

# Understanding Relationship Marketing Outcomes

## An Integration of Relational Benefits and Relationship Quality

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*The importance of developing and maintaining enduring relationships with customers of service businesses is generally accepted in the marketing literature. A key challenge for researchers is to identify and understand how managerially controlled antecedent variables influence important relationship marketing outcomes (e.g., customer loyalty and word-of-mouth communication). Relational benefits, which have a focus on the benefits consumers receive apart from the core service, and relationship quality, which focuses on the overall nature of the relationship, represent two approaches to understanding customer loyalty and word of mouth. This article integrates these two concepts by positioning customer satisfaction and commitment as relationship quality dimensions that partially mediate the relationship between three relational benefits (confidence benefits, social benefits, and special treatment benefits) and the two outcome variables. The results provide support for the model and indicate that the concepts of customer satisfaction, commitment, confidence benefits, and social benefits serve*

*to significantly contribute to relationship marketing outcomes in services.*

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Nearly two decades have passed since the first mention of the relationship marketing concept by Berry (1983), but the concept is still in vogue, maybe more than ever. Brown (1997) observed, not without a touch of irony, that

faced with the prospect of missing the last train to scientific respectability, many marketing academics . . . are desperately rummaging through their past publications and rejected manuscripts in a frantic search for the magic word, the word which will enable them to announce that they have been relationship marketers all along and are thus entitled to a seat on board. (p. 171)

The concept has found its place in marketing theory and has become an integral part of standard textbooks on mar-

keting (e.g., Kotler 1997) and consumer behavior (e.g., Sheth, Mittal, and Newman 1999). All in all, using the vocabulary of life cycle theory, the concept of relationship marketing is approaching its maturity stage (Berry 1995).

A key goal of relationship marketing theory is the identification of key drivers that influence important outcomes for the firm and a better understanding of the causal relations between these drivers and outcomes. In the marketing literature, several different approaches have been used to identify these variables and to learn about their impact on relational outcomes. Most of the existing approaches focus on a single predictor variable (e.g., customer satisfaction) and investigate its connection with relational outcomes, rather than developing multivariate models and theories. However, a review of the existing work on the determinants of relationship marketing outcomes reveals some promising conceptual models that might explain a significant amount of the success (or failure) of relationships between service providers and their customers. Two of the most promising conceptual approaches are (a) the relational benefits approach (e.g., Bendapudi and Berry 1997; Gwinner, Gremler, and Bitner 1998; Reynolds and Beatty 1999a) and (b) the relationship quality approach (e.g., Crosby 1991; Crosby, Evans, and Cowles 1990; Dorsch, Swanson, and Kelley 1998; Smith 1998). The relational benefits approach argues that categories of relationship-oriented customer benefits exist, the fulfillment of which can predict the future development of existing relationships. The relationship quality approach is based on the assumption that customer loyalty is largely determined by a limited number of constructs reflecting "the degree of appropriateness of a relationship" (Hennig-Thurau and Klee 1997, p. 751) from the customer's perspective. Thus, although relationship quality focuses on the nature of the relationship and relational benefits focus on the receipt of utilitarian-oriented benefits, both concepts view the fulfillment of customer needs as central for relationship success.

The purpose of this article is to integrate the research streams on relational benefits and relationship quality in the development of a comprehensive model. Specifically, we propose and test a model in which satisfaction and commitment are conceived as mediating the relationship between the three relational benefits (confidence/trust, social, and special treatment) and the two outcome variables of customer loyalty and word-of-mouth communication. In the next section, we review the literature, excerpt theoretical concepts dealing with the antecedents of relationship marketing outcomes, and suggest the concepts of relationship quality and relational benefits are of central relevance. Second, we develop a theoretical framework for explaining relationship marketing outcomes that positions the two relationship quality constructs of satisfaction and commitment in a mediation role. An empirical study of

336 service customers is then presented, against which the theoretical framework is tested with structural equation modeling. Finally, the results of the analysis are reported, their practical relevance for service marketers is discussed, and suggestions are derived for future research.

## THEORETICAL BACKGROUND

### Relationship Marketing Outcomes

All relationship marketing activities are ultimately evaluated on the basis of the company's overall profitability. However, as a firm's profitability is influenced by a number of variables largely independent of relationship marketing activities, it seems appropriate to conceptualize relationship marketing outcomes on a more concrete level when investigating possible antecedents. Two constructs are referred to in the marketing literature as key relationship marketing outcomes: customer loyalty and (positive) customer word-of-mouth communication.

Customer loyalty, as we conceptualize it, focuses on a customer's repeat purchase behavior that is triggered by a marketer's activities. Evolving out of, and contradictory to, early definitions that were solely behavioral, customer loyalty today is usually viewed as comprising both behavioral and attitudinal components (Day 1969; Jacoby and Kyner 1973). Loyalty is a primary goal of relationship marketing and sometimes even equated with the relationship marketing concept itself (Sheth 1996). The connection between loyalty and profitability has been the focus of both theoretical and empirical studies (e.g., Oliver 1999; Payne and Rickard 1997; Reichheld and Sasser 1990).<sup>1</sup> This body of research has found customer loyalty to positively influence profitability through cost reduction effects and increased revenues per customer (Berry 1995). With regard to cost reduction effects, it is widely reported that retaining loyal customers is less cost intensive than gaining new ones and that expenses for customer care decrease during later phases of the relationship life cycle due to the growing expertise of experienced customers. Customer loyalty is also reported to contribute to increased revenues along the relationship life cycle because of cross-selling activities and increased customer penetration rates (e.g., Dwyer, Schurr, and Oh 1987).

Positive word-of-mouth communication, defined as all informal communications between a customer and others

1. To be precise, some of the named studies focus on the concept of customer retention, which is quite similar to loyalty. In addition to a different perspective (customer based vs. company based), the main difference may be seen in retention interpreted mostly as a purely behavioral concept, leaving out the attitudinal aspect attributed to loyalty (Hennig-Thurau and Klee 1997).

concerning evaluations of goods or services, includes "relating pleasant, vivid, or novel experiences; recommendations to others; and even conspicuous display" (Anderson 1998, p. 6). Largely because personal communication is viewed as a more reliable source than nonpersonal information (e.g., Gremler and Brown 1994; Zeithaml and Bitner 1996), word-of-mouth communication is a powerful force in influencing future buying decisions, particularly when the service delivered is of high risk for the customer (e.g., Sheth, Mittal, and Newman 1999).

Although customer loyalty increases the economic attractiveness of existing customers, positive word-of-mouth communication helps to attract new customers as relational partners to a company's offerings. Attracting new customers has been interpreted as part of the relationship marketing concept by many proponents (Berry 1983; Glynn and Lehtinen 1995; Grönroos 1990; Morgan and Hunt 1994). Both retention and attraction are critical because long-term economic success cannot be achieved by focusing exclusively on the retention of current customers to the detriment of attracting new customers. Even in times of total quality management and zero migration strategies, failure is an inherent part of service delivery and therefore customers will defect and must be replaced (Hart, Heskett, and Sasser 1990). In addition, several situational (e.g., moving, family life cycle) and psychological (e.g., variety-seeking motive) factors prompt customers to leave relationships with service providers (McAlister and Pessemer 1982). For these reasons, word-of-mouth communication can be seen as an important relationship marketing outcome aimed at replacing lost customers.

### **Determinants of Relationship Marketing Outcomes: A Review of Key Literature**

Existing studies on the determinants of relationship marketing outcomes can be separated into two groups. Those studies in the first group analyze the relationship between relationship marketing outcomes and a single variable postulated to play a key role in relationship marketing; we refer to this as a "univariate" approach. In contrast, the second group of studies is not restricted to a single construct but investigates two or more constructs simultaneously (i.e., "multivariate") on relationship outcomes. The second group of studies, in addition to looking at determinant-outcome relationships, also investigates determinant-determinant relationships. Table 1 summarizes the main approaches used in explaining the development of long-term relationships between customers and service firms.

