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THE TIES THAT BIND:
AN EXAMINATION OF CONSUMPTION VALUES AT VARIOUS
STAGES OF A RELATIONSHIP MARKETING PROGRAM

by

MARY M. LONG

A dissertation submitted to the Graduate Faculty in Business
in partial fulfillment of the requirements for the degree of
Doctor of Philosophy, The City University of New York.

1995

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Abstract

THE TIES THAT BIND:
AN EXAMINATION OF CONSUMPTION VALUES AT VARIOUS
STAGES OF A RELATIONSHIP MARKETING PROGRAM

by

Mary M. Long

Adviser: Dr. Leon G. Schiffman

The major perspective of this study is that consumers participating in relationship marketing programs differ as to the importance of consumption values depending upon their stage of relationship with the service provider. Utilizing the theory of consumption values (Sheth, Newman, and Gross 1991a, 1991b), this study examined how values of consumers differed at six different stages of relationship with a seller. This was tested empirically on a sample of 1,438 infrequent and frequent business flyers who belonged to frequent flyer programs.

Ten scales were developed to measure the five consumption values. Relationship stages were based on social psychological definitions of personal relationships adapted to fit a marketing context. These relationship stages were measured by two behavioral variables (number of round trip flights taken and number of frequent flyer

rewards received), and an attitudinal measure of commitment. Ten hypotheses were proposed which reflected how the consumption values changed in importance over the major stages of relationship with the seller.

The MANOVA and ANOVA results provided evidence that there were differences in nine of the values measures across all three of the originally proposed stages of relationship. Significant differences were also observed in the additional three stages which evolved from the analysis of the sample. In all, partial support was found for eight of the ten hypotheses. Thus, consumers in different stages of a relationship with a service provider do differ on consumption values.

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CHAPTER I

INTRODUCTION

Relationship marketing can be defined as marketing aimed at creating strong, lasting relationships with individual accounts or consumers (Jackson 1985). Its purpose is to develop brand and/or company commitment. Although direct marketing, sales promotion and general advertising may be used as part of a relationship marketing strategy, relationship marketing is distinguished from these by its focus on building a long-term bond between buyer and seller rather than focusing on an immediate sale (Copulsky and Wolf 1990).

In the past, marketing research has largely neglected the relationship aspect of buyer-seller behavior while tending to study transactions as discrete events. This lack of attention to antecedent conditions and processes for buyer-seller exchange relationships is recognized as a serious omission in the development of marketing knowledge (Dwyer, Schurr and Oh 1987).

Marketing to protect the customer base has become increasingly important in a wide variety of service industries as it has been recognized that long-term relationships with existing customers are less expensive to maintain than new customers (Berry 1983). If a close long-term relationship can be achieved, the possibility is high

that this will lead to continuing exchanges requiring lower marketing costs per customer (Gronroos 1990).

In addition to this focus on the customer base, an increase in market globalization and deregulation has intensified competition and motivated manufacturers to develop strategic advantages by establishing long-term relationships with channel members as well (Mattsson 1978).

Relationship marketing has gained increased importance since it has been argued (Cunningham 1980, Turnbull and Valla 1986, Gummesson 1987, Gronroos 1990) that the traditional view of marketing as a manipulation of the marketing mix by marketing specialists, while applicable to traditional consumer goods marketing, is only partially valid for services and industrial marketing. The marketing mix approach frequently does not cover all the activities that appear in the potentially long-term buyer-seller interactions that take place in services and industrial marketing. Therefore, a revised view of marketing as relationship management is required.

It has also been asserted that mass marketing's effectiveness is waning due to the vast number of media choices available to consumers and the fragmentation of society (Hopien 1990, McKenna 1991, Duboff 1992). The solution is better marketing that finds a way to integrate the customer into the company in order to create and sustain a relationship. Advances in technology have provided

techniques (e.g., UPC scanning equipment, relational database technology) that make tracking customers simpler, thus influencing the trend toward relationship marketing (Copulsky and Wolf 1990).

Furthermore, because of the accelerated purchase cycles of products and major components and the changing character of assurances under which purchases are being made (e.g., leasing versus buying), the orientation and strategy of the seller needs to change. A purchase decision is not a decision to "buy an item (to have, as in modern life, an affair), but a decision to enter a bonded relationship (to have a marriage)" (Levitt 1983a). Thus, Levitt (1983a) predicts a future of more intensified relationships in both industrial marketing and in frequently purchased consumer goods.

Purpose of the Study

From a practitioner's point of view, the function of relationship marketing is to develop a high level of customer loyalty in order to decrease long-term costs. Practitioners are particularly concerned with micro level issues such as the response rates and retention rates resulting from various communications and promotions. Although it is recognized by practitioners that a strong customer relationship depends on creating satisfaction for the consumer, there has been little or no research to

determine how consumer preferences change over the course of a relationship. What initially attracts a consumer to enter into a relationship with a product or service provider may change over time as repeated exchanges occur and the individual's needs change (Sudharshan 1994). As the relationship develops between the buyer and the seller, the importance of different consumption values, as well as the particular mix of consumption values themselves may change (Sudharshan 1994).

This study is concerned with examining how consumption values differ at various stages of a relationship between the buyer and the seller. As detailed in the following section "Theoretical Background," and in Chapter III, five consumption values will be examined over three different stages of relationship between consumers and service providers. This will be tested empirically on a sample of infrequent and frequent business travellers who use airlines.

Theoretical Background

The Sheth, Newman, Gross (1991a, 1991b) theory of consumption values provides prediction, description and explanation of consumption behavior based on five consumption values: functional value, social value, emotional value, epistemic value, and conditional value. Three fundamental propositions underlie the theory. The

first is that market choice is a function of multiple values. Second, these values make differential contributions in any given choice situation. Third, these values are mutually exclusive, i.e., they contribute incrementally to choice and have low intercorrelations.

Each of the five consumption values is defined as follows:

1. Functional value is defined as "the perceived utility acquired by an alternative as the result of its ability to perform its functional, utilitarian, or physical purposes. Alternatives acquire functional value through the possession of salient functional, utilitarian or physical attributes" (Sheth, Newman, Gross 1991b). Functional value is based on the intrinsic value of the product or service rather than on any extrinsic value such as that derived from the prestige or status associated with ownership of a product. A consumer motivated by functional value will choose the alternative that performs best on salient attributes, or that possesses the most of these attributes.

2. Social value is defined as "the perceived utility acquired by an alternative as a result of its association with one or more specific social groups. Alternatives acquire social value through association with positively or negatively stereotyped demographic, socioeconomic, and cultural-ethnic groups" (Sheth, Newman, Gross 1991b). Consumers who are motivated by social value will choose

alternatives associated with those groups to which they belong, identify with, or aspire to belong to.

3. Emotional value is defined as "the perceived utility acquired by an alternative as a result of its ability to arouse feelings or affective states.

Alternatives acquire emotional value when associated with specific feelings or when they facilitate or perpetuate feelings" (Sheth, Newman, Gross 1991b). Many products, such as those affecting self-image (e.g., clothing, cosmetics), as well as more utilitarian products are associated with or facilitate the arousal of specific emotions or feelings. A service may also be consumed because of the desire to experience the particular feelings it arouses (Sheth, Newman, Gross 1991b).

4. Epistemic value is defined as "the perceived utility acquired by an alternative as a result of its ability to arouse curiosity, provide novelty, and/or satisfy a desire for knowledge. Alternatives acquire epistemic value through the capacity to provide something new or different" (Sheth, Newman, Gross 1991b). Epistemic utility is often derived from stimuli that are unfamiliar and somewhat ambiguous or complex.

5. Conditional value is defined as "the perceived utility acquired by an alternative as a result of the specific situation or the context faced by the choice maker. Alternatives acquire conditional value in the presence of

antecedent physical or social contingencies that enhance their functional or social value, but do not otherwise possess this value" (Sheth, Newman, Gross 1991b).

Alternative Typologies

Sheth, Newman, Gross (1991a) acknowledge that each of these five consumption values is consistent with aspects of various comprehensive conceptual frameworks identifying multiple factors influencing human behavior. Although these frameworks by Maslow (1943), Katona (1952, 1954, 1971), Katz (1960), and Hanna (1980) do not necessarily deal with values, but with related constructs, each nevertheless contributes much to the Sheth, Newman and Gross model. How Sheth, Newman, and Gross view the contributions of these earlier frameworks to their present model are discussed below and summarized in Table I-1.

Katz's Functional Approach to the Study of Attitude

Katz (1960) provides a psychological framework for considering the functions which attitudes provide for personality. Katz's functional approach emphasizes that both attitude formation and attitude change must be understood in terms of the psychological needs they serve. The importance of the functional approach thus derives from the researchers ability to develop generalizations about human behavior based on the functions that attitudes

Table I-1
The Relation of Consumption Values to Other Behavioral Constructs

	<u>Functional</u>	<u>Social</u>	<u>Emotional</u>	<u>Epistemic</u>	<u>Conditional</u>
Maslow	physiological & safety	love & esteem	love	self- actualization, desire to know & understand	
Katona	necessities	fun & comfort	fun & comfort	spiritual & artistic	
Katz	instrumental, adjustive or utilitarian	value- expressive	ego- defensive & value expressive	knowledge	
Hanna	physical safety, material security, & material comfort	acceptance, recognition, influence		personal growth	

Source: Adopted from Sheth, Newman, and Gross (1991a, 1991b)

perform. In addition, Katz states that not only are there a number of motivational forces to take into account in considering attitudes and behaviors, but the same attitude can have a different motivational basis in different individuals.

Katz (1960) postulates four functions which attitudes perform for the personality: (1) the instrumental, adjustive or utilitarian function, (2) the ego-defensive function, (3) the value-expressive function, and (4) the knowledge function. Each of these functions is based on a level of psychological motivation, not on provisional external events or circumstances.

The instrumental, adjustive, or utilitarian function recognizes that attitudes are formed depending upon the present or past utilities of an attitudinal object for that individual. Because individuals strive to maximize rewards in their environment and minimize penalties, adjustive function attitudes are either the means for reaching a desired goal or avoiding undesirable ones.

Attitudes which have an ego-defensive function operate to defend one's self-image. These attitudes have the function of preventing the individual from revealing to himself and others his true nature.

Attitudes which have a value-expressive function act to establish and maintain one's self identity and confirm the

individual's notion of the type of person he sees himself to be.

Attitudes which have a knowledge function serve the individual's need for understanding, meaningful cognitive organization, and for consistency and clarity in what would otherwise be an unorganized, chaotic universe. The emphasis is on understanding the events which impact directly on their own lives.

According to Katz (1960), attitude arousal is dependent upon the excitation of some need in the individual, or some relevant cue in the environment. Attitude change occurs when the expression of the old attitude or its anticipated expression no longer provides satisfaction to its related need state hence, the individual feels blocked or frustrated.

These functions described by Katz can be considered analogous to the values postulated by Sheth, Newman, and Gross (1991b). Values and attitudes are similar in that both promote interchanges with the environment favorable to the preservation of optimal functioning. However, values are more basic and abstract and should have an effect on the development of attitudes and behaviors (Kahle 1983).

The Sheth, Newman, Gross functional value subsumes Katz's utilitarian function; emotional value corresponds to Katz's ego-defensive function; Katz's value-expressive function is similar to Sheth, Newman, Gross' social and

emotional values; and epistemic value corresponds to Katz's knowledge function value (see Table I-1).

Maslow's Hierarchy of Needs

Maslow (1943) postulated a hierarchy of basic needs which drive human behavior. These include: (1) physiological needs which include the need for food, water, etc., (2) safety needs, defined broadly as a preference for the familiar and the known rather than the unfamiliar and unknown, (3) love needs which include the desire for a place of belonging in one's social group, (4) esteem needs, which include the desire for reputation or prestige, recognition, attention, importance or appreciation from others, and (5) a self-actualization need which is the desire for self-fulfillment.

Comparing these basic needs to the theory of consumption values (Table I-1), Sheth, Newman, and Gross contend that their functional value subsumes Maslow's physiological and safety needs. Social value and emotional value correspond to Maslow's love needs, while social value also encompasses Maslow's esteem needs. Although Sheth, Newman, Gross (1991b) argue that their epistemic value construct is similar to Maslow's self-actualization need, it appears closer to an additional cognitive need postulated by Maslow -- the basic desire to know and to understand. This need includes the desire to satisfy curiosity, to get the

facts, and to be aware of reality and is similar to the Sheth, Newman, Gross epistemic value.

