (2,5): } \chi^2 = 1264.70/189^*$$

$$\text{PH (2,6): } \chi^2 = 1324.83/189^*$$

$$\textbf{PH (2,7): } \chi^2 = \textbf{323.34/189^{**}}$$

$$\text{PH (3,4): } \chi^2 = 341.18/189^*$$

$$\text{PH (3,5): } \chi^2 = 1036.93/189^*$$

$$\textbf{PH (3,6): } \chi^2 = \textbf{322.87/189^{**}}$$

$$\text{PH (3,7): } \chi^2 = 328.87/189^*$$

$$\text{PH (4,5): } \chi^2 = 330.66/189^*$$

$$\textbf{PH (4,6): } \chi^2 = \textbf{323.72/189^{**}}$$

$$\textbf{PH (4,7): } \chi^2 = \textbf{323.19/189^{**}}$$

$$\text{PH (5,6): } \chi^2 = 1641.53/189^*$$

$$\textbf{PH (5,7): } \chi^2 = \textbf{322.96/189^{**}}$$

$$\text{PH (6,7): } \chi^2 = 342.39/189^*$$

* $p < 0.001$; significant difference present

** $p > 0.50$; no significant difference present

APPENDIX M

Mediating Test of Relationship Quality

Mediating Analysis: Relationship Quality

IDENT → RQ → FPAT				
	α ID-RQ	$\delta^2\alpha$	β RQ-FPAT	$\delta^2\beta$
RQ	0.412	0.032	1.03	0.079
Indirect Effect Coefficient - FPAT				
RQ-IDENT	0.412			
RQ-FPAT	0.687			
β RQ-FPAT	0.283044			
Sobel standard error	0.0463221			
t-test statistic	6.1103491			
IDENT → RQ → PWOM				
	α ID-RQ	$\delta^2\alpha$	β RQ-POM	$\delta^2\beta$
RQ	0.412	0.032	0.882	0.062
Indirect Effect Coefficient – PWOM				
RQ-IDENT	0.412			
RQ-PWOM	0.68			
β RQ-PWOM	0.28016			
Sobel standard error	0.0380669			
t-test statistic	7.3596715			

Regression Analysis

Model	R	R Square	Standard Error	F	Sig. F
1) RQ regressed on IDENT	.619	.383	.78582	169.847	.000
2) FPAT regressed on IDENT	.488	.238	1.31028	85.160	.000
3) FPAT regressed on IDENT and RQ	.727	.529	1.03216	153.258	.000
4) PWOM regressed on IDENT	.576	.332	1.06058	136.242	.000
5) PWOM regressed on IDENT and RQ	.786	.617	.80427	220.194	.000

Coefficient Analysis

Model	Coefficients	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Standard Error	Beta		
1) RQ regressed on IDENT	IDENT	.412	.032	.619	13.033	.000
2) FPAT regressed on IDENT	IDENT	.488	.053	.488	9.253	.000
3) FPAT regressed on IDENT and RQ	IDENT	.063	.053	.063	1.197	.232
	RQ	1.030	.079	.686	12.983	.000
4) PWOM regressed on IDENT	IDENT	.498	.043	.576	11.672	.000
5) PWOM regressed on IDENT and RQ	IDENT	.135	.041	.156	3.270	.001
	RQ	.882	.062	.680	14.264	.000