Although a multitude of constructs is discussed in the context of relationship marketing, the vast majority of the

literature clearly focuses on only a few of them. Among the most common constructs are customer satisfaction, service quality, commitment, and trust.

According to the disconfirmation paradigm, customer satisfaction is understood as the customer's emotional or feeling reaction to the perceived difference between performance appraisal and expectations (e.g., Oliver 1980; Rust, Zahorik, and Keiningham 1996; Yi 1990). Several studies provide evidence for the significant influence of satisfaction on loyalty and word-of-mouth communication. However, more recent studies suggest the impact of satisfaction on customer loyalty is rather complex (e.g., Bloemer and Kasper 1994; Oliva, Oliver, and MacMillan 1992; Oliver 1999; Reichheld 1993; Stauss and Neuhaus 1997).

The closely related concept of service quality is described as the customer's evaluation of the provider's service performance, based on his or her prior experiences and impressions. As in the case of satisfaction, the relevance of quality for long-term success is largely undisputed (Parasuraman, Zeithaml, and Berry 1988; Rust and Oliver 1994), and researchers have demonstrated the relationship between service quality, loyalty, and word-of-mouth communication behaviors (Zeithaml, Berry, and Parasuraman 1996).

Commitment can be described as a customer's long-term orientation toward a business relationship that is grounded on both emotional bonds (Geyskens et al. 1996; Moorman, Zaltman, and Deshpandé 1992) and the customer's conviction that remaining in the relationship will yield higher net benefits than terminating it (Geyskens et al. 1996; Söllner 1994). In a recent study, Pritchard, Havitz, and Howard (1999) found strong support for commitment as an important direct antecedent of customer loyalty for hotel and airline services.

Finally, trust exists if a customer believes a service provider to be reliable and to have a high degree of integrity (e.g., Moorman, Zaltman, and Deshpandé 1992; Morgan and Hunt 1994). Trust is seen by several authors as a necessary ingredient for long-term relationships (Bendapudi and Berry 1997; Doney and Cannon 1997; Ganesan 1994); however, the direct influence of trust on loyalty has been questioned by recent empirical studies (e.g., Grayson and Ambler 1999).

The studies just mentioned are restricted insofar as they generally consider only one single construct as a driver of customer loyalty and word-of-mouth communication. However, these relationship marketing outcomes are likely the result of the interplay between a plurality of constructs, suggesting the need for a more holistic (i.e., multivariate) approach. One of the first of these approaches is Morgan and Hunt's (1994) commitment-trust theory of

**TABLE 1**  
**Selected Approaches Explaining Long-Term Relational Outcomes**

<i>Name</i>	<i>Type</i>	<i>Description</i>	<i>Key Construct</i>	<i>Illustrative Research</i>
Satisfaction approach	Univariate	Customer satisfaction as antecedent of relational outcomes (i.e., customer loyalty and positive word-of-mouth communication)	Customer satisfaction with the service provider's performance	Anderson (1998); Anderson and Sullivan (1993); Fornell (1992); Hallowell (1996)
Service quality approach	Univariate	Service quality as antecedent of relational outcomes	Perceived quality of service delivered by the provider	Boulding, Kalra, and Staelin (1993); Zeithaml, Berry, and Parasuraman (1996)
Trust approach	Univariate	Trust as antecedent to relational outcomes	Customer trust in the relationship partner (i.e., the service provider)	Bendapudi and Berry (1997); Moorman, Zaltman, and Deshpandé (1992)
Commitment approach	Univariate	Commitment as antecedent of relational outcomes	Customer commitment to the relationship	Pritchard, Havitz, and Howard (1999)
Commitment-trust theory	Multivariate	Commitment and trust as key mediating variables between antecedents and relational outcomes	Customer commitment and trust	Kalafatis and Miller (1997); Morgan and Hunt (1994)
Service profit chain	Multivariate	Customer loyalty as antecedent to firm profitability in a causal chain of several loyalty-determining constructs	Service quality, satisfaction, employee loyalty, employee satisfaction, internal service quality	Heskett et al. (1994); Loveman (1998)
Value-situation model	Multivariate	Perceived value and situational variables predict repeat purchase behavior	Value of the service as perceived by the customer and the customer's individual situation	Blackwell et al. (1999)
Relationship content approach	Multivariate	Three basic relationship contents fundamentally shape the process of relationship building	Economic content of the relationship, resource content, social content	Crutchfield (1998); Morgan (2000); Morgan, Crutchfield, and Lacey (2000)
Relationship quality approach	Multivariate	Customer evaluation of transactions and the relationship as a whole predict relational outcomes	Satisfaction, trust, commitment, various other constructs	Crosby, Evans, and Cowles (1990); Hennig-Thurau and Klee (1997); Smith (1998)
Relational benefits approach	Multivariate	Relational outcomes for the firm are dependent upon the customer's receiving certain relational benefits	Different types of relational benefits include confidence benefits, social benefits, and special treatment benefits	Gwinner, Gremler, and Bitner (1998); Reynolds and Beatty (1999a)

relationship marketing. At the heart of their model, the customer's relationship commitment and trust are positioned as mediators in what Morgan and Hunt (1994) titled the "key mediating variable model" of relationship marketing. A replication study by Kalafatis and Miller (1997) confirmed the position of commitment and trust as key mediating variables for relationship outcomes, although some of the hypothesized paths could not be confirmed.

In their service profit chain model, Heskett et al. (1994) proposed customer loyalty to be the result of a complex causal chain. Although satisfaction is modeled as the only immediate antecedent of loyalty, other key drivers of loyalty include service quality, employee loyalty, employee satisfaction, and internal service quality. Several (but not all) of the relationships hypothesized in the service profit chain model have been confirmed empirically by Loveman (1998).

The value-situation model of repeat purchase behavior in services relationships developed by Blackwell et al. (1999) views relationship marketing outcomes as the result of two factors: (a) the value of the service as perceived by the customer and (b) situational variables. Value itself is influenced by benefits received by the customer, customer sacrifice, the customer's personal preference, and the consumption situation, whereas the situation refers to such aspects as physical surrounding, social surrounding, temporal perspective, and task definition. An empirical test of the model in pharmaceutical services shows a significant relationship between value and repeat purchase behavior as well as between situational influences and repeat purchase behavior (Blackwell et al. 1999).

Recently, Morgan and colleagues have proposed the relationship content approach (Crutchfield 1998; Morgan 2000; Morgan, Crutchfield, and Lacey 2000). They ar-

gued that the process of relationship building is fundamentally shaped by a number of basic relationship contents: economic, resource, and social exchange, which serve as antecedents of key relational outcomes (e.g., customer loyalty). According to the relationship content approach, the economic content of relationships includes the customer's economic benefits and costs of participating in the relationship, the resource content of relationships encompasses the many roles of resources in relationships, and the social content of a relationship refers to more elementary feelings of compatibility among the relationship partners.

Finally, two popular multivariate approaches for understanding relationship marketing outcomes are the relational benefits approach and the relationship quality model. The relational benefits approach is founded on the assumption that for a long-term relationship to exist, both the service provider and the customer must benefit from the relationship. Several different customer relationship motives have been identified, and their fulfillment is conceived as the basis for relationship continuity and stability (Hennig-Thurau, Gwinner, and Gremler 2000). In the relationship quality model, a basic assumption is that the customer's evaluation of the relationship is central to his or her decision to continue or to leave the relationship with a service provider. Most conceptualizations of relationship quality build on Morgan and Hunt's (1994) commitment-trust theory by including customer satisfaction as a key concept.