Katona's Psychological Economics

Katona (1953) argued for the use of psychological principles in furthering understanding of economic theory. The prevailing economic theory was a single motive theory in which a consumer's economic alternatives (i.e., spending, saving, investing, pricing, etc.) were based on the maximization of utility. But, Katona argued, the theory of maximization of utility is tautological because one can not conceive of observing any phenomena that contradicts it. Any contradiction of the theory can always be ascribed to changes in consumer's tastes, rather than an error in the logic of the theory. Because of this problem, Katona asserted that psychological hypotheses, based on a theory of multiple motivational patterns which change with circumstances and influence behavior would be better at explaining and predicting future economic behavior.

In other words, Katona advocates "psychological economics" where "action is a function of both enabling conditions and motivational forces" (Katona and Mueller 1954). Enabling conditions in psychological economics include such things as income, assets, and access to credit which set flexible limits on which motivational forces operate. Motivational forces, on the other hand, are of two

kinds: (1) those that depend on (or vary with) situational or environmental circumstances, and (2) those that depend on individual attitudes, opinions, and expectations. This second kind of motivational force acts as a filter; it may hinder action even though enabling conditions are favorable, or promote action even though enabling conditions are relatively unfavorable (Katona and Meuller 1954).

Later research by Katona, Strumpel and Zahn (1971) on affluent consumers suggests that once the necessities of life are taken for granted, the affluent consumer is free to extend his or her wants and aspirations to nonmaterial values. These include "comfort and fun" needs, and "cultural, artistic, and spiritual" pursuits.

As summarized in Table I-1, Sheth, Newman, and Gross (1991b) contend that their functional value construct includes the notion of Katona's necessities needs while social and emotional values correspond to comfort and fun needs and epistemic value includes spiritual and artistic needs.

Hanna's Typology of Consumer Needs

Hanna (1980) proposes a consumer needs typology which identifies and classifies basic human needs which may be satisfied through consumption activity. A consumer need is defined as "a state of the individual which arouses and directs his/her consuming activities toward attaining a

specific goal". Rokeach's (1973) terminal values, which have to do with preferred end-states, may also be described as basic human needs since they could be satisfied through consumption activity (Hanna 1980). Hanna's typology is constructed from need classification systems developed in other behavioral science disciplines (including Rokeach's RVS) to explain human behavior. The seven consumer needs Hanna identifies are as follows:

1. Physical Safety: "The need to consume products so as to avoid harm or danger in their use, and to preserve clean air and water in the environment."
2. Material Security: "The need to consume an adequate supply of material possessions."
3. Material Comfort: "The need to consume a large and/or luxurious supply of material possessions."
4. Acceptance by Others: "The need to consume products so as to be associated with a significant other or a special reference group."
5. Recognition from Others: "The need to consume products so as to be acknowledged by others as having gained a high status in one's community."
6. Influence over Others: "The need to feel one's impact on others' consumption decisions."
7. Personal Growth: "The need to consume products so as to be or become one's own unique self."

Comparing Hanna's typology of consumer needs to the

Sheth, Newman, Gross theory of consumption value (Table I-1), it appears that Hanna's needs for physical safety, material security, and material comfort are largely subsumed by the functional value construct. Social value encompasses Hanna's needs for acceptance by others, recognition from others, and influence over others, while epistemic value includes the need for personal growth (Sheth, Newman, Gross 1991b).

Analysis of Alternative Typologies

Sheth, Newman, and Gross (1991b) note several important distinctions between the theories cited above and their theory of consumption values. First, although several of the theories recognize the potential influence of situational variables, none explicitly include a construct similar to Sheth, Newman, and Gross' conditional value in their classification schemes. Thus, this theory is comprehensive, yet parsimonious since it integrates the constructs from the other theories. In addition, Sheth, Newman, and Gross have made explicit how to operationalize their constructs and have attempted to provide predictive as well as descriptive and explanatory value.

It has been suggested by Sudharshan (1994) that the importance of different consumption values should vary depending on the nature of the relationship with the seller. The theory of consumption values has been tested in more

than 200 consumer choice situations, although never in the relationship context described in this study.

Organization of the Remainder of the Dissertation

The remainder of the dissertation is presented in the following format: Chapter II provides a literature review of the meaning of relationship marketing and related terms in the areas of services marketing, industrial (business to business) marketing and channels, as well as, a literature review of the use of values in consumption decisions. Chapter III provides an examination of consumption values in various stages of a buyer-seller relationship in order to develop testable hypotheses. An overview of the research method including the development of measures is also included in Chapter III. Chapter IV describes the analysis and results of the study while Chapter V provides an interpretation of these results, discusses managerial implications, and suggests areas for future research.

CHAPTER II
LITERATURE REVIEW

Literature Review of Relationship Marketing

The idea of exchange is central to the meaning of marketing (Alderson 1957, Bagozzi 1979, Hunt 1983, 1991). However, the marketing discipline lacks both a coherent conceptualization of exchange and a well-developed theory for explaining exchange (Bagozzi 1979).

Relationships in marketing encompass a range of exchange phenomena with the focus spanning from inter-firm to between the firm and the individual consumer. For example, Morgan and Hunt (1994) identify ten forms of relationship marketing which they group into relational exchanges involving suppliers, lateral organizations, customers, and the firm's own employees or business units. Because there does not appear to be any one definition of relationship agreed upon by researchers, the meaning of relationships (and related terms) in services, industrial purchasing, and channels are described below. As noted in a review of buyer-seller relationships in industrial marketing by Wilson and Moller (1988), it is difficult to build directly upon the work of others since authors use the same words to label a construct but define and operationalize it differently. Although many constructs are shared among models, many others are not.

Relationship Marketing in Services

It is argued that the marketing concept, while applicable to consumer goods marketing, is only partially valid for services (Cunningham 1980, Turnbull and Valla 1986, Gummesson 1987, Gronroos 1990). The marketing concept favors an approach where the mass market is manipulated via the marketing mix (product, price, place, promotion). But it is in the area of personal contacts between seller and consumer where mass marketing is insufficient. Furthermore, Gummesson (1987) and Gronroos (1990) contend that the marketing concept should be replaced since it fails to recognize the notion of long-term interactive relationships inherent in services marketing.

According to Gummesson (1987), "marketing can be viewed as relationship management: creating, developing, and maintaining a network in which the firm thrives." Long-term customer relationships mean that the objective of marketing is to achieve enduring relationships with the customer although it is recognized that in some situations short-term sales (i.e., transaction marketing) may be profitable (Gronroos 1990).

In addition, relationships are central to strategic planning since they require time and a long-term perspective in order to be built and maintained. Because of the unique traits of services (i.e., intangibility, inseparability, variability and perishability), relationships and

interactions are of central importance. Marketing, production, delivery, consumption and service are partly carried out in direct interaction with the customer (Gummesson 1987). In fact, most services are the result of social acts which take place in direct contact between the customer and representatives of the service company (Normann 1984). Perceived quality is realized at the "moment of truth" when the service provider and consumer confront one another (Normann 1984).

The quality of the relationship, as well as the quality of the service, are the results of "efforts from both sides" -- the interaction between buyer and seller, where the customer acts as co-producer of the service (Gummesson 1987). By identifying these potential relationships, Gummesson recognizes that the interactions during the production process provide opportunities for marketing the service by creating favorable "moments of truth," thus encouraging customers to return and give referrals to others.

Relationship marketing as it applies to services is also described by Berry (1983) as "attracting, maintaining and -- in multi-service organizations -- enhancing customer relationships." The focus is on "cementing the relationship, transforming indifferent customers into loyal ones, serving customers as clients."

Berry (1983) recognizes five types of relationship

strategies which should be considered in developing a relationship marketing plan for services. The objective of these strategies, which may be used singly or in combination, is to create customer loyalty. First, a "core service" directed toward central market needs should be emphasized. This core service should serve as the focal point around which a relationship with the customer can be built. Second, service firms have the opportunity to tailor their services to the specific needs of the customer via a strategy of relationship customization. Information on specific customer requirements can be captured and used as needed, thus, according to Berry, providing customers with an incentive to remain rather than "starting over" with a new seller who does not know their specific requirements. Third, a strategy of service augmentation involving building "extras" into the service to differentiate it from competitive offerings may be used. The "extra" can be anything which is separate from the core service (e.g., a preferred customer club for air travellers), but to encourage customer loyalty it must not be readily available from competitors and it must be valued by the customer. Fourth, "relationship pricing," a price incentive similar to a quantity discount, may be used to encourage customers to consolidate much or all of their business with one supplier. This kind of relationship pricing may be employed in innovative ways, for example, frequent flier programs offer

travellers upgrades and free trips if they fly a certain number of miles on a given carrier. Utilizing this strategy, customers are given a price incentive to consolidate much or all of their business with one seller. Similar to views expressed by Gummesson (1987) and Gronroos (1990), Berry's fifth strategy of internal marketing has a managerial orientation. In other words, the employee of the service organization is viewed as the customer and must be satisfied in order for the organization to improve its capability of offering quality services to the external customer. For many organizations, the quality of the services sold is determined in a large part by the skills and work attitude of the personnel producing the services. Satisfied employees will be more likely to have better interactions with customers.

One of the few empirical studies in the area of relationship marketing and services compared two views of relationship marketing to find the determinants of consumers' satisfaction with a service (whole life insurance). In this study, Crosby and Stephens (1987) found that prior assumptions that a service relationship is entirely social are incorrect. The Relationship Generalization Model, consistent with some economists' views that the relationship is a quality surrogate and that buyers generalize positive feelings about the service provider to core aspects of the service, was rejected in favor of the

Rational Evaluation Model which views relationship marketing as adding value to the service by providing certain demanded "peripherals." However, buyers were mainly concerned with the core service quality and consider evidence from a variety of sources in their evaluations. Crosby and Stephens (1987) discovered that the core service had the largest impact on overall satisfaction while the agent's performance and the customer's feelings about the company had, by comparison, only a small impact. They concluded that it is naive to assume that the consumer "buys" the contact person and firm without attempting to evaluate the core service benefits. Good "peripherals" do not persuade the customer to accept an inferior core service.

However, Crosby and Stephens noted that their study did not address the use of relationship marketing for obtaining the initial sale; rather they considered the effects of agent and company follow-up actions on satisfaction. It is not always possible for the consumer to evaluate the core service before purchase, hence these peripherals may have greater importance in the pre-purchase stage. But the buyer-seller relationship is subject to constant renewal throughout the course of the relationship as the core service is continuously re-evaluated by the customer. As argued by Levitt (1981), the equity in the relationship must be enhanced, i.e., the service customer must be reminded of how well things are going after the initial purchase.

Again, utilizing the marriage metaphor, Levitt notes that "when an insurance prospect is heavily romanced and finally accepts marriage, the subsequent silence and inattention can be deafening." Hence, the need for careful and continuous management of the relationship.

Industrial (Business to Business) Relationship Marketing

Research on relationships in a business to business environment has developed separately in both Europe and the U.S. Until recently, neither group referenced the other, although both reach the same conclusion regarding formulation of a relationship strategy.

Through qualitative research of firms in five European countries, the International Marketing and Purchasing (IMP) Group found that one of the most important characteristics of industrial markets is that both supplier and customer are active participants in the relationship. "Long lasting relationships tend to develop as a risk reduction strategy and as a recognition of depending on the other party in the relationship" (Turnbull and Valla 1986). In other words, the IMP Group views industrial marketing as an exchange process with adaptive behavior of both supplier and customer taking place through organizational interaction over time. This is in contrast to the more traditional view of marketing which analyzes the reaction of an aggregate market to a seller's offering. The IMP Group's "interaction

approach" provides a conceptual framework for understanding the dynamics of industrial markets.

Four groups of variables are identified as influential in the interaction process. These include: (a) variables relating to the elements and processes of interaction such as products, services, information, financial, and social values; (b) variables characterizing the parties involved such as the product technology, organization size, structure, processes, and individual abilities, experiences, and objectives; (c) variables describing the environment in which the interaction takes place such as market structure, macro-economic factors, cultural, and geographic distance; and (d) variables serving to portray the "atmosphere" affecting and affected by the interaction, for example the power/dependence relationship, the degree of conflict and cooperation, and the overall social distance between the parties arising from their mutual perceptions (Cunningham 1980, Turnbull and Valla 1986). The strength and interrelations among these variables will account for the differences in intensity and scope among supplier-customer relationships.