We consider these latter two approaches to be among the most expressive ones in modeling the determinants of relationship marketing outcomes. Given the complexity of customers' relationship-related decisions and the multidimensionality of determinants of relationship marketing outcomes, a multivariate approach is the most appropriate for modeling the actual influences on consumers' loyalty and word-of-mouth decisions. The concepts of relational benefits and relationship quality are appropriate to study because the other multivariate approaches are either (a) included in these concepts (e.g., commitment-trust theory), (b) less theoretically substantiated (e.g., the service profit chain approach may be interpreted as a heuristic framework), or (c) are less intensively discussed in the literature (e.g., the value-situation model and the relationship content approach). Therefore, the concepts of relational benefits and relationship quality are described in more detail below.

### **Relational Benefits**

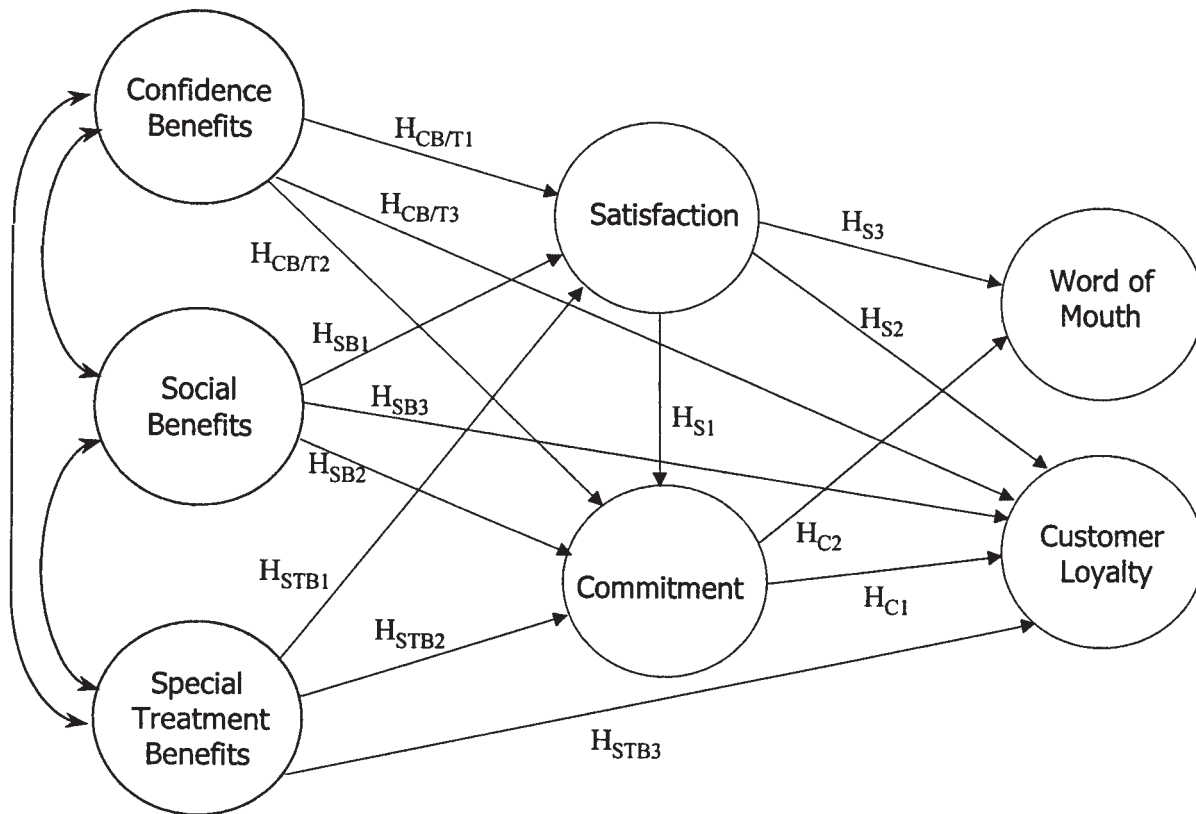
The relational benefits approach assumes that both parties in a relationship must benefit for it to continue in the long run. For the customer, these benefits can be focused

on either the core service or on the relationship itself (Hennig-Thurau, Gwinner, and Gremler 2000). The latter type of benefits are referred to as relational benefits (i.e., benefits customers likely receive as a result of having cultivated a long-term relationship with a service provider; Gutek et al. 1999; Gwinner, Gremler, and Bitner 1998; Reynolds and Beatty 1999a). The existing literature on relational benefits is predominantly of an exploratory kind. Building on the early work of Barnes (1994), Bendapudi and Berry (1997), and Berry (1995), Gwinner, Gremler, and Bitner (1998) developed, and empirically supported, a typology of three relational benefits. According to these researchers, relational benefits include confidence benefits, which refer to perceptions of reduced anxiety and comfort in knowing what to expect in the service encounter; social benefits, which pertain to the emotional part of the relationship and are characterized by personal recognition of customers by employees, the customer's own familiarity with employees, and the creation of friendships between customers and employees; and special treatment benefits, which take the form of relational consumers receiving price breaks, faster service, or individualized additional services. These relational benefits are benefits that exist above and beyond the core service provided.

### **Relationship Quality**

Relationship quality can be regarded as a metaconstruct composed of several key components reflecting the overall nature of relationships between companies and consumers. Although there is not a common consensus regarding the conceptualization of relationship quality, there has been considerable speculation as to the central constructs comprising this overarching relational construct (Hennig-Thurau 2000). Components or dimensions of relationship quality proposed in past research include cooperative norms (Baker, Simpson, and Siguaw 1999), opportunism (Dorsch, Swanson, and Kelley 1998), customer orientation (Dorsch, Swanson, and Kelley 1998; Palmer and Bejou 1994), seller expertise (Palmer and Bejou 1994), and conflict, willingness to invest, and expectation to continue (Kumar, Scheer, and Steenkamp 1995). However, there is general agreement that customer satisfaction with the service provider's performance, trust in the service provider, and commitment to the relationship with the service firm are key components of relationship quality (Baker, Simpson, and Siguaw 1999; Crosby, Evans, and Cowles 1990; Dorsch, Swanson, and Kelley 1998; Garbarino and Johnson 1999; Palmer and Bejou 1994; Smith 1998). In relationship quality research, the three core variables of satisfaction, trust, and commitment are treated as interrelated rather than independent.

**FIGURE 1**  
**An Integrative Model of the Determinants of Key Relationship Marketing Outcomes**



## CONCEPTUAL FRAMEWORK

Although relational benefits are valuable in their own right, marketers do not yet have a clear understanding of how they relate to the dimensions of relationship quality and ultimately to relational outcomes. In this section, we develop an integrative model that combines the relational benefits and relationship quality perspectives and specifies how they may influence the two important relational outcomes of customer loyalty and word-of-mouth communication. The integrative model is shown in Figure 1.

### Consequences of Social Benefits

The first of the three relational benefits identified by Gwinner, Gremler, and Bitner (1998) we discuss is social benefits. Social benefits focus on the relationship itself rather than on the outcome (or result) of transactions. Researchers have suggested social benefits are positively related to the customer's commitment to the relationship (Goodwin 1997; Goodwin and Gremler 1996). Indeed, Berry (1995) contends that social bonds between custom-

ers and employees lead customers to have higher levels of commitment to the organization. Thus, we propose that as a social relationship between a customer and a service worker increases, customer commitment to the service provider will increase.

Although social benefits focus on relationships rather than on performance, social benefits can also be expected to have a positive impact on customer satisfaction. As the interaction between customers and employees is central to the customer's quality perception in many services (Reynolds and Beatty 1999a), and social benefits are desired by the customer in addition to functional benefits, we would expect a positive relationship between social benefits and customer satisfaction. Gremler and Gwinner (2000) indicates that customer-employee rapport, a concept related to social benefits, is significantly related to satisfaction with the service provider. A positive relationship between "commercial friendship" as a key element of social benefits and satisfaction has also been shown in Price and Arnould's (1999) study.