Based on the IMP Group analysis, Ford (1980) also views buyer-seller relationships in industrial markets as taking place between two active parties. Either buyer or seller may take the initiative in seeking a partner. "Neither party is likely to be able to make unilateral

changes in its activities as buyer or seller without consultation, or at least consideration, of the possible reactions of their individual opposite numbers. Thus industrial marketing and purchasing can properly be described as the 'management of buyer-seller relationships' " (Ford 1980).

The development of relationships can be seen as a process in terms of the increasing experience of the two companies, the reduction in their uncertainty and the distance (social, cultural, technological, time, and geographical) between them, the growth of both actual and perceived commitment by the two partners, their formal and informal adaptations to each other and the investments and savings involved (Ford 1980).

Ford notes that the most significant problem of maintaining a long-term relationship is institutionalization. This may occur once firms have reached what Ford terms "the long-term stage," characterized by the companies' mutual importance to each other, usually reached after large-scale deliveries of continuously purchased products have occurred or after several purchases of major units. It is possible that the routine ways of dealing with the partner will cease to be questioned at this stage. This may occur even though these routines may no longer relate well to either parties' requirements. These institutionalized patterns of operation make it difficult

for a company to access its partner's real requirements and so it may appear less responsive or uncommitted to the relationship (Ford 1980).

To avoid the problems of institutionalization, the seller should separate operational and strategic management within its marketing function. In other words, a separate function -- strategic management -- is needed to constantly re-examine those activities which have been taken for granted in the firm's long-term relationships to see if they continue to be relevant to particular client relationships and market conditions (Ford 1980).

Among the U.S. researchers in this literature stream, Jackson (1985) describes relationships in industrial marketing as "marketing oriented toward strong, lasting relationships with individual accounts." She states that relationship marketing is not the best choice for all vendors or for all product marketplaces since buyers have differing time frames in their interactions with sellers. The determinants of an account's behavior can be viewed on a spectrum of possible behaviors. On one end of the spectrum, the "always a-share model" assumes that a customer can easily switch part or all of its patronage from one vendor to another. This type of customer experiences low switching costs and a short time horizon in its ties with suppliers. In this situation, transaction oriented marketing, focusing upon the timely exchange of basic products for highly

competitive prices, is more appropriate than a relationship approach. At the opposite end of the behavior spectrum, the "lost-for-good model" describes a customer facing high costs for switching vendors, and therefore is likely to change only reluctantly. "Since the account cannot easily switch its patronage, it will view commitment to a vendor as permanent and use a long time horizon in the relationship" (Jackson 1985). Therefore, the seller should also take a long-term view via a relationship marketing approach.

Jackson considers specific strategies in building and maintaining industrial customer relationships. For example, one should consider the time horizon of the customer in choosing marketing tools. Short and medium tools (e.g., price and advertising) are best suited for transaction marketing while relationship marketing require long-term tools (e.g., the vendor's general product policy, technological stance, and technical capabilities). Customers with long time horizons will not buy on the basis of short and medium tools alone although these tools can be used to support longer term tools.

Additionally, actions that build switching costs move the customer's behavior closer to that associated with the lost-for-good model. For example, after initial penetration of an account the vendor should switch to a systems approach so that the customer can gain valuable systems benefits from buying more of the vendor's individual products and using

them together. Switching costs may also be increased through the customer's investments in procedures, lasting assets, technology, time, money and training of employees needed to adapt to the vendor's new products or services. The larger and more disruptive the required investments, the more likely the customer is to have a long-term horizon (Jackson 1985). Thus, effective actions to build strong customer relationships may act as preemptive competitive moves since the first vendor to establish a strong relationship generally gains a strong competitive advantage (Jackson 1985).

Elaborating on Jackson's (1985) ideas, Anderson and Narus (1991) also view relationships along a continuum with purely transactional relationships, where the customer and supplier focus upon the timely exchange of basic products for highly competitive prices, on one end and purely collaborative relationships or partnerships on the other end. Collaborative relationships "come about through partnering, which is a process where a customer firm and supplier firm form strong and extensive social, economic, service, and technical ties over time, with the intent of lowering total costs and/or increasing value, thereby achieving mutual benefit" (Anderson and Narus 1991). This is the same notion expressed by Deming (1986) as "point 4" in his list of management strategies. Deming also emphasizes that a long-term relationship between the

purchaser and supplier based on loyalty and trust is necessary for minimizing total costs.

In order to formulate a relationship strategy, the initial task for the supplier firm is to partition or segment the marketplace into relatively homogeneous groups or firms which can then be treated as a "portfolio" of relationships. This strategy of creating a portfolio of customers with varying degrees of relationship focus has also been suggested by Levitt (1983) and the IMP Group (see Cunningham 1980, Turnbull and Valla 1986).

Relationship Marketing in Channels

As described below, interest in analyzing long-term relationships among channel members has also increased. Similar to relationships in industrial and services marketing, the intensity of channel relationships may vary across a wide spectrum subject to many of the factors found in interpersonal relationships.

Anderson and Narus (1984, 1990) developed a model of channel working relationships built upon theoretical concepts from channels literature and the theory of interpersonal relations developed by Thibaut and Kelley (1959) and Kelley and Thibaut (1978). Distributor and manufacturer working partnerships are defined as "the extent to which there is mutual recognition and understanding that the success of each firm depends in part on the other firm,

with each firm consequently taking actions so as to provide a coordinated effort focused on jointly satisfying the requirements of the customer marketplace" (Anderson and Narus 1990).

Anderson and Narus (1984) concluded that "strong relationships can be developed and maintained when a manufacturer provides outcomes that meet or exceed distributor expectations ... and that (considered as a whole) are superior to those available from alternative suppliers." Additionally, when benefits from a working relationship meet or surpass expectations, better distributor cooperation and satisfaction results.

Furthermore, in both the 1984 study which examined distributor's viewpoints and the 1990 study which looked at both manufacturers and distributors it was found that both partners share similar perspectives on the positive effect of meaningful communications for improving relationships.

Also working in the area of channels, Anderson and Weitz (1989) argued that "the degree to which a long-term relationship has been established with a channel member is reflected in the channel member's perception of the likelihood that the relationship will continue." Based on a study of relationships in the electronics industry involving manufacturers and their independent sales reps, Anderson and Weitz (1989) found three major elements in determining a long-term relationship -- continuity, trust and

communication. The relations postulated among these elements came from literature on social exchange, bargaining, and negotiation. They found that stable dyads are characterized by cordial interpersonal relationships, thus underscoring the importance of trust in business transactions. In particular, mutual trust is strongly influenced by the level of communications in the dyad with trusting dyads having a high level of two-way communication. However, in older dyads less intensive communications occur, perhaps because the dyad becomes communication efficient and understands one another better. Furthermore, dyads which involve significant stakes (defined as activities which are important to at least one of the parties) are more likely to continue. But these relationships require more effort on the part of at least one partner and hence have higher levels of communication (making them more trustful). More stable dyads also had a balance of power, i.e., one partner did not dominate the other.

Boyle, Dwyer, Robicheaux and Simpson (1992) examined the influence strategies in marketing channels in different relationship structures. Similar to Jackson's (1985) ideas on industrial markets, they view the structure of a channel on a continuum with discrete trading "market structures" at one end of the continuum and long-term, interdependent partners in "relational structures" at the other end. They contend that relational structures are marked by high

solidarity (the degree to which the importance of the preservation of the relationship is internalized by the exchange partners), mutuality (the equitable distribution of surpluses and burdens over the long-term) and flexibility (the partners' ability to adjust practices and policies given changing conditions in the future).

A General Theory of Relationship Marketing

More recently, Morgan and Hunt (1994) have proposed a general theory of relationship marketing which postulates relationship commitment and trust as the key mediating variables in successful relationships. This model was tested empirically on a national sample of independent automobile tire retailers. Morgan and Hunt (1986) concluded that networks characterized by relationship commitment and trust produce cooperative behavior, as well as acquiescence, a reduced tendency to leave the network, the belief that conflict will be functional, and reduced uncertainty. Variables which were postulated to lead to relationship commitment and trust included relationship termination costs, shared values, communication, opportunistic behavior, and relationship benefits. However, the linkage of this last variable to commitment and trust was not supported by the study.

Other Forms of Relationship Marketing

The terms symbiosis, collaboration, strategic partnership, teaming up and networking have all been used interchangeably (Varadarajan and Rajaratam 1986). It is contended that these, along with "domesticated markets" (Arndt 1979), just-in-time exchanges and the Japanese keiretsu are also forms of relationship marketing as they are typified by long-term commitments.

In nature, symbiosis refers to the harmonious living together of dissimilar organisms in a mutually beneficial relationship (Adler 1966). Therefore, symbiotic marketing has been defined by Adler as "the mutual cooperation between persons and companies which goes far deeper than the traditional business trade agreement." It is an alliance of resources or programs between two or more independent organizations, designed to improve the marketing potential of each.

In most symbiotic ventures, two companies create a third entity which may range from a temporary joint study group to a separately organized corporation owned by the two parents. Examples of symbiotic forms include: sharing of facilities, franchising, licensing agreements, joint product offerings, joint sales organizations, product partnerships, joint customer service, new business ventures, mergers and acquisitions (Adler 1966). It should be noted however, that others (e.g., Varadarajan and Rajaratam 1986) disagree with

the inclusion of mergers and acquisitions as a form of symbiosis since at least one of the organizations does not continue to maintain its unique identity.

Symbiotic marketing may also be viewed as a manifestation of "domesticated markets," typified by transactions that are moved inside a company or inside the boundaries of a group of companies committed to long-term cooperation (Arndt 1979). In contrast to the notion of the free or perfectly competitive market, many markets are structured as a result of voluntary, long-term binding commitments among the organizations involved (Arndt 1979). Thus, transactions in domesticated markets are handled by administrative procedures on the basis of negotiated rules of exchange.

Another related type of exchange is the just-in-time (JIT) exchange relationship. JIT relationships require that the supplier produce and deliver to the buyer precisely the necessary units and quantities required on a precise timetable as parts or materials are needed. Additionally, the material provided by the supplier is expected to conform to performance specifications, usually determined through a joint-design effort between buyer and supplier (Frazier, Spekman and O'Neal 1988).

In terms of the characteristics of exchange, JIT relations are closer than other industrial relational exchanges (Wilson and Mummalaneni 1988, Frazier, Spekman and

O'Neal 1988, O'Neal 1989). For example, JITs are characterized by a very long-term horizon with the need for close interfirm coordination in product development, quality assurance, and logistics distinguishing it from other forms of interfirm exchange. In addition, transaction costs (i.e., the costs of running a relationship) (Williamson 1975), investments, and risks are likely to be relatively high (Frazier, Spekman and O'Neal 1988).

Similar to the JIT system, the Japanese keiretsu can also be viewed as an extreme form of relationship marketing. The keiretsu industrial structure uses all of the market's infrastructure to achieve ownership of certain target markets. Strong relationships in technology, information, politics, and distribution help the Japanese firm to achieve a competitive advantage (McKenna 1991).

Relationship Building as a Process

In contrast to examining the nature of a current relationship between buyer and seller, other researchers have concentrated on developing a structure of the stages by which a buyer-seller relationship develops. For the purpose of developing hypotheses later on, it is important to keep in mind that priorities of the members of the dyad will differ depending on the stage of the relationship.

Wilson (1975), for example, proposes a dyadic process model concerned with the development of a long-term buyer

seller relationship rather than a "one-shot" selling situation. It begins with an initial meeting between buyer and seller, and moves through several stages that presumably occur over time and a number of meetings of the dyad. It is assumed that the buyer is attempting to secure a bundle of attributes, both tangible and psychological from the seller. During later stages of the relationship, new personal attributes of the relationship may develop that enable it to grow from a business affiliation to a more personal business/friendship relationship. Wilson cites examples of this type of relationship occurring in organizational buying situations, personal estate planning, life insurance and in some retail situations where strong customer loyalties are developed.

Based on the IMP Group analysis, Ford (1980) postulates five stages of development of the buyer-seller relationship in industrial markets culminating in a final stage in which business transactions become institutionalized. This stage is reached in stable markets over long periods of time.

Borrowing from social exchange theory (particularly Scanzoni 1979), Dwyer, Schurr and Oh (1987) propose a framework for relationship development that is general enough to encompass all types of buyer-seller relationships including industrial and consumer markets. They postulate that the process evolves through five general phases: (a) Awareness, in which there is recognition of a feasible

exchange partner; (b) Exploration, a search and trial phase marked by attraction, communication, bargaining, power, justice, norm development and expectations development; (c) Expansion, a stage marked by increasing interdependence; (d) Commitment, defined as an implicit or explicit pledge of relational continuity between exchange partners; and (e) Dissolution, withdrawal from the relationship.

There are commonalities among the three models in so far as each includes an initial attraction stage followed by a gradual increase in interactions and negotiations building up to a maintenance or commitment stage. However, the Dwyer, Schurr and Oh (1987) model is the most complete in that it recognizes a potential termination stage, although little detail is provided on its dynamics. Unlike Wilson (1975) or Ford (1980), they contend their model is general enough to encompass all types of relationship marketing situations including relationships with consumers.

A Synthesized View of Relationship Marketing

There does not appear to be any one definition of relationship marketing agreed upon by all researchers. Nevertheless, the consequences of successful relationship marketing as described in the above models lead to somewhat similar outcomes: satisfaction, which presumably leads to customer retention and continuity of the relationship (Crosby and Stephens 1987, Anderson and Narus 1990),

commitment (Ford 1980, Dwyer, Schurr and Oh 1987), customer loyalty (Berry 1983), improved quality of the relationship leading to an increased probability of sales opportunities (Crosby, Evans and Cowles 1990), and perceived continuity of the relationship (Anderson and Weitz 1989) or actual continuity (Jackson 1985).

The emphasis in all these descriptions is on developing long-term bonds with customers by making them feel good about how the company does business with them and by giving them some kind of personal connection to it (Stern 1993). In intimate personal relations, "individuals often do favors for one another not in the expectation of receiving explicit repayments but to express their commitment to the interpersonal relation and sustain it by encouraging and increasing commitment on the part of the other" (Blau 1964). Relationship marketers take a similar approach in that special services, discounts, extras, increased communications, etc. do not necessarily yield an immediate sale from the customer but over time an advantage is gained through sustaining and increasing exchanges with a core group of customers.

The concepts of customer loyalty and commitment are common threads in the descriptions of relationship marketing. These terms often used interchangeably (e.g., Martin and Goodell 1991) however, they are not always defined similarly. A social psychology definition of

commitment (Lund 1985) states that it may be defined as (a) judgments about a relationship's likely permanence, (b) expectations for avoiding involvement in other relationships, and (c) anticipation of losses if a relationship ends. Commitment may be interpreted as the pledging or binding of an individual to behavioral acts (Kiesler 1971). Similarly, Beatty, Kahle and Homer (1988) define brand commitment as an emotional or psychological attachment to a brand within a product class. It is distinguished from brand loyalty by its emphasis on attitude with no direct measures of behavior.

On the other hand, a widely held marketing definition of brand loyalty (Jacoby and Kyner 1973, Jacoby and Chestnut 1978) is expressed by a set of six necessary and collectively sufficient conditions. "These are that brand loyalty is (1) the biased (i.e., nonrandom), (2) behavioral response (i.e., purchase), (3) expressed over time, (4) by some decision-making unit, (5) with respect to one or more alternative brands out of a set of such brands, and (6) is a function of psychological (decision making, evaluative) processes."

However, another conceptualization of brand loyalty (Gilmore and Czepiel 1992) departs from those who define it behaviorally (e.g., Jacoby and Kyner 1973, Jacoby and Chestnut 1978). They contend that "loyalty is a noninstrumental attitude which intrinsically motivates an

actor to support the well-being of a [threatened] external entity with which there is a relationship." This is in contrast to instrumental attitudes which are oriented toward self-interest (e.g., product benefits and economic advantages). Gilmore and Czepiel (1992) argue that loyalty can maintain a relationship in some situations even where a competitor's offer is superior.

Alternatively, social exchange theorists recognize that individuals may remain in a relationship that is no longer satisfying because they feel that the failure of a close relationship represents a personal failure or because breaking it would require them to restructure their lives (Huston and Burgess 1979). Business relationships involve a continual reward-cost analysis by both parties that enables them to make decisions regarding the upgrading or downgrading of their relationship (Wilson 1975).

Failure to distinguish between the two constructs of commitment and loyalty is one weakness of the relationship marketing literature.

It will be assumed in the development of hypotheses in this study that the purpose of a relationship program is to build customer commitment. This will be measured using attitudinal scales which are described in the section "Measurement of Variables." A more traditional marketing view of loyalty represented by repeat purchase behavior will also be measured.

Relationships in the Context of Social Exchange Theory

Bonoma (1977) argues that all consumer behavior is basically social activity characterized by the presence and exercise of social influence between the interacting parties. As it is employed in the marketing literature, "relationship" is explicitly or implicitly derived from a social psychological definition of the term. It is necessary to clarify the definition of relationship as it is used in social exchange theory in order that concepts from this field can be applied to marketing.

In their work on social exchange theory, Thibaut and Kelley (1959) state that "the essence of any interpersonal relationship is interaction. Two individuals may be said to have formed a relationship when on repeated occasions they are observed to interact. By interaction it is meant that they emit behavior in each other's presence, they create products for each other, or they communicate with each other."

Homans (1958,1961) also adopts the view that interaction between persons is an exchange of goods, material and non-material (such as the symbols of approval or prestige). When an activity (or sentiment) emitted by one person is rewarded (or punished) by an activity emitted by another person, the two are said to have interacted, regardless of the kinds of activities emitted.

However, social exchanges may take place without the

emergence of a relationship between the two parties. For example, in the classical market exchange in economics, a buyer enters an exchange with a seller on one occasion, and with others on later occasions depending upon who provides the lowest price. There is no presumption that one buyer will enter into repeated exchanges with a particular seller. "Not until a person enters into repeated exchanges with the same other person may we even begin to speak of a relationship existing between them" (Homans 1979).

Relationships are viewed as a consequence of a social exchange process, which may be conceived of as a bartering of rewards and costs (with calculation of net profits) between the two parties (Homans 1958, Thibaut and Kelley 1959, Huston and Burgess 1979, Scanzoni 1979). Scanzoni (1979) extends this view noting that "relationships are maintained when actors perform valued services for others, and vice versa; and also when these performances continue to generate ongoing feelings of moral obligation to reciprocate benefits received."

This may explain, in part, the rationale for the seller providing extras beyond the core service -- to build a sense of obligation on the part of the buyer. However, this process may be mutual. As a customer provides more business, the seller in turn feels obligated to cater to the specific requirements of the customer, perhaps by providing additional customized services. If the perceived profit

involved in the relationship declines for one of the members of the dyad, then the nature of the relationship is likely to change.

Furthermore, according to social exchange theory, the consequences or outcomes of an interaction or series of interactions for an individual do not remain the same. As the same behaviors are repeated over and over, the reward value of each unit of behavior may decrease over time due to satiation of the need. A parallel effect would be expected on the cost side with the behavior gradually becoming more costly as fatigue sets in. Therefore, in order to keep rewards up and costs down, both members of the dyad are likely to shift over time, from one item to another in their repertoires of behavior (Thibaut and Kelley 1959, Homans 1958). This implies for marketers a need to build variety into their relationships with customers. Even in relationships that appear to be going well, the risks of satiation or fatigue require that relationships be constantly monitored.

Clearly, a social psychology view of relationships encompasses the kinds of long-term marketing exchanges discussed. Exactly how marketing relationships parallel social relationships will be explored in the discussion of the hypotheses.

Relationship Marketing vs. Retention Marketing

A review of relationship marketing would not be complete without a discussion of the related topic of retention marketing. As described below, these terms are distinctly different.

Literature on retention marketing focuses on preventing customer defections (Rosenberg and Czepiel 1984, Reichheld and Sasser 1990, Reichheld and Kenny 1990, Reichheld 1991, Carroll 1991, Kotler 1992). The key strategy of customer retention is to know the customers' expectations and to outperform competitors (Reichheld and Sasser 1990, Kotler 1992). A relationship approach is frequently seen as the way to accomplish this, especially since much of retention literature analyzes services, particularly banking, which as discussed above, are quite amenable to a relationship approach. However, this is not necessarily the only way to reduce customer defections; thus, customer retention may be the outcome of a relationship program but retention marketing does not fully address the processes and variables involved in relationship marketing.

There are several overlapping areas between retention and relationship marketing. Both approaches stress that not all potential customers are worth pursuing or keeping (Dwyer 1989, Reichheld and Kenny 1990, Copulsky and Wolf 1990, Carroll 1991, Reichheld 1991, Kotler 1992) and that customers should be segmented and receive different levels

of attention depending on their potential (Cunningham 1980, Jackson 1985, Turnbull and Valla 1986, Kotler 1992).

The notion of calculating the "lifetime value" of a customer (Dwyer 1989, Copulsky and Wolf 1990) is particularly relevant from a managerial perspective to both retention and relationship marketing. This lifetime value represents the present value of the expected benefits (e.g., gross margin) less the burdens (e.g., direct costs of servicing and communicating) from customers (Dwyer 1989). Kotler (1992) notes that for many companies their medium-size customers may actually be the most profitable since larger customers usually want a deep discount and special services. It is essential that the customer's lifetime value exceeds new customer acquisition costs. Building retention and lessening customer defection is seen as one method of increasing the lifetime value of a customer since the cost of acquisition can be amortized over time (Reichheld and Kenny 1990, Reichheld and Sasser 1990). It is also expected that longer-term customers will use the service more as they become more familiar with it, expand to other products of the firm, and refer new customers. If this is true, then the same will hold true for relationship programs because of their long-term focus.

The retention marketing literature also points to the importance of understanding the causes of defection (which parallels termination of a relationship). In fact, the

definition of a defection or terminated relationship is not always clear, particularly for services. At what point can a customer who has shifted some of its patronage to competitors be considered a defector (Reichheld and Sasser 1990)? Additional research also is needed to identify the determinants of a relationship that is on the verge of ending.

Literature Review of Values in Consumer Decision Making

Researchers in the behavioral science disciplines have long recognized the importance of the need, or value, construct for understanding human behavior (Hanna 1980). Attempts at ordering and describing different types of needs or values in the behavioral science disciplines have been summarized by Hanna (1980). These include for example, in the field of organizational behavior, Maslow's (1943, 1970) theory of human needs and Aldefer's (1969) theory of worker's needs; in personality psychology there is Spranger's (in Vernon and Allport 1931) personal values and Murray's (1938) viscerogenic and psychogenic needs; the area of social psychology has Rokeach's (1968, 1973) classification of personal values and Katz's (1960) motivational bases of attitudes; in sociology there is Riesman's (1950) social character classification; and Kluckhohn's (1961) value orientations are an example from cultural anthropology. The economics literature also

provides a description of different types of needs consumers may be seeking to satisfy (Katona, et al. 1971).

Numerous researchers have recognized that values should influence consumer decision making (Prakash and Munson 1985, Kassarian and Kassarian 1966, Rokeach 1973, Vinson, Scott, and Lamont 1977, Munson and McIntyre 1979, Reynolds and Jolly 1980, Mitchell 1978). Studies include research on values in consumption decisions for automobile purchase (Henry 1976, Scott and Lamont 1973, Vinson, Scott, and Lamont 1977, Vinson and Munson 1976), choice of leisure activities (Beatty, Kahle, Homer, and Misra 1985, Jackson 1973), the effects and consequences of media usage (Becker and Conner 1981, Ball-Rokeach, Rokeach, and Grube 1984), natural food shopping (Homer and Kahle 1988), and clothing attributes (Prakash 1984).

Although there have been numerous studies of the relationship between values and consumption behavior, the literature review will not concentrate on reporting the results of those studies which are not related to the research at hand. Rather, the emphasis will be on defining the value construct and distinguishing it from related cognitive constructs, reviewing the more widely used types of value research in marketing, and examining strategic implications of this research.

Defining Values, Needs, Attitudes, and Beliefs

Much of the research on values in marketing is based on the work of Rokeach (1968, 1973). Rokeach (1973) defines a value as "an enduring belief that a specific mode of conduct or end-state of existence is personally and socially preferable to alternative modes of conduct or end-states of existence. It concerns a desirable mode of behavior or end-state that has a transcendental quality to it, guiding actions, attitudes, judgments, and comparisons across specific objects and situations and beyond immediate goals to more ultimate goals".