In addition to the indirect impact of social benefits on relational outcomes through the previously mentioned

components of relationship quality, we also propose a direct influence on customer loyalty (Goodwin and Gremler 1996; Price and Arnould 1999; Reynolds and Beatty 1999a). Researchers contend there is a strong relationship between social aspects of the customer-provider relationship and customer loyalty. For example, Berry (1995) suggests that social bonds between customers and employees can be used to foster customer loyalty. Similarly, Oliver (1999) maintains that customers who are part of a social organization (which may include both other customers and employees) are more motivated to maintain loyalty with the organization. Social relationship concepts such as liking, tolerance, and respect have been found to be influential in the development of service loyalty (Goodwin and Gremler 1996). Rapport, another aspect of social interaction between customers and employees, has been found to be significantly related to customers' loyalty intentions (Gremler and Gwinner 2000). Based on the above arguments, the following hypotheses related to social benefits are proposed:

*Hypothesis SB1:* Social benefits positively influence customer satisfaction with the service.

*Hypothesis SB2:* Social benefits positively influence customer commitment to the relationship with the service provider.

*Hypothesis SB3:* Social benefits positively influence customer loyalty.

### Consequences of Special Treatment Benefits

The widespread use of special treatment benefits provided as a part of relationship marketing programs (e.g., Lufthansa's "Miles & More"; for an overview, see Morgan, Crutchfield, and Lacey 2000) presumably is due to the expectation of positive financial returns. One way this may operate is through the presence of switching costs. That is, as an organization provides additional types of special treatment benefits (e.g., economic savings or customized service) emotional and/or cognitive switching barriers are increased (Fornell 1992; Guiltinan 1989) and can result in increased loyalty and commitment on the part of the consumer (Selnes 1993). We would also expect special treatment benefits to have an influence on satisfaction. Paralleling the argument made by Reynolds and Beatty (1999a), a service firm's offer of special treatment may be perceived as part of the service performance itself, and correspondingly, the benefits received from such special treatment would be expected to positively influence the customer's satisfaction with the service. Based on the above arguments, the following hypotheses related to special treatment benefits are proposed.

*Hypothesis STB1:* Special treatment benefits positively influence customer satisfaction with the service.

*Hypothesis STB2:* Special treatment benefits positively influence customer commitment to the relationship with the service provider.

*Hypothesis STB3:* Special treatment benefits positively influence customer loyalty.

### Consequences of Confidence Benefits/Trust

Gwinner, Gremler, and Bitner (1998) described confidence benefits as "feelings of reduced anxiety, trust, and confidence in the provider" (p. 104). This conceptualization of confidence benefits is quite similar to the trust dimension of relationship quality put forth by Hennig-Thurau and Klee (1997), in which trust is defined according to Moorman, Zaltman, and Deshpandé (1992) as "the willingness to rely on an exchange partner in whom one has confidence" (p. 315). The conceptual closeness of confidence benefits and trust is also mentioned by Gwinner, Gremler, and Bitner (1998, p. 104). Thus, for the purposes of this study, we examine a combined confidence benefits/trust construct.

Trust creates benefits for the customer (e.g., relationship efficiency through decreased transaction costs) that in turn foster his or her commitment and loyalty to the relationship (Garbarino and Johnson 1999; Morgan and Hunt 1994). Therefore, confidence benefits/trust should positively influence the customer's commitment to the relationship. In support of this assertion, a recent study found that trust in a sales representative (rather than trust in the organization) was more predictive of organizational commitment (Ganesan and Hess 1997).

Confidence and trust in an exchange has been found to have a positive impact on satisfaction ratings in channel relationships between manufacturers and buyers (Andaleeb 1996; Anderson and Narus 1990). We suggest that the same will hold true for interactions between end consumers and service employees/firms. This assertion is partially based on the notion that greater levels of trust/confidence in the interaction will result in lower anxiety concerning the transaction and thus greater satisfaction. A second rationale for a positive relationship between confidence/trust and satisfaction can be derived by examining the role expectations play in satisfaction judgments. Expectations, when viewed as an anticipation as opposed to a comparative referent, are thought to have a direct influence on satisfaction because consumers tend to assimilate satisfaction levels to match expectations levels to reduce dissonance (Szymanski and Henard 2001).

Berry (1995) suggested trust in a relationship reduces uncertainty and vulnerability, especially for so-called

black-box-type services that are difficult to evaluate due to their intangible, complex, and technical nature. As such, Berry (1995) proposed “customers who develop trust in service suppliers based on their experiences with them . . . have good reasons to remain in these relationships” (p. 242). This implies loyalty to the firm will be greater when consumers have perceptions of trust or confidence in the service provider. Bitner (1995) echoed this proposition when she asserted that each service encounter represents an opportunity for the provider to build trust and thus increase customer loyalty. The above discussion gives rise to the following hypotheses:

*Hypothesis CB/T1:* Confidence benefits/trust positively influence customer satisfaction.

*Hypothesis CB/T2:* Confidence benefits/trust positively influence customer commitment to the relationship with the service provider.

*Hypothesis CB/T3:* Confidence benefits/trust positively influence customer loyalty.

### Consequences of Customer Satisfaction

As mentioned earlier, aside from confidence benefits/trust, relationship quality is generally considered to be composed of satisfaction and commitment. Drawing on Hennig-Thurau and Klee (1997), we postulate satisfaction to positively influence commitment. A high level of satisfaction provides the customer with a repeated positive reinforcement, thus creating commitment-inducing emotional bonds. In addition, satisfaction is related to the fulfillment of customers’ social needs, and the repeated fulfillment of these social needs is likely to lead to bonds of an emotional kind that also constitute commitment (Hennig-Thurau and Klee 1997).

The relevance of satisfaction in gaining loyal customers and generating positive word-of-mouth is largely undisputed (e.g., Anderson and Sullivan 1993; Oliver 1996). Indeed, studies have found satisfaction to be a (and often the) leading factor in determining loyalty (e.g., Anderson and Fornell 1994; Rust and Zahorik 1993). Similarly, satisfaction has been identified as a key driver in the generation of (positive) customer word-of-mouth behavior (e.g., File, Cermak, and Prince 1994; Yi 1990). The following hypotheses are proposed:

*Hypothesis S1:* Customer satisfaction positively influences customer commitment to the relationship with the service provider.

*Hypothesis S2:* Customer satisfaction positively influences customer loyalty.

*Hypothesis S3:* Customer satisfaction positively influences customer word-of-mouth communication.

### Consequences of Customer Commitment

Commitment is also seen as a focal relationship construct preceding a customer’s relational behaviors (Garbarino and Johnson 1999). Although links between commitment and each of the two relational outcomes included in our model have received relatively little empirical attention in the marketing literature, a recent study by Pritchard, Havitz, and Howard (1999) found commitment to be strongly correlated with customer loyalty. Commitment has also been hypothesized as directly influencing positive word-of-mouth behavior (Beatty, Kahle, and Homer 1988). Thus, the following hypotheses are proposed:

*Hypothesis C1:* Customer commitment toward the relationship positively influences customer loyalty.

*Hypothesis C2:* Customer commitment to the relationship positively influences customer word-of-mouth communication.