Rokeach postulates two kinds of values: instrumental values which have to do with preferable modes of conduct, for example, honesty and courage; and terminal values which have to do with preferable end-states of existence, such as salvation and a world at peace. The Rokeach Value Survey (RVS), composed of a set of 18 terminal values and 18 instrumental values, has been the most commonly used taxonomy in marketing and consumer behavior studies (Prakash and Munson 1985).

According to Rokeach, values are organized into hierarchical structures and substructures called value systems which can be operationalized by rank ordering the values along a continuum of importance. Values function as standards that guide ongoing activities while value systems serve as general plans employed to resolve conflicts (i.e.,

between conflicting values) and to make decisions (Rokeach 1973). Values, according to Rokeach, also serve to maintain and enhance self-esteem.

Although some writers regard values and needs as equivalent, Rokeach makes clear distinctions between these terms and between values and attitudes. Rokeach states that a value is a single belief that guides actions and judgments beyond immediate goals to more ultimate end-states of existence. While the study of both animal and human behavior include defining needs, only in the study of human behavior are values important. "Values are the cognitive representations and transformations of needs... [They] are the cognitive representation not only of individual needs but also societal and institutional demands" (Rokeach 1973). For example, aggressive needs may be transformed into values concerning ambition, honor, family, or national security.

A value is distinguished from an attitude which is "a relatively enduring organization of beliefs around an object or a situation predisposing one to respond in some preferential manner" (Rokeach 1968). Values and attitudes differ in many respects, notably that values serve as standards while attitudes do not. Attitudes are favorable or unfavorable evaluations of an object or situation based upon a relatively small number of values serving as standards (Rokeach 1973).

On the other hand, "a belief is any simple proposition,

conscious or unconscious, inferred from what a person says or does... The content of a belief may describe the object of belief as true or false, correct or incorrect; evaluate it as good or bad; or advocate a certain course of action or a certain state of existence as desirable or undesirable" (Rokeach 1968).

Importance of the Value Construct

Rokeach argues for the importance of the value construct over the attitude construct since value is a determinant of attitude as well as of behavior. Additionally, since it is assumed that an individual possesses many fewer values than attitudes, then using the value concept is a more parsimonious way of describing and explaining the similarities and differences among individuals, groups, nations, or cultures (Rokeach 1968). Rokeach postulates a hierarchically connected system of attitudes and values where thousands of attitudes within an individual's belief system may all be in the service of, and cognitively connected to, only a few dozen instrumental values which are in turn, connected with an even fewer number of terminal values.

Values also have a more immediate link to motivation than do attitudes. "If an attitude also has a motivational component, this is so only because the valenced (valued) attitude object or situation is perceived to be positively

or negatively instrumental to value attainment" (Rokeach 1973).

As an alternative to the Rokeach Value Survey, the List of Values (LOV) developed by Kahle 1983 is a simplified list of only 9 values. LOV is derived from the values research of Feather (1975), Maslow (1954), and Rokeach (1973) and from social adaptation theory (Kahle 1983). Although some of the LOV values are similar to the RVS, LOV's proponents contend that the shortened list is both more relevant to individuals in their daily lives as well as easier to rank (Kahle 1983).

Examination of Major Types of Values Research in Marketing

Much of the past research in marketing has examined "value" in the context of expectancy-value analysis (eg. Rosenberg 1956, Fishbein 1963). Expectancy-value models focus on assessing product attributes in relation to brand preference. Although this research is useful in predicting brand choice, it does not explain why consumers evaluate product attributes differently and thus prefer one brand over another (Vinson, Scott, and Lamont 1977). Therefore, these types of models will not be considered for this study.

Personal values, on the other hand, have been explored in marketing research as both a basis for market segmentation and product positioning. There is a widespread belief among marketers and advertising practitioners that

understanding the dominant values of the target audience and the link between a product and a consumer's value system is essential to positioning (Reynolds 1985).

Reynolds (1985) views the research on the application of values to segmentation as following either a macro or micro approach. Both the macro and micro approach are essentially the same in that they postulate that values drive behavior. However the micro approach (means-end theory) is more specific regarding the process (Reynolds 1985).

The macro approach, as described by Reynolds (1985), is based upon developing a classification system to segment individuals into groups defined by value orientation. This approach is grounded in sociology and survey research methodology. SRI's VALS Program (Mitchell 1983) and the work of Yankelovich (1964) are typical of this approach. Examples of employing values for market segmentation include AT&T's use of VALS for identifying telephone users (Veltri and Schiffman 1984) and Young and Rubicam's implementation of VALS to aid in launching advertising campaigns (Holman 1984).

In a review of the values literature, Prakash (1984) notes that most marketing studies in the area of segmentation have examined the influence of antecedent variables (e.g., ethnic background, age, sex, income, and education) on personal values employing the Rokeach Value

Survey as the dependent variable. For example, Vinson, Munson and Nakaniski (1977) and Ness and Stith (1983) examined the role of ethnic background in accounting for differences in personal values and Crosby, Gill and Lee (1983) examined the effect of age and life cycle on personal values.

The micro approach, according to Reynolds (1985), is derived from psychological theory and utilizes in-depth qualitative methods to understand consumer motivations. These methods were originally applied to marketing problems by Dichter (1960). More recent research includes applications of means-ends theory to connect consumers' values to their behavior (Howard 1977, Vinson, Scott and Lamont 1977, Gutman 1982, Young and Feigin 1977).

"Means" are represented by objects (products) or activities in which people engage while "ends" are valued states of being such as happiness, security, accomplishment. Means-end chain models seek to explain how a product or service selection enables individuals to achieve a desired end state by examining the hierarchical links between features of products or brands and consumers' values (Howard 1977, Gutman 1982). Howard's (1977) means-end chain model utilizes Rokeach's (1973) values but goes beyond Rokeach's model by postulating that at each level in the consumer's evaluative structure there are particular values which generate choice criteria for the corresponding level of the

individual's semantic structure. The lowest level in the evaluative structure (instrumental values) generates choice criteria for choosing among brands; the next highest level (terminal values) generates choice criteria for choosing among product classes.

In other words, values represent schemata for consumption decisions (Prakash and Munson 1985). More specifically, consumer values provide consequences (arising from the consumer's behavior choices) with valence and importance. The importance of the consequence is modified by the particular situation. Desired and undesired consequences serve as a criteria for the consumer to identify a grouping of products which will produce the relevant consequences. These products are selected on the basis of the attributes they possess with the attributes in turn implying the products' ability to produce consequences (Gutman 1982).

Strategic Implications for Values Research

The importance of values in consumer choice behavior implies several decisions which marketing managers must make. Since the meanings and motives underlying the consumption of many products may depend upon the values involved, effective marketing communications ought to recognize the relationship between values and motives (Kahle 1985). Appealing to closely held personal values might make

consumers more aware of an attribute of a product which previously may not have been considered salient (Vinson, Scott and Lamont 1977).

CHAPTER III

HYPOTHESES AND RESEARCH METHODOLOGY

This chapter presents the study hypotheses and its research methodology. The first section discusses the rationale behind the hypotheses; that is, the relationship between consumption values and stages of a relationship. The second section formulates the hypotheses. In the third section, the method, including the questionnaire development, sample, measures and procedures, is described.

Values and Relationship Marketing

As a relationship develops between a buyer and a seller, the importance of different consumption values, as well as, the particular mix of consumption values themselves may change. Over the course of the relationship, as repeated exchanges occur, an individual's needs change. Additionally, the presence of certain values may begin to be taken for granted while other values might become more salient as the buyer-seller relationship changes from casual to committed (Sudharshan 1994).

This view is also supported by the social exchange literature. Changes in the importance of consumption values in a marketing relationship context can be viewed as analogous to the changes in rewards over the course of a social relationship.

Levinger and Huesman (1980) distinguish between discrete behavioral rewards and relational rewards. While behavioral rewards are the immediate rewards that result from the behavior choices of an actor, relational rewards are a function of the actor's level of relational involvement. In other words, a relational reward depends upon an interpersonal relationship which continues over time, not upon any single behavioral event. An example of these types of rewards might be the benefits obtained by an individual who marries someone of a higher social class. An immediate behavioral reward is achieved through a union of financial assets. For the person of lower social class, social status is achieved over time in the community because of being in a particular relationship (Huston and Burgess 1979).

Furthermore, these rewards can have either direct or attributional components. The direct component consists of an immediate pleasure (e.g., as when one succeeds in a difficult task). The attributional component stems from an interpretation of what has happened (e.g., as when high grades on exams are interpreted as confirmation that one can succeed in the future). While the direct component of a reward often depends on a single interpretation or event, the attributional component requires a lengthy sequence of behaviors and outcomes (Levinger and Huesman 1980).

Analogously, which consumption values become more

important may be a function of the stage of the relationship between the consumer and the service provider. For example, which functional values are more important, those from the core service versus those from relationship extras, may depend on how long the consumer has been in the relationship and the consumer's interpretation of the consumption value.

Models of the stages of relationship development from social psychology (e.g., Scanzoni 1979) and the relationship marketing literature (e.g., Ford 1980, Dwyer, Schurr and Oh 1987) all postulate that relationship development begins with an initial attraction stage followed by a gradual increase in interactions and negotiations building up to a maintenance or commitment stage. It is useful, for the purposes of this study, to collapse these stages into three more readily measurable general categories of relationship as described by Levinger (1974) -- awareness, surface contact, and mutuality.

As a basis for developing the hypotheses in the next section, the stages proposed by Levinger are briefly defined and their meaning translated from social psychological terms to marketing terms. In order to facilitate meaning in a relationship marketing context, they are also given more descriptive labels relating to both behavioral and psychological aspects of the particular stage. Figure III-1 compares these two models of relationships. A more detailed explanation of how the proposed relationship stages are

measured is included in the section "Measurement of Variables" and summarized in Table III-1.

The Awareness Stage

In the first stage, awareness, the individual knows of the other, but an interaction has not yet occurred. Thus, in terms of marketing, if a consumer has an attitude about a brand which has not yet been tried, then the consumer may be said to be in the awareness stage. A more descriptive label that will be utilized in this dissertation is "no usage-awareness" stage

The proposed characteristics of the no usage-awareness stage are as follows:

- the service has not been tried
- the individual does not belong to a relationship program for that service
- the individual does not express any commitment towards the relationship program

The Surface Contact Stage

The next stage, surface contact, involves formal or superficial contact. As described by Levinger (1974), this type of exchange consists of either a transitory first meeting or a segmental role relation in which the interaction involves little more than a token "hello" and minimal contact.

It is postulated that this stage is reflected in a marketing context by consumers who have a relatively low

Table III-1
Measurement of Stages of a Buyer-Seller Relationship

<u>Variable</u>	<u>No Usage Awareness</u>	<u>Low Use Superficial</u>	<u>High Use Opportunistic</u>	<u>High Use Bonded</u>
usage level of service	none	low	high	high
# memberships	none	few	many	few
length of time in program	none	short	long	long
usage of rewards	none	none/low	many	many
commitment	none	low	none/low	high

usage level of the product category and who are not committed to any particular brand or program. Contact with the service provider is considered to be superficial since the consumer probably benefits very little, if at all, from belonging to a relationship program. Also, it is likely that the service provider exerts minimal effort on these low usage consumers in comparison with very frequent users. Thus, it is more descriptive to label this stage as "low usage-superficial."

The proposed characteristics of the low usage-superficial stage are as follows:

- low usage of the service
- the individual belongs to only a few relationship programs for that service
- the consumer has been in the relationship program for a relatively short period of time
- the consumer does not express any commitment towards a particular relationship program
- the consumer is entitled to few or no special rewards from the relationship program

The Mutuality Stage

The final stage, mutuality, is marked by a relationship that is personal, intense, and intimate. According to Levinger (1974), the mutuality stage can be viewed as a continuum, with the base line being surface contact and extending to the point where members of the dyad are no longer attending to alternatives. In a marketing context, it is postulated that the mutuality stage has two different

categories -- "high use-opportunistic" and "high use-bonded." The common characteristics of each subgroup in the mutuality stage are that the usage level of the service is relatively high and the usage of special rewards stemming from the relationship program is relatively great. From the service provider's point of view, the relationship is intense and special effort is exerted to keep this high usage group loyal. The differences between the two subgroups are described below.

The High Use-Bonded Stage

This most committed point in a relationship is marked by the characteristics listed below; the consumer is bonded to only one or two relationship programs and brands and uses these heavily.

The characteristics which are proposed to mark the high use-bonded stage are:

- the consumer belongs to few relationship programs within a service category
- the consumer has been in the relationship program for a relatively longer period of time than the low usage-superficial consumer
- the consumer receives and uses special rewards from the relationship program
- the consumer expresses commitment for a particular service provider and relationship program

The High Use-Opportunistic Stage

However, the situation may occur in which the consumer appears committed to a relationship because of his or her high level of usage but is in fact involved in many programs at a relatively high usage rate. This might occur for a very frequent business traveler who is forced by circumstances to utilize several different services and hence, appears to each service provider to be a loyal user. This type of opportunistic user has a relationship beyond superficial with the service provider but is less attached to the service provider than the bonded consumer. Therefore, the high use-opportunistic consumer will be considered to be in the mutuality stage but at a relatively lower end of the commitment continuum in comparison to the highly committed consumer. The opportunistic consumer is similar to the bonded consumer in that the usage level of the service is relatively high, he or she has been involved in the relationship program for a relatively long period of time, and he or she has been entitled to and used special rewards from the relationship program. However, the opportunistic consumer will be distinguished in this study from the bonded consumer as follows:

- the consumer belongs to many relationship programs within a service category
- the consumer expresses little or no commitment towards a particular relationship program

Hypotheses

Based on these borrowed definitions by Levinger (1974) of the three major stages of a relationship -- Awareness, Surface Contact, and Mutuality -- and the contention by Sudharshan (1994) that the salience of consumption values changes over the course of a relationship, ten hypotheses are proposed. The hypotheses reflect how the five consumption values postulated by Sheth, Newman and Gross (1991a, 1991b) -- functional, emotional, social, epistemic, and conditional -- change in importance to the consumer over the major stages of a relationship with the seller. How these stages and values are operationalized will be explained in the next section.

In the no use-awareness stage, an individual is aware of the various travel services and frequency programs available but has not as yet tried them. It is unlikely that any strong feelings are aroused by the mention of these services or that they provide any kind of novelty or knowledge for a non-user. It is most likely that those in the awareness stage do not use the service because of an overriding conditional value, e.g., they do not travel far. However, most non-users would be familiar enough with airline services to make an evaluation of their functional values.

Hypotheses regarding the no use-awareness stage are included in the last chapter under "Limitations and Future

Research" as part of a complete explanation of all stages but will not be tested. Since the primary emphasis in relationship marketing programs is on maintaining current customers, non-users are not examined in this study.

Consumers who are in the low usage-superficial stage belong to few relationship programs within a particular service category and have relatively low usage of the service compared to those in the high usage stages. It may be that consumers in the low use-superficial stage are overly optimistic about the potential benefits to be gained through joining a frequency program. Alternatively, they may join relationship programs out of curiosity or perhaps it makes them feel special that they were asked to sign-up. Joining frequency programs may also have a social value since it provides a sense of belonging to an elite group of travelers or at least gives the appearance of keeping up with more frequent travellers. However, since those in the low use-superficial stage are neither loyal to a particular frequent flyer program nor frequent flyers, they may be more sensitive to conditional values, for example, getting a direct route rather than focusing on earning more mileage points (a functional value that they not be able to ever use).

Consumers in the high usage-bonded stage are frequent users of a particular service and appear to be "brand loyal." They may be more concerned than others with

sticking with their preferred service provider even if it not the most convenient choice. In other words, they may be more flexible when it comes to conditional values such as time of departure.

Social value may become more important to the high use-bonded traveller since their usage is more visible to others. For example, they might be recognized and greeted by name by the employees at an airport lounge. Additionally, they may derive a great deal of emotional value from a heightened sense of importance from being a valued customer. Functional values associated with relationship extras are also likely to be very important since the consumer at this stage has become accustomed to being treated special and accumulating increasing amounts of rewards (i.e., mileage or points) for his or her patronage.

Although some of the actual rewards may no longer be novel, the high-use bonded consumer who repeatedly uses the same frequency program may still obtain epistemic value from the novelty associated with the company's newsletter or from the variety of new rewards offered.

The high use-opportunistic stage differs from the previous stage in that the consumer belongs to many frequency programs and switches among them frequently. It is likely that those in the high use-opportunistic stage attach greater importance to conditional values (e.g., the flight fits in with their business plans) which result in

using many different service providers to satisfy their needs. Alternatively, a consumer who belongs to many different frequency programs may have a strong desire to try new things or be bored with his or her usual choice.

Because consumers in the opportunistic stage are not brand loyal, it is postulated that they are less concerned with functional values related to relationship programs, such as accumulating milage on a particular airline, than consumers in the bonded stage.

Based on the above discussion the following ten hypotheses (summarized in Table III-2) will be tested:

- H1: Consumers in the bonded stage will attach relatively more importance to emotional values than will superficial and opportunistic consumers.
- H2: Opportunistic consumers will attribute more importance to emotional values than will superficial consumers.
- H3: Consumers in the bonded stage will attach relatively more importance to social values than superficial or opportunistic consumers.
- H4: Opportunistic consumers will attribute more importance to social values than will consumers in the superficial stage.
- H5: Consumers in the opportunistic stage will attach relatively more importance to epistemic values than consumers in the superficial or bonded stages.
- H6: Consumers in the bonded stage will attribute more importance to epistemic values than will superficial consumers.

- H7: Consumers in the opportunistic stage will attach relatively more importance to conditional values than will superficial or bonded consumers.
- H8: Consumers in the superficial stage will attribute more importance to conditional values than will bonded consumers.
- H9: Consumers in the bonded stage will attach relatively more importance to functional values than will superficial or opportunistic consumers.
- H10: Superficial consumers will attribute more importance to functional values than will opportunistic consumers.

Table III-2
Summary of Hypotheses

<u>Consumption Value</u>	Low use <u>Superficial</u>	High use <u>Opportunistic</u>	High use <u>Bonded</u>
Emotional	low-moderate	moderate	high
Social	low-moderate	moderate	high
Epistemic	low-moderate	high	moderate
Conditional	moderate-high	high	low
Functional	low-moderate	low	high

Methods

This section describes the development of the survey instrument, selection of the sample, procedures for administering the survey, and the measures used.

Questionnaire Development

This dissertation utilizes a self-administered questionnaire to assess how consumption values held by the buyer vary at different stages of the buyer-seller relationship. Although the Rokeach Value Survey (RVS) and the List of Values (LOV) have been widely used to examine other marketing scenarios, these scales have not been employed in a long-term relationship marketing context. Sheth, Newman, and Gross (1991b) recommend that specific measures of the consumption values be derived for the particular product or service under study. Therefore, it was necessary for the purposes of this study to develop scales to measure consumption values at the various stages of the buyer-seller relationship within the airline industry.

Measures of the five consumption values were developed according to the general guidelines suggested by Churchill (1979). To begin with, the domain of the constructs was based on a review of the literature on relationship programs, as well as, nine in-depth interviews with business travellers who belong to frequent flyer programs.

As a preliminary step, a group of three doctoral students with varying degrees of business and pleasure flying experience were informally interviewed and audio taped. A discussion guide (Appendix A) was then developed for use in the nine in-depth interviews with business travellers.

A convenience sample of experts was used for the in-depth interviews. Individuals were selected who could offer insights into the buyer-seller relationship because of their experience with using frequent flyer programs. All interviews were audio taped and later examined for recurrent themes which were then used to develop measures of the independent variables.

The in-depth interviews yielded a total of 273 potential measures for the five consumption values. The researcher eliminated ambiguous items and items which were essentially similar, reducing the total number to 169. In order to further eliminate items which were ambiguous and increase the face or content validity of the measures, four judges (Baruch marketing faculty) independently classified each item into one of the five categories of consumption values based on the definitions provided by Sheth, Newman, and Gross (1991b). Items which were similarly classified by at least three of the judges were retained, all other items were rejected. Subsequent revisions resulted in the items described in the Measures section and in Appendix B. The

survey also included measures to classify respondents as to the stage of their relationship with the airline as well as, assorted demographic measures.

Sample

The survey instrument was mailed to 2969 subscribers of InsideFlyer, a monthly news and features publication for members of airline or hotel frequent traveller programs. According to the list broker, 98 percent of the list consisted of business addresses implying that the majority of subscribers traveled for business purposes. Therefore, this was an appropriate list to reach the desired target group for this study. Names were selected from the total subscriber list of approximately 116,000 by starting at a random point and selecting names on an nth name basis.

Procedures

The mailing occurred in three waves during the first three weeks of November 1994. Three days prior to each mailing, notification postcards were mailed to participants informing them that they would be receiving a questionnaire and asking them for their assistance in the study (Appendix B). A cover letter explaining the purpose of the study (Appendix B) and a postage paid reply envelope were included with the survey instrument. All mail was sent first class. As an incentive, respondents were offered to opportunity to

participate in a lottery for a \$200 cash prize.

Measurement of Variables

Measures of the independent variables (the consumption values) and dependent variables (stages of the relationship) are described in this section.

Independent Variables

Except where noted, preliminary measures of the five consumption values -- functional, emotional, social, epistemic, and conditional -- were based on the in-depth interviews with members of frequent flyer programs. These values were measured on a seven point likert-type scale anchored by "strongly agree" and "strongly disagree." The introductory wording for each set of consumption value questions was adapted from the phrasing suggested by Sheth, Newman, and Gross (1991b) in order to be relevant to users of frequent flyer programs.

Functional Values

Functional values were measured using the introductory phrasing and the ten statements listed below. An "r" indicates the statement was reverse coded.

Thinking about the benefits and problems you associate with belonging to frequent flyer programs, please indicate your level of agreement or disagreement with the following statements.

My frequent flyer program(s)...

- F1 ...provides benefits which compensate for the inconvenience of having to travel for business
- F2. ...is important to me because it enables me to get free or discounted upgrades
- F3.(r) ...doesn't treat me better than other members who do not travel as much as I do
- F4.(r) ...sometimes makes mistakes in crediting mileage to my account
- F5. ...helps reduce the costs of vacations
- F6.(r) ...requires that I spend a lot of time and effort making decisions based on getting mileage points
- F7.(r) ...has too much paperwork to keep track of
- F8. ...enables me to get treated better than other travellers who do not belong
- F9.(r) ...is not very prompt about sending me my awards
- F10. ...enables me to get preferred seating on the airplane

Emotional Values

Emotional values were measured using the introductory phrasing and the nine statements listed below.

People sometimes have quite definite feelings and emotions about frequent flyer programs. Please indicate whether you personally experience any of the following feelings associated with belonging to a frequent flyer program.

- E1. I feel good when I look at my statement showing the number of mileage points earned

- E2. When I receive upgrade coupons or special offers, I feel as if the airline is trying to keep me satisfied
- E3. Once you start accruing miles, it's addictive, you just want to keep getting more
- E4. Using a frequent flyer program makes me feel special
- E5.(r) When I receive my statement showing the number of points accumulated, I feel disappointed that I have so few points accumulated
- E6.(r) When I cash in my mileage points, I feel sad that I no longer have as many points as before
- E7.(r) I feel bad if I miss an opportunity to get mileage points
- E8. Accruing a lot of points in a frequent flyer program gives me a feeling of accomplishment
- E9. My use of frequent flyer programs gives me a chance to show off to other people

Social Values

Because few items for the social value measure were generated through the in-depth interviews with members of frequent flyer programs, the measure was supplemented with general descriptions of consumers found in several consumer behavior textbooks. Social values were measured using the introductory phrasing and the 18 statements listed below.

Not everybody is a member of a frequent flyer program. Some people are more likely to belong than others. How strongly do you agree or disagree that the following groups or types of people are likely to belong to frequent flyer programs?

- S1. Individuals who like recognition
- S2. Optimistic people
- S3. Someone who relies on his/her own opinions rather than the opinions of others
- S4. Successful business people
- S5. People who generally don't like to join other types of clubs
- S6. Price/value conscious people
- S7. Individuals who are concerned about impressing others
- S8. People who went to Ivy League schools
- S9. People who like order and stability in their lives
- S10. People who are achievement-oriented
- S11. Someone who is independent
- S12. People who are open-minded
- S13. Organized individuals
- S14. Someone who likes variety
- S15. Practical people
- S16. Someone who likes "the good life"
- S17. People who are hardworking
- S18. Someone who is family-oriented

Epistemic Values

Statements marked with an asterisk (*) indicate items which were adapted from generic epistemic items suggested by Sheth, Newman, and Gross (1991b). All other items were

derived from the in-depth interviews. Epistemic values were measured using the introductory phrasing and the seven statements listed below.