## METHOD

### Data Collection Procedure

The data collection procedure used in the present study is largely a replication of the one used by Gwinner, Gremler, and Bitner (1998). To reduce possible service type influences, the study was designed to elicit responses from a wide variety of service provider types. To get a wide variety of service types among the responses, a questionnaire using Bowen’s (1990) three service firm classifications was employed. Bowen’s taxonomy of service firms includes (a) those services directed at people and characterized by high customer contact with individually customized service solutions (e.g., financial consulting, medical care, travel agency, and hair care services); (b) services directed at an individual’s property, in which moderate to low customer contact is the norm and the service can be customized only slightly (e.g., shoe repair, retail banking, pest control, and pool maintenance); and (c) services typically directed at people that provide standardized service solutions and have moderate customer

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2. In an attempt to encourage authentic responses, two actions were taken. First, the instructions to the student data collectors included a warning that making up information to complete the assignment would be considered cheating and those violating this requirement would have to deal with university authorities on the matter. Second, the instructions indicated respondents would be randomly selected and contacted for a verification check (the survey included a request for a first name and a daytime telephone number). A visual inspection of the questionnaires indicated sufficient variability in both handwriting and patterns across responses, as well as consistency within individual responses. We thus concluded the threat of a verification check worked as intended.



**TABLE 2**  
**Integrative Model Statistics**

	<i>Mean</i>	<i>Standard Deviation</i>	<i>Number of Items</i>	<i>Confidence Benefits/Trust</i>	<i>Social Benefits</i>	<i>Special Treatment Benefits</i>	<i>Satisfaction</i>	<i>Commitment</i>	<i>Word-of-Mouth</i>	<i>Loyalty</i>
Confidence benefits/trust	5.510	0.961	4	.834						
Social benefits	4.296	1.374	5	.455	.918					
Special treatment benefits	2.760	1.278	5	.248	.560	.898				
Satisfaction	6.048	.914	4	.569	.342	.204	.924			
Commitment	4.836	1.461	4	.409	.510	.340	.518	.921		
Word-of-mouth communication	5.268	1.528	1	.330	.307	.258	.510	.356	1.000	
Loyalty	5.411	1.292	2	.507	.465	.281	.631	.554	.412	.635

NOTE: Values on the main diagonal are Cronbach's alphas; correlations are below the diagonal.

contact (e.g., airlines, movie theaters, cafeterias, and grocery stores).

To elicit responses regarding a service firm from one of Bowen's (1990) three service categories, three questionnaire variations were designed, based on the original instrument used by Gwinner, Gremler, and Bitner (1998). Specifically, three separate cover sheets (each representing one of Bowen's [1990] three service categories) listed 12 to 15 types of services in the specific category. Respondents were asked to choose a specific service provider, from the service types listed on the cover page, with whom they had a relationship. Respondents then completed self-reported measures of the seven constructs illustrated in Figure 1 based on the service provider they selected. Except for the cover page, all surveys were identical.

### Sample

Students were recruited to serve as data collectors, a technique that has been successfully used in a variety of services marketing studies (e.g., Bitner, Booms, and Tetreault 1990; Gwinner, Gremler, and Bitner 1998). A total of 71 undergraduate students from a major public university in the northwestern United States were asked to participate as data collectors as part of a class assignment.<sup>2</sup> Each student was provided with five questionnaires. Students were allowed to be a respondent for one of the surveys, but to get full credit for the assignment they were to collect the remaining four surveys from respondents in each of four age ranges (i.e., 19-29, 30-39, 40-49, and older than 50). Three versions of the questionnaire, representing each of Bowen's (1990) three categories, were randomly distributed within each data collector's set of five. All surveys were collected within 14 days of distribution in the spring of 1999.

A total of 336 surveys were returned by the data collectors, evenly divided among Bowen's (1990) three services

categories. The final sample consisted of 173 females and 163 males, with respondents being approximately evenly distributed across the four age categories specified above. The average age of respondents in the sample was 36.5 (with a standard deviation of 14.4); of these, only 31% were in the 19-24 age range, suggesting that the majority of the respondents were not students.

### Operationalization of Constructs

For the constructs considered, measures were borrowed from previous studies. In particular, social and special treatment relational benefits of the customer were measured with the scales provided by Gwinner, Gremler, and Bitner (1998); satisfaction items used a subset of the items from Oliver (1980); and the commitment construct was composed of a subset of items from Morgan and Hunt (1994). In accordance with our intention to integrate the confidence benefits and trust constructs, our measure combined confidence benefits items from Gwinner, Gremler, and Bitner (1998) and trust items from Morgan and Hunt (1994). Finally, the customer loyalty and word-of-mouth communication items are based on the work of Zeithaml, Berry, and Parasuraman (1996) (see the appendix for the actual survey items).

### Analysis Approach

Data analysis proceeds according to the two-step approach recommended by Anderson and Gerbing (1988). That is, first the measurement model is estimated. Then, using LISREL Version 8.3, a structural model is analyzed and the path coefficients are estimated. Finally, to compare our integrated model with an alternative conceptualization, we assess the difference between our proposed model and a rival nonmediated model using various criteria (e.g., Morgan and Hunt 1994).

**TABLE 3**  
**Assessment of Integrative Model Unidimensionality and Discriminant Validity**

	<i>AGFI/RMR<sup>a</sup></i>	<i>AVE<sup>b</sup></i>	<i>Social Benefits</i>	<i>Special Treatment Benefits</i>	<i>Satisfaction</i>	<i>Commitment</i>	<i>Word-of-Mouth</i>	<i>Loyalty</i>
Confidence benefits/trust	.998/.012	.663	.305	.080	.513	.297	.192	.530
Social benefits	.997/.023	.761	—	.419	.203	.367	.130	.465
Special treatment benefits	.996/.027	.737	—	—	.060	.190	.083	.171
Satisfaction	.996/.021	.843	—	—	—	.398	.316	.507
Commitment	.996/.026	.769	—	—	—	—	.170	.527
Word-of-mouth communication	<sup>c</sup>	1.000 <sup>d</sup>	—	—	—	—	—	.309
Loyalty	<sup>c</sup>	.571	—	—	—	—	—	—

NOTE: Unless indicated, numbers are squared correlations from confirmatory factor analysis (CFA). AGFI = adjusted goodness-of-fit index; RMR = root mean square residual; AVE = average variance extracted estimate.

a. From individual CFA.

b. From joint CFA.

c. No CFA was calculated due to lack of degrees of freedom.

d. Fixed parameter.

## RESULTS

### Measurement Model

In this study, a two-step approach was chosen to ensure both the measurement model and the structural model were adequate (Anderson and Gerbing 1988). First, each construct's reliability was assessed using Cronbach's  $\alpha$  coefficient. The  $\alpha$  values are higher than .7 for all constructs with the exception of customer loyalty (which has an  $\alpha$  of .635). We also performed separate confirmatory factor analyses on all constructs except for word-of-mouth (due to its single-item operationalization). Because our model implies no significant difference exists between the constructs of confidence benefits and trust, we tested and confirmed this assumption with the discriminant validity test proposed by Fornell and Larcker (1981). As such, these two constructs were combined into a single construct for all further analyses of the integrated model. To further increase the combined scale's quality, we eliminated tautological items based on the results of confirmatory factor analyses, resulting in four confidence benefits/trust items. In addition, one loyalty indicator and one commitment indicator were eliminated due to low coefficients of determination. Table 2 presents means, standard deviations, number of indicators, Cronbach's  $\alpha$ s, and correlations among the constructs according to their final operationalization. For all constructs, as indicated in the first column of Table 3, the adjusted goodness of fit generated by the separate confirmatory factor analyses exceeds .90, suggesting unidimensionality of those constructs.

In addition, a joint confirmatory factor analysis (with all variables included simultaneously) was performed. As illustrated in the second column of Table 3, all average variances extracted are .57 or higher and exceed the .50

cutoff recommended by Bagozzi and Yi (1988). Discriminant validity was tested between all constructs according to Fornell and Larcker's (1981) recommendations and confirmed for all pairs of constructs (see Table 3). Specifically, the variance-extracted estimate for each construct is greater than the squared correlation of all construct pairs.