Some people are members of a frequent flyer program because they are curious about it or simply want to add some excitement to their lives. Thinking about frequent flyer programs, how strongly do you agree or disagree with the following statements?

- P1. I try to find out everything I can about how to best use a frequent flyer program
- P2. I like to read the mailings/newsletters from my frequent flyer program
- P3. Belonging to a frequent flyer program allows me to go places that are out of the ordinary
- P4.* I originally joined a frequent flyer program because I like to do things that are new and different
- P5.* I originally signed up for a frequent flyer program in order to learn about it
- P6.* I like to try different frequent flyer programs for a change of pace
- P7. I like to read information about frequent flyer programs from independent sources not associated with the airlines

Conditional Values

Conditional values were measured using the introductory phrasing and the six statements listed below.

Certain events and conditions motivate people to behave differently than their regular behavior or habit. Do you believe that the following conditions might cause you to shift your preference from one frequent flyer program to another?

I would consider switching if...

- C1. ...I could get a more direct route even if I don't earn the mileage points I want
- C2. ...I could get to my destination at a more convenient time even if I don't earn the mileage points I want
- C3. ...I consistently received poor service from the airline, even if I had a lot of miles built up in their frequent flyer program
- C4. ...it were easier to earn more mileage points with another program
- C5. ...the rules were changed so it was harder to earn benefits from the program
- C6. ...I felt I wasn't appreciated and recognized by the airline for being a member of a frequent flyer program

Dependent Variables

As detailed previously in the section "Values and Relationship Marketing," each of the stages of a relationship can be measured by a combination of five variables: usage level of the service, number of memberships in relationship programs for the service category, length of time in the relationship programs, usage of membership rewards, and commitment expressed toward the service provider. The variables which are proposed to be characteristic of each stage include both behavioral variables, as well as, a psychological measure of commitment. The relative level of each of these variables

at a particular stage of a relationship was summarized in Table III-1.

One caveat involved in measuring the behavioral variables is that access to the service providers' customer databases, which could provide precise information on service usage, is unavailable. Responses to these questions rely on the participant's memory. However, from the initial qualitative research it was determined that participants felt they could accurately answer questions related to their usage of the services and frequency programs. The dependent variables were measured via the questions below.

Usage level of the service

1. How many times did you fly round trip in the last 12 months?

<input type="checkbox"/> none	<input type="checkbox"/> 16 - 25 times
<input type="checkbox"/> 1 - 4 times	<input type="checkbox"/> 26 - 35 times
<input type="checkbox"/> 5 - 9 times	<input type="checkbox"/> 36 or more times
<input type="checkbox"/> 10 - 15 times	

2. In how many frequent flyer programs did you actually earn mileage points for flying in the last 12 months?

<input type="checkbox"/> 1 program	<input type="checkbox"/> 4 programs	<input type="checkbox"/> 7 programs
<input type="checkbox"/> 2 programs	<input type="checkbox"/> 5 programs	<input type="checkbox"/> 8 or more
<input type="checkbox"/> 3 programs	<input type="checkbox"/> 6 programs	programs

Usage of membership rewards

3. How many free tickets did you actually claim in the last 3 years?

<input type="checkbox"/> none	<input type="checkbox"/> 3 tickets	<input type="checkbox"/> 6 tickets
<input type="checkbox"/> 1 ticket	<input type="checkbox"/> 4 tickets	<input type="checkbox"/> 7 tickets
<input type="checkbox"/> 2 tickets	<input type="checkbox"/> 5 tickets	<input type="checkbox"/> 8 or more tickets

4. In the last 2 years, how many times did you use a special award, such as an upgrade coupon, that you received because of a frequent flyer program?

none 3 times 6 times
 1 time 4 times 7 times
 2 times 5 times 8 or more times

Number of memberships in frequent flyer programs

5. Which airlines' frequent flyer programs do you belong to?

Length of time in the relationship program

6. How long ago did you enroll in your first frequent flyer program?

less than 1 year ago 7 - 8 years ago
 1 - 2 years ago 9 - 10 years ago
 3 - 4 years ago 11 - 12 years ago
 5 - 6 years ago more than 12 years ago

7. How long have you been a member of the frequent flyer program that you now use the most?

less than 1 year 5 - 6 years 11 - 12 years
 1 - 2 years 7 - 8 years more than 12
 3 - 4 years 9 - 10 years years

Commitment

The following measures for commitment, defined as the pledging or binding of an individual to his or her brand choice, were proposed after a review of the commitment literature. With the exception of the items indicated by an * which were borrowed from Beatty and Kahle (1988), existing product/brand commitment scales (e.g., Beatty and Kahle 1988, Lastovicka and Gardner 1979) were inappropriate for this study because they could not easily be reworded to fit

a relationship services marketing situation. Therefore, new items were developed to capture the construct in a relationship marketing program context.

The commitment items were measured on seven point likert-type scales anchored by "strongly disagree" and "strongly agree."

Please indicate how strongly you agree or disagree with the following statements by placing an X in the box that corresponds to your opinions or feelings.

- L1. Even beyond the benefits I receive from their frequent flyer program, I'm very loyal to one particular airline
- L2. I would plan a trip around where I could use my frequent flyer points
- L3*. I consider myself to be highly loyal to one airline
- L4. I would be willing to make a stopover in order to earn points in a particular frequent flyer program
- L5.(r) If another airline is offering a good deal, I will generally fly it rather than my usual airline
- L6*. I consider myself to be highly loyal to one frequent flyer program
- L7. I consider myself to be more loyal to a frequent flyer program than to an airline

This chapter has described the study hypotheses and research methods, including the questionnaire development, sample, procedures, and measures of independent and dependent variables. The next chapter will describe the

results of the statistical procedures used to analyze the data.

CHAPTER IV

ANALYSIS AND RESULTS

This chapter describes the analysis and results of the study including the sample response, issues of reliability and validity, the development of scales for the consumption values, and the statistical methods utilized. The results section describes how the consumption values differed among the proposed relationship stages.

Sample Response and Description

Of the 2969 questionnaires mailed, 20 were returned because of incorrect addresses. A total of 1438 questionnaires were returned for a 48 percent response rate. Of these, 71 surveys with a large number of uncompleted items (e.g., an entire section or page skipped) were rejected.

After eliminating respondents who indicated that they travelled primarily for pleasure and business flyers who indicated they had no choice in the selection of the airline flown, a total of 955 surveys were retained for subsequent analysis.

Nunnally (1967, p.280) suggests as a guideline for sample size in scale development that there should be at least ten times as many subjects as items, or in cases involving a large number of items, at least five subjects

per item. In this study, social value is the longest scale with 18 items. Following Nunnally's guideline, 180 subjects are required. Sample size in this study is well over this requirement.

In terms of demographics, 71 percent of the respondents were married, 13.5 percent were female, 86.5 percent were male, and the average age was in the range of 45 to 54 years. As might be expected for business travellers, the median income was relatively high, in the range of \$100,000 to \$109,000. Educational level was also quite high; both the median and mean responses were in the category "some graduate or professional school."

Reliability and Validity

Assessment of the reliability and validity of the scales involved several analyses. This section describes the procedures used to ensure the formation of reliable and valid scales. Details of the scale development are provided in the next section.

Reliability

Reliability is defined as "the degree to which measures are free from error and therefore yield consistent results" (Peter 1979, p.6). Reliability is a necessary, but not sufficient condition for a measure to be valid (i.e., it measures the construct which it is intending to measure).

For the scales developed in this study, coefficient alpha is used to assess the internal consistency of each set of items. Although Peter (1979) observes that in marketing, the guidelines for reliability coefficients are not yet established, Nunnally (1967, p.226) suggests that in early stages of research reliability in the range of .5 to .6 is sufficient.

Validity

As previously discussed in the "Questionnaire Development" section, items were developed which had face or content validity based on qualitative interviews with experienced users of frequent flyer programs, a review of relationship and consumer behavior literature, and the judgement of four marketing professors who independently assessed if the items reflected the constructs (i.e., the five consumption values). Although an assessment of content validity relies mostly on reason, at least a moderate level of internal consistency among the items within a scale is expected (Nunnally 1978). For the scales developed in this study, as described in the next section, any item with a low item-to-total correlation indicated that it was not drawn from the appropriate domain, and thus was deleted from the finalized version of the scale.

Construct validity, "the degree to which a measure assesses the construct it is purported to assess," (Peter

1981, p.134) is determined in this study primarily by assessing whether the measure behaves as expected as stated in the hypotheses. Additional evidence of construct validity is provided by a factor analytic investigation of the dimensionality of the five consumption values together to determine if each individual scale has a low correlation with other scales which are purported to measure another concept (Peter 1981). In other words, when all five consumption values are factor analyzed together, they should not correlate so highly that the items collapse into fewer factors than proposed. This is also evidence of discriminant validity.

A final test of validity suggested by Churchill (1979) is that of criterion validity, i.e., assessing whether the scale score can differentiate the positions of "known groups." In this study, discriminant analysis will be used to ascertain if the consumption value scales can accurately predict group membership (i.e., stage of relationship).

Scale Development

Following the guidelines suggested by Churchill (1979) for purifying measures, an iterative process of calculating coefficient alpha, eliminating items with low item-to-total correlations, and using factor analysis to confirm the number of dimensions empirically was used.

The exploratory factor analysis utilized 617

observations (65 percent of the sample of business travellers). The holdout sample of 338 observations was used to confirm the factor structure implied by the exploratory analysis.

Since Sheth et al. (1991) state that typically, two or more factors are derived for each consumption value, the first step in this study was to perform an exploratory factor analysis to determine the number of dimensions, and then calculate reliabilities for the sub-scales. Each consumption value scale was independently factor analyzed using SPSS. A Varimax rotation of the resulting loading matrices was used to facilitate interpretation. To determine the number of factors to retain in each analysis, the scree test was used along with consideration of eigenvalues greater than one. The development of the resulting scales for the five consumption values, as well as, the commitment scale, is described below.

Emotional Value

Initial factor analysis of the nine items proposed to measure emotional value suggested a two dimensional solution. However, items E3, E8, and E9 had high loadings (.3 or above) on both factors making their interpretation difficult, thus they were dropped from the analysis.

For the remaining items, all corrected item-total correlations were above .4 in each of the two sub-scales

indicating internal consistency (see Table IV-1). The reliabilities for the two dimensions were calculated as $\alpha=.66$ and $\alpha=.62$, respectively. As stated previously, Nunnally (1967, p.226) suggests that in early stage of research, reliability in the range of .5 to .6 is sufficient.

The six remaining items were factor analyzed again to determine if the two factor structure still held. Two factors were extracted explaining 60.5 percent of variance. Table IV-2 summarizes the loadings of these factors. The first factor, labeled "satisfied," is loaded by items reflecting positive feelings regarding frequent flyer programs: (E1) "I feel good when I look at my statement showing the number of mileage points earned," (E2) "when I receive upgrades coupons or special offers I feel as if the airline is trying to keep me satisfied," and (E4) "using a frequent flyer program makes me feel special." Factor 2, labeled "dissatisfied," captures negative feeling associated with a frequent flyer program: (E5 reverse coded) "When I receive my statement showing the number of points accumulated, I feel disappointed that I have so few points accumulated," (E6 reverse coded) "When I cash in my mileage points, I feel sad that I no longer have as many points as before," and (E7 reverse coded) "I feel bad if I miss an opportunity to get mileage points." Although item E7 loaded somewhat highly on factor 1 as well as factor 2, the

Table IV-1
 Reliability Analysis
 Emotional Values Scales

<u>Item</u>	<u>Corrected Item- Total Correlation</u>	<u>Alpha if Item Deleted</u>
E1	.47	.55
E2	.48	.53
E4	.47	.58
standardized item alpha = .66		
E5	.37	.59
E6	.49	.42
E7	.42	.52
standardized item alpha = .62		

Table IV-2
Summary of Factor Analysis for
Emotional Values

<u>Item</u>	<u>Factor 1</u> <u>Satisfied</u>	<u>Factor 2</u> <u>Dissatisfied</u>
E1	<u>.76</u>	-.10
E2	<u>.78</u>	.10
E4	<u>.73</u>	-.21
E5	.22	<u>.76</u>
E6	-.16	<u>.78</u>
E7	-.33	<u>.69</u>
eigenvalue	2.16	1.47
% of variance	36.0	24.5

reliability analysis indicated that its elimination would decrease the value of alpha to .52. Thus, it was decided to retain this item in factor 2 since it fit conceptually with the other dissatisfaction items.