### Structural Model Fit

The hypothesized relationships in the model were tested simultaneously using structural equation modeling. In particular, the structural model described in Figure 1 was estimated using LISREL Version 8.3 (Jöreskog and Sörbom 1993). Model identification is achieved according to the recursive rule, as the beta matrix can be arranged such that all estimates are in the lower half of the matrix and the psi matrix is diagonal (Bollen 1989). The global goodness-of-fit statistics indicate the structural model represents the data structure well: the goodness-of-fit index (GFI) is .986, the adjusted goodness-of-fit index (AGFI) is .983, the root mean square residual (RMR) indicator is .058, and the probabilistic root mean square error of approximation (RMSEA) is .106. Furthermore, the local fit indices also provide evidence of the substantial character of the model (see the appendix for details).

### Model Paths

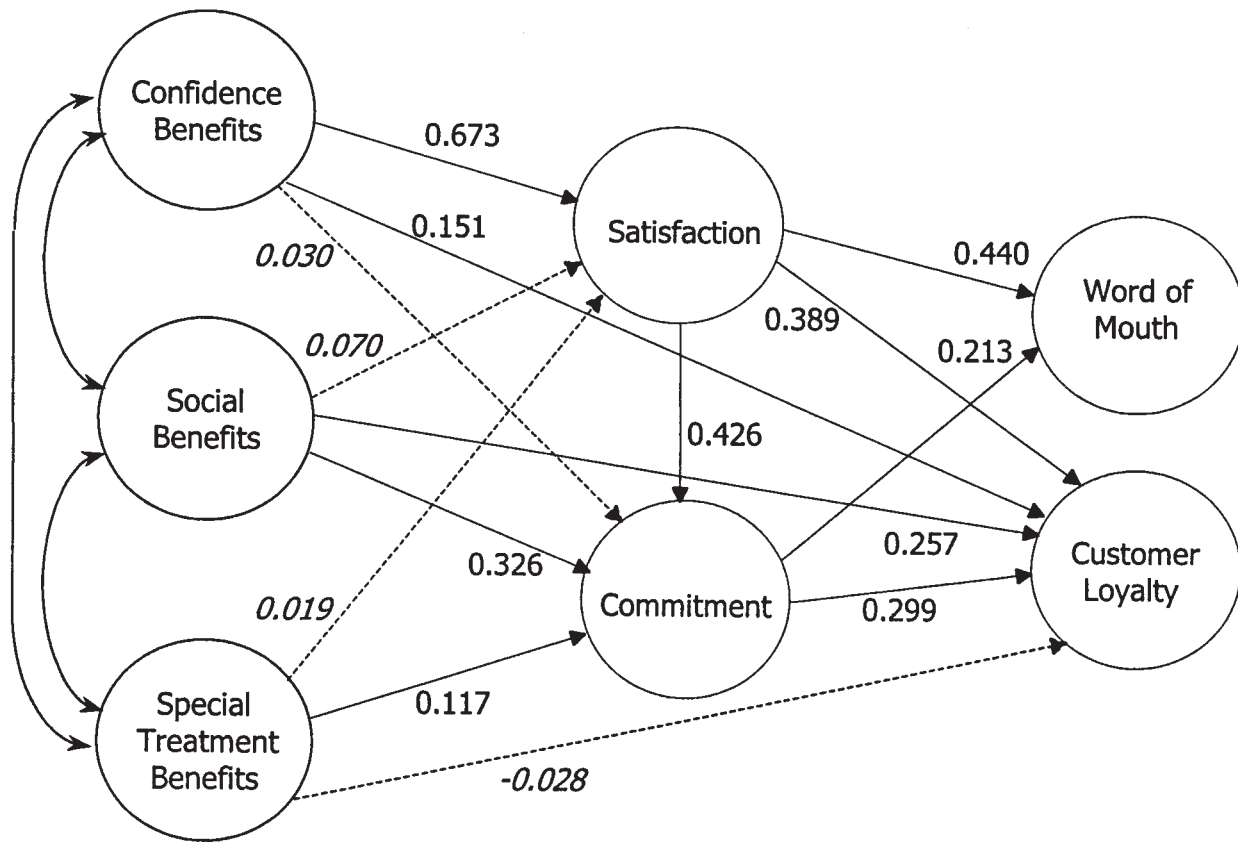
The standardized path coefficients of the structural model as estimated by LISREL are given in Figure 2. The proposed integrated model explains more than 81% of the variance in the customer loyalty construct and more than 35% of the variance in the word-of-mouth construct. In the examination of the predictors of customer loyalty and pos-

**TABLE 4**  
**Standardized Indirect and Total Effects in Integrative Model**

	<i>Satisfaction</i>	<i>Commitment</i>	<i>Loyalty</i>	<i>Word-of-Mouth Communication</i>
<b>Explained variance (<math>R^2</math>)</b>	<b>.520</b>	<b>.535</b>	<b>.813</b>	<b>.357</b>
Social benefits	NA/.070	.030/.356	.124/.381	.100/.100
Special treatment benefits	NA/.020	.008/.125	.043/.015	.034/.034
Confidence benefits/trust	NA/.673	.287/.317	.271/.422	.303/.303
Satisfaction	—	NA/.426	.127/.516	.091/.531
Commitment	—	—	NA/.299	NA/.213
Loyalty	—	—	—	—

NOTE: Numbers before the slash represent indirect effects, numbers after the slash represent total effects. NA = not applicable.

**FIGURE 2**  
**Integrative Model Results**



NOTE: Numbers are standardized path coefficients. Dotted lines indicate nonsignificant paths ( $p < .05$ ).

itive word-of-mouth communication, four constructs are found to have a significant direct impact on loyalty: satisfaction, commitment, confidence benefits/trust, and social

benefits. Not surprisingly, satisfaction has the strongest direct impact on loyalty, followed rather closely by commitment, social benefits, and (to a much lesser degree)

**TABLE 5**  
**Nonmediated Model Path Coefficients**  
**and Explained Variances**

	Loyalty	Word-of-Mouth Communication
Explained variance ( $R^2$ )	.812	.351
Confidence benefits/trust	.153	.020*
Social benefits	.262	.035*
Special treatment benefits	-.014*	.133
Satisfaction	.400	.502
Commitment	.274	.011*

NOTE: \*Indicates that a path is not significant at  $p < .05$ .

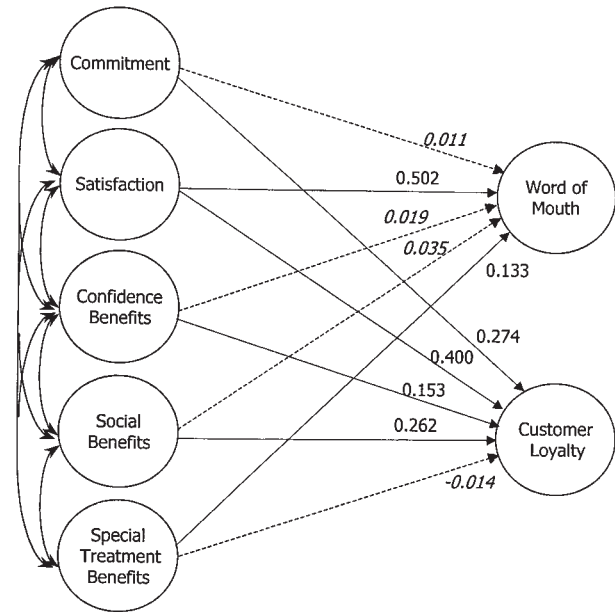
confidence benefits/trust. However, special treatment benefits have no significant direct impact on loyalty, leading to the rejection of Hypothesis STB3. For word-of-mouth communication, the proposed influence of satisfaction and commitment (as components of relationship quality) are supported by the analysis, with satisfaction once again having the strongest impact.

As indicated in Figure 2, mixed support is found for the hypothesized relationships between each of the relational benefits and the relationship quality constructs of satisfaction and commitment. Looking at customer satisfaction, the results support confidence benefits having a significant and strong impact on satisfaction, whereas satisfaction is not significantly influenced by either social or special treatment benefits. In the case of commitment, a significant impact can be found from social and special treatment benefits. However, in contrast to its effect on satisfaction, confidence benefits do not significantly influence commitment.

When the indirect effects are taken into account, the integrated model supports the important role of the antecedent constructs (with the exception of special treatment benefits) in predicting customer loyalty (see Table 4). Satisfaction has the strongest overall effect on loyalty, both directly and indirectly through confidence. Although trust/confidence benefits have a limited direct impact on loyalty, they have the second strongest total effect on loyalty. This finding is consistent with other studies that have found trust to influence loyalty only indirectly (Hennig-Thurau, Langer, and Hansen 2001; Moorman, Zaltman, and Deshpandé 1992).<sup>3</sup> Finally, social benefits affect customer loyalty indirectly, primarily through the commitment construct. Surprisingly, the concept of special treatment benefits was not found to influence customer loyalty significantly, neither directly nor via mediating variables.

3. Actually, in the study performed by Moorman, Zaltman, and Deshpandé (1992), the dependent variable was the continued use of informational service offered by the provider (research utilization), which is similar to loyalty.

**FIGURE 3**  
**Nonmediated Model Results**



NOTE: Numbers are standardized path coefficients. Dotted lines indicate nonsignificant paths ( $p < .05$ ).

### Alternative Model Testing

In addition to the integrative conceptual model illustrated in Figure 1, we tested an alternative model to our proposed model. A model comparison approach is consistent with the structural modeling literature, as illustrated by Kelloway's (1998) statement that "the focus of assessing model fit almost invariably should be on comparing the fit of competing and theoretically plausible models" (p. 39). Given the mediating role of satisfaction and commitment in our integrative approach, we decided to choose a nonmediated model as the conceptual alternative (e.g., Morgan and Hunt 1994). In this model, the three relational benefits, satisfaction, and commitment are all positioned as exogenous variables, postulated to have a direct (i.e., nonmediated) impact on endogenous variables customer loyalty and word-of-mouth communication (Figure 3).

For the nonmediated model, the overall fit is similar to that of the integrated model (GFI = .987; AGFI = .983; RMR = .057; RMSEA = .107). The degree of explained variance for customer loyalty and word-of-mouth communication is slightly larger in the integrated model as compared to the nonmediated model (see Table 5). Because the nonmediated model is not nested within the integrated model but contains the identical set of variables included in the integrated model, the Akaike's Information Criterion (AIC) (Akaike 1987) is appropriate for model com-

parison (Rust, Lee, and Valente 1995) as well as the related CAIC (Consistent AIC) (Bozdogan 1987). Whereas in the case of the integrated model, AIC is 720.01 and CAIC is -527.59, the values for the nonmediated model are AIC = 733.61 and CAIC = -499.54, respectively (Kelloway 1998). As smaller values of these criteria indicate a better fit of the model, these results indicate a preference for the integrated model over the nonmediated model. In addition, Parsimonious Goodness of Fit Index (PGFI) (integrated model: .786; nonmediated model: .777) and Parsimonious Normed Fit Index (PNFI) (integrated model: .849; nonmediated model: .840), which assess the parsimonious fit of competing models (Kelloway 1998), favor the integrated model. Overall, the results suggests that in a comparison between the integrated model interpreting satisfaction and commitment as mediating variables of the relational benefits-relationship outcomes and a nonmediated model, the integrated model is slightly superior.

## DISCUSSION AND IMPLICATIONS

In this article, we have proposed a model that strives for a better understanding of long-term relationship success between customers and service firms. The model extends relational benefits research by examining the relationship of these benefits to customer loyalty and word-of-mouth communication. Moreover, it integrates the three relational benefits with the relationship quality approach, interpreting the latter's dimensions of customer satisfaction and commitment as mediators between relational benefit and relationship marketing outcomes.

The results largely support the relationships proposed in the integrated model. In particular, the role of satisfaction and commitment as mediators between relational benefits and relationship marketing outcomes is generally supported by the data. Our findings suggest the constructs of customer satisfaction, commitment, and trust as dimensions of relationship quality (with trust being also a type of relational benefit) influence customer loyalty, either directly or indirectly. In addition, the results highlight the special relevance social benefits have, above and beyond the technical quality of the service, in influencing relationship marketing outcomes. Furthermore, the results of our study lead us to question the adequacy of economic-based "loyalty programs," as the offer of special treatment benefits to customers does not appear to significantly influence customer satisfaction or customer loyalty.

### The Influence of Relationship Quality

We found three key components of relationship quality to have a significant influence on relationship marketing

outcomes. In particular, satisfaction and commitment have a significant and strong direct impact on both customer loyalty and word-of-mouth communication. Trust also has a strong relationship with the outcome variables and will be discussed subsequently in the context of confidence benefits. Thus, our findings suggest service companies should create and communicate market offerings that satisfy customer needs and serve as the foundation for strong relationship commitment. Satisfaction and commitment are both theoretically and empirically shown to serve as mediators of the link between relational benefits and relationship marketing outcomes. The use of this mediational framework allows for a more complete understanding of the impact relational benefits have on customer loyalty and word-of-mouth communication.

### Trust and Confidence Benefits

Trust and confidence benefits play a key role in the relationship quality and the relational benefits approaches, respectively. In this study, because of their conceptual closeness, we combine these two concepts into a single confidence benefits/trust construct. We found this combined construct to have a very strong relationship with satisfaction (in fact, it is the strongest relationship of all of the paths in the model). Crosby, Evans, and Cowles (1990) operationalized relationship quality as being a higher order construct composed of trust and satisfaction. Our findings extend their research by further delineating the relationship between these two relationship quality concepts. The strength of this relationship in our data further emphasizes the importance firms should place on behaving in a way that helps customers see their provider as a trustworthy partner to have a positive influence on customer satisfaction (Andaleeb 1996; Anderson and Narus 1990; Berry 1995; Garbarino and Johnson 1999).

Interestingly, we find an insignificant relationship between confidence benefits and commitment. Researchers have suggested trust in a provider should lead to customer commitment to the relationship (Berry 1995; Ganesan and Hess 1997; Morgan and Hunt 1994). Our analysis of the data suggests the influence of confidence benefits on commitment occurs primarily through an indirect route (with confidence benefits influencing satisfaction, which in turn influences commitment). The findings appear to contradict the findings of Morgan and Hunt (1994), who found a significant relationship between trust and commitment. Given the strong influence satisfaction (a construct not explicitly examined by Morgan and Hunt) has in our model, perhaps the presence of satisfaction helps explain the lack of a significant relationship from confidence benefits/trust to confidence. Indeed, Garbarino and Johnson (1999) found satisfaction to be the primary mediating construct

between trust and loyalty (i.e., future intentions) for low relational customers. Certainly, our finding suggests future research investigating the confidence benefits–commitment relationship should include satisfaction to help tease out this relationship.

The influence confidence benefits have on customer loyalty also appears to occur primarily via an indirect route. However, even though the direct impact of confidence benefits on loyalty is not as strong as the direct influence of other constructs, it has a relatively strong influence on loyalty through satisfaction. Indeed, when indirect effects are considered, confidence benefits have the second highest total effect on loyalty among the constructs included in the model. As such, service firms should still consider the creation of confidence benefits as an important tactic in building customer loyalty.

### Importance of Social Benefits

The direct connection that we found between social benefits and loyalty stresses the need to consider “communal” aspects of relationships, along with relationship quality, as determinants of loyalty. This finding may be interpreted in the context of the separation between a functional and a communal facet of a company’s social behavior, as proposed by Goodwin and Gremler (1996). In addition, social benefits are also found to have an indirect effect on loyalty mediated by commitment, increasing the overall importance of this type of relational benefit for service providers. A considerable indirect influence of social benefits on word-of-mouth communication through the commitment construct is also present.

From a managerial perspective, asking employees to build social relationships with customers is a demanding request. To how many of his or her multitude of customers can a hairdresser, a sales clerk in the supermarket, or a key account manager become a personal “friend” (to adequately fulfill the customer’s needs), without losing credibility with his or her customers? As friendships are more expressive than instrumental in nature (Lopata 1981), the commercial instrumentalization of social relationships is not without risk. Price and Arnould (1999) argued that when the customer perceives an employee is sustaining a friendship for instrumental purposes, the friendship will likely be damaged. Managers seeking to encourage social relationships, or at least the perception of social relationships, should be aware of some key principles of friendship that must be considered to avoid negative customer reactions. These principles include the provision of emotional support, the respectful handling of customers’ privacy affairs, and being tolerant of other friendships (Fournier, Dobscha, and Mick 1998). Recent research examining the establishment of customer–employee rapport may repre-

sent a more achievable level of interaction for employees (Gremler and Gwinner 2000). That is, establishing rapport with a customer, defined as a personal connection and enjoyable interaction, may present a lower hurdle than development of a friendship for many service employees.

### The Limited Impact of Special Treatment Benefits

Interestingly, we do not find special treatment benefits to have a significant direct influence on customer loyalty, and only a modest indirect impact on word-of-mouth communication via commitment is found. These findings seem to contradict the results of Gwinner, Gremler, and Bitner (1998), who demonstrated that special treatment benefits are valued by customers as important. However, a difference might exist between special treatment’s being interpreted as important and leading to a consumer becoming a loyal customer to that firm for a long period of time. Recent work in organizational behavior theory has found financial and other kinds of extrinsic rewards do not lead to an increase in employee motivation and job satisfaction, and may even reduce employee attachment to the organization (Deci, Koestner, and Ryan 1999; Kohn 1993). This effect is referred to by social theorists as “the hidden costs of rewards” or “crowding-out effect” (e.g., Frey 1997). Similarly, Argyris (1998, p. 103) has found “prolonged external commitment [makes] internal commitment extremely unlikely.” Transferring these findings into the context of relationships between customers and service companies, it seems plausible extrinsic rewards lead to a kind of “temporary” behavioral loyalty, but fail to contribute to the development of what can be called “true relationships” (Barnes 1994). Thus, customers motivated by special treatment may be loyal only until competitors offer higher rewards (Fournier, Dobscha, and Mick 1998).

A second problem arising from a service provider’s offer of special treatment is that those customers who do not receive rewards may feel neglected by the company (see Oliver and Swan 1989, on the relevance of equity theory in the context of customer satisfaction). In the study by Fournier, Dobscha, and Mick (1998), a long-time loyal customer who is not considered part of the company’s “inner circle” complained, “the company is making me feel like chopped liver. It really made me mad” (p. 46). Furthermore, even if special treatment benefits are valued from a customer loyalty perspective, they are the most easily duplicated benefit and therefore do not provide a sustainable source of competitive advantage (Berry 1995). However, this is only true to the extent special treatment benefits are easily copied. Although this is likely to be the case for special treatment benefits like price reductions, it is not always the case for benefits such as faster service or service customization.

Our results call into question the compatibility of special treatment rewards with the basic concept of relationship marketing. Future studies should consider the possibility that reward programs (especially those based on giving consumers price reductions or rebates in the form of free or discounted merchandise) may lower profitability without turning customers into loyal relationship partners. Paralleling the insights of organizational behavior theory, one might go even further and ask if special treatment offers might bear the danger of destroying true customer satisfaction and loyalty as well as endanger a company's profitability for rather dubious short-term results. At the same time, special treatments are not independent from social benefits, as "activities such as gift-giving (as a specific kind of special treatment) are emblematic of the behaviors we associate with friends" (Price and Arnould 1999, p. 40). Although our study does not completely tease out the impact of specific types of special treatment benefits, we suggest companies might benefit most by focusing on non-price-related special treatment benefits.

### Limitations and Future Research

In interpreting the results of this study, one must consider a number of limitations. First, the wide variety of services used, although intentional to expand the generalizability of the study, does not allow us to test for the existence of context-specific relationships. To examine the existence of such structures, it would be helpful to concentrate on a single service type in future studies. Furthermore, different segments of customers might exist with regard to their relational preferences (i.e., the degree to which a relationship is desired by customers) (Hennig-Thurau, Gwinner, and Gremler 2000; Reynolds and Beatty 1999b). Consumer relational preferences have the potential to change the influence relational benefits and relationship quality constructs have on loyalty and word-of-mouth communication. Future researchers may wish to explore the moderating relationship of consumer relational preferences. Another limitation is that the cross-sectional nature of the data only allows for correlational, rather than causal, inferences to be made. Although we feel the hypotheses are well grounded, the possibility exists for a path to be operating in the opposite direction from what we propose. Another potentially fruitful area for future research is delineating among the different types of special treatment benefits explored in this study. Perhaps some special treatment benefits are more relevant than others with respect to their impact on relationship marketing outcomes. Finally, in the context of an increasingly global economy, a test of the model in cultures other than a North American culture should be conducted.

### APPENDIX Indicators Used in Structural Equation Modeling and Local Fit Indices for the Two Models

<i>Statement</i>	$R^2$ (IM)	$R^2$ (NMM)
<b>Social benefits</b> (average variance explained: IM = .767; NMM = .767)		
I am recognized by certain employees.	.690	.690
I enjoy certain social aspects of the relationship.	.521	.522
I have developed a friendship with the service provider.	.881	.881
I am familiar with the employee(s) that perform(s) the service.	.795	.794
They know my name.	.950	.950
<b>Special treatment benefits</b> (average variance explained: IM = .737; NMM = .737)		
I get faster service than most customers.	.768	.770
I get better prices than most customers.	.627	.627
I am usually placed higher on the priority list when there is a line.	.856	.856
They do services for me that they don't do for most customers.	.857	.855
I get discounts or special deals that most customers don't get.	.575	.576
<b>Confidence benefits/trust</b> (average variance explained: IM = .663; NMM = .663)		
I know what to expect when I go in.	.385	.385
This company's employees are perfectly honest and truthful.	.625	.625
This company's employees can be trusted completely.	.754	.754
This company's employees have high integrity.	.886	.886
<b>Customer satisfaction</b> (average variance explained: IM = .840; NMM = .841)		
My choice to use this company was a wise one.	.873	.874
I am always delighted with this firm's service.	.809	.810
Overall, I am satisfied with this organization.	.806	.807
I think I did the right thing when I decided to use this firm.	.870	.871
<b>Commitment</b> (average variance explained: IM = .759; NMM = .769)		
My relationship to this specific service provider . . .		
is something that I am very committed to.	.844	.854
is very important to me.	.858	.871
is something I really care about.	.732	.742
deserves my maximum effort to maintain.	.601	.609
<b>Customer loyalty</b> (average variance explained: IM = .570; NMM = .570)		
I have a very strong relationship with this service provider.	.750	.750
I am very likely to switch to another service provider in the near future. (inverted item)	.390	.390
<b>Word-of-mouth communication</b> (average variance explained: IM = 1.000; NMM = 1.000)		

## APPENDIX Continued

Statement	R <sup>2</sup> (IM)	R <sup>2</sup> (NMM)
I often recommend this service provider to others.	1.000 <sup>a</sup>	1.000 <sup>a</sup>

NOTE: IM = integrated model; NMM = nonmediated model.  
a. Fixed parameter.

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