These two factors point to opposite consumer emotions regarding frequent flyer programs. They may reflect dichotomous viewpoints on life with some consumers looking on the positive side of frequent flyer programs while other consumers focus on the negative aspects of usage.

Social Value

Initial factor analysis of the 18 items proposed to measure social value suggested a three dimensional solution. After eliminating items which loaded highly on more than one factor and removing items with low item to total correlations, seven items remained. From these remaining seven variables, two factors were extracted explaining 58.5 percent of variance.

All corrected item-total correlations were above .4 in each of the two sub-scales indicating internal consistency (see Table IV-3). The reliabilities for the two dimensions were calculated as $\alpha = .73$ and $\alpha = .72$, respectively.

Table IV-4 summarizes the loadings of the two factors. The first factor, labeled "practical/self confident," is loaded by items reflecting an inner-directed orientation on the part of the consumer. Variables which load on this

Table IV-3
Reliability Analysis
Social Values Scales

<u>Item</u>	<u>Corrected Item- Total Correlation</u>	<u>Alpha if Item Deleted</u>
S3	.48	.70
S6	.43	.72
S12	.66	.62
S14	.52	.68
S15	.41	.72
standardized item alpha= .73		
S7	.56	-
S8	.56	-
standardized item alpha = .72		

Table IV-4
 Summary of Factor Analysis for
 Social Values

<u>Item</u>	Factor 1 <u>Practical/SelfConfident</u>	Factor 2 <u>Status Seeking</u>
S3	<u>.61</u>	.35
S6	<u>.68</u>	-.11
S12	<u>.78</u>	.24
S14	<u>.67</u>	.28
S15	<u>.69</u>	-.22
S7	.01	<u>.86</u>
S8	.09	<u>.82</u>
eigenvalue	2.60	1.50
% of variance	37.1	21.5

first factor describe the type of person likely to belong to a frequent flyer program as: (S3) "someone who relies on his/her own opinions rather than the opinions of others," (S6) "price/value conscious people," (S12) "people who are open-minded," (S14) "someone who likes variety," and (S15) "practical people."

The second factor, labeled "status seeking," suggests the opposite of the first factor. Those joining frequent flyer programs are perceived as other-directed, with an emphasis on socially correct behavior. Variables which load on this factor describe the type of person likely to belong to a frequent flyer program as: (S7) "individuals who are concerned about impressing others" and (S8) "people who went to Ivy League schools."

Epistemic Value

Initial factor analysis of the seven items proposed to measure epistemic value suggested a two dimensional solution. One variable, P3 loaded highly on both factors and was removed from the analysis. The remaining six variables retained a two factor structure, accounting for 67.6 percent of variance.

All corrected item-total correlations were above .4 in each of the two sub-scales indicating internal consistency (see Table IV-5). The reliabilities for the two dimensions were both calculated as $\alpha = .75$.

Table IV-5
 Reliability Analysis
 Epistemic Values Scales

<u>Item</u>	<u>Corrected Item- Total Correlation</u>	<u>Alpha if Item Deleted</u>
P4	.58	.68
P5	.63	.61
P6	.55	.71
standardized item alpha = .75		
P1	.61	.59
P2	.63	.58
P7	.46	.79
standardized item alpha = .75		

Table IV-6 summarizes the loadings of the two factors. The first factor, labeled "experientially driven," consists of items that suggest consumers belong to frequent flyer programs because of a desire to experience something different. The variables which load on this factor include: (P4) "I originally joined a frequent flyer program because I like to do things that are new and different," (P5) "I originally signed up for a frequent flyer program in order to learn about it," and (P6) "I like to try different frequent flyer programs for a change of pace."

The second factor, labeled "knowledge driven," suggests that a consumer may be motivated to belong to a frequent flyer program because he or she values information. The variables which reflect the knowledge driven dimension are: (P1) "I try to find out everything I can about how to best use a frequent flyer program," (P2) "I like to read the mailings/newsletters from my frequent flyer program," and (P7) "I like to read information about frequent flyer programs from independent sources that are not associated with the airlines."

Conditional Value

Initial factor analysis of the six items proposed to measure conditional value suggested a two dimensional solution. One variable, C3 loaded on both factors and was removed from the analysis. The remaining five variables

Table IV-6
 Summary of Factor Analysis for
 Epistemic Values

<u>Item</u>	<u>Factor 1</u> <u>Experientially Driven</u>	<u>Factor 2</u> <u>Knowledge Driven</u>
P4	<u>.78</u>	.21
P5	<u>.84</u>	.15
P6	<u>.83</u>	-.02
P1	.03	<u>.86</u>
P2	.11	<u>.86</u>
P7	.18	<u>.69</u>
Eigenvalue	2.54	1.52
% of variance	42.3	25.3

retained a two factor structure, accounting for 71.9 percent of variance.

All corrected item-total correlations were above .4 in each of the two sub-scales indicating internal consistency (see Table IV-7). The reliabilities for the two dimensions were calculated as $\alpha=.91$ for the first dimension and $\alpha=.66$ for the second dimension.

Table IV-8 summarizes the loadings of the two factors. The first factor, labeled "pragmatic," suggests a conditional value of practicality or convenience as an overriding motivation when it comes to using frequent flyer programs. In other words, the pragmatic dimension implies that consumers value the functionality of air travel more than earning mileage points. Asked if they would shift their preference from one frequent flyer program to another, subjects scoring highly on the pragmatic dimension would strongly agree with the following items: I would consider switching if... (C1) "I could get a more direct route even if I don't earn the mileage points I want," and (C2) "I could get to my destination at a more convenient time even if I don't earn the mileage points I want."

The second dimension, labeled "reward seeking," reflects a conditional value related to the circumstances under which a consumer would switch frequent flyer programs in order to obtain more benefits from another program. Asked if they would shift their preference from one frequent

Table IV-7
Reliability Analysis
Conditional Values Scales

<u>Item</u>	<u>Corrected Item- Total Correlation</u>	<u>Alpha if Item Deleted</u>
C1	.84	-
C2	.84	-
standardized item alpha = .91		
C4	.42	.61
C5	.58	.41
C6	.41	.64
standardized item alpha = .66		

Table IV-8
 Summary of Factor Analysis for
 Conditional Values

<u>Item</u>	<u>Factor 1</u> <u>Pragmatic</u>	<u>Factor 2</u> <u>Reward Seeking</u>
C1	<u>.96</u>	-.03
C2	<u>.96</u>	-.02
C4	-.02	<u>.74</u>
C5	.03	<u>.84</u>
C6	-.06	<u>.72</u>
Eigenvalue	1.88	1.71
% of variance	37.6	34.3

flyer program to another, subjects scoring highly on the reward seeking dimension would strongly agree with the following statements: I would consider switching if... (C4) "it was easier to earn more mileage points with another program," (C5) "the rules were changed so it was harder to earn benefits from the program," and (C6) "I felt I wasn't appreciated and recognized by the airline for being a member of a frequent flyer program."

Functional Value

Initial factor analysis of the ten items proposed to measure functional value suggested a three dimensional solution. However, a two factor structure was utilized since it produced subscales that were easier to interpret and had higher reliability coefficients ($\alpha = .73$ and $\alpha = .70$) than the three factor structure. Only one variable, F5, which had a low corrected item to total correlation (.26) was removed from the analysis. All other corrected item to total correlations were above .4 in each of the two subscales indicating internal consistency (see Table IV-9). The two factors accounted for 51.4 percent of variance.

Table IV-10 summarizes the loadings of the two factors. The first factor, labeled "compensating advantage," is reflected by items which pertain to the benefits of belonging to a frequent flyer program. The variables which

Table IV-9
Reliability Analysis
Functional Values Scales

<u>Item</u>	<u>Corrected Item- Total Correlation</u>	<u>Alpha if Item Deleted</u>
F1	.41	.72
F2	.35	.74
F3	.43	.72
F8	.69	.61
F10	.61	.64
standardized item alpha = .73		
F4	.40	.69
F6	.53	.61
F7	.57	.58
F9	.44	.66
standardized item alpha = .70		

Table IV-10
Summary of Factor Analysis for
Functional Values

<u>Item</u>	<u>Factor 1</u> <u>Compensating</u> <u>Advantage</u>	<u>Factor 2</u> <u>Cost of</u> <u>Belonging</u>
F1	<u>.61</u>	.04
F2	<u>.56</u>	-.06
F3	<u>.60</u>	.28
F8	<u>.85</u>	.02
F10	<u>.80</u>	.03
F4	-.01	<u>.64</u>
F6	.08	<u>.78</u>
F7	.04	<u>.80</u>
F9	.06	<u>.68</u>
Eigenvalue	2.66	1.96
% of variance	29.6	21.8

load on this first factor include: (F1) "provides benefits which compensate for the inconvenience of having to travel for business," (F2) "is important to me because it enables me to get free or discounted upgrades," (F3 reverse coded) "doesn't treat me better than other members who do not travel as much as I do," (F8) "enables me to get treated better than other travellers who do not belong," and (F10) "enables me to get preferred seating on the airplane."

The second factor, labeled "cost of belonging," reflects the problems and disadvantages associated with belonging to a frequent flyer program. The variables which load on the cost of belonging factor include: (F4 reverse coded) "sometimes makes mistakes in crediting mileage to my account," (F6 reverse coded) "requires that I spend a lot of time and effort making decisions based on getting mileage points," (F7 reverse coded) "has too much paperwork to keep track of," and (F9 reverse coded) "is not very prompt about sending me awards."

Confirmation of Factor Structure

All ten of the purified consumption value dimensions were factor analyzed together to find out if the proposed factor structure could be confirmed. The confirmatory factor analysis was performed using SPSS with a Varimax rotation on the holdout sample of the 338 cases not used to develop the original scales.

As indicated in Table IV-11, when all 33 items from the ten consumption dimensions were factor analyzed together, the ten factor structure for the most part still held. Some breakdown did occur between the emotional factor satisfied and the functional value compensating advantage. Items F1 and F2 of compensating advantage which pertained to the benefits of using frequent flyer programs loaded on the same factor as the satisfied items. However, all the other items loaded as anticipated, providing strong evidence of discriminant validity.

Commitment

Initial factor analysis of the seven items proposed to measure a consumer's commitment to a frequent flyer program and an airline service provider suggested a two dimensional solution. However, all of the items in the second factor had low item-to-total correlations (i.e., below .4) indicating problems with internal consistency of this subscale.

It may be that consumers have difficulty separating their loyalty to a frequency program from their loyalty to a service provider since the frequency program cannot exist apart from the service. Therefore, a uni-dimensional structure was selected which encompasses an overall measure of commitment to both frequent flyer programs and airline service providers.

Table IV-11
Summary of Factor Analysis for
All Consumption Values

	<u>Factor1</u>	<u>Factor2</u>	<u>Factor3</u>	<u>Factor4</u>	<u>Factor5</u>	<u>Factor6</u>	<u>Factor7</u>	<u>Factor8</u>
E2	<u>.74011</u>	.09759	.07682	.00094	.14123	.12631	.19165	.01726
E1	<u>.68563</u>	.18473	.03718	.04274	.22422	.04316	.24455	-.03871
F1	<u>.65217</u>	.08739	.23101	.14119	-.07065	.13002	-.04606	.06978
F2	<u>.62067</u>	-.02986	.12008	.02383	.17916	-.21355	-.18481	.03695
E4	<u>.39094</u>	.15862	.26629	.23249	.07037	.34723	.06738	.12295
S15	.16220	<u>.76501</u>	.06120	-.19401	.07050	-.12214	-.00287	.13010
S12	.14728	<u>.76477</u>	-.00399	.08812	-.09549	.19996	.01665	-.01686
S3	.04364	<u>.61539</u>	.06512	.13952	.15221	.38181	.02386	-.13212
S6	-.14949	<u>.57173</u>	-.09237	.00199	.23807	-.33613	-.00191	.11541
S14	.19032	<u>.48459</u>	-.04175	.31865	.07332	.28711	.05826	.10440
F8	.24054	.09263	<u>.84535</u>	.01640	.12685	.02501	-.02967	.11092
F10	.32618	-.08103	<u>.75689</u>	.00102	.07500	.02206	.01813	.13874
F3	-.04292	-.01463	<u>.74763</u>	-.04731	.07840	.01472	.26170	-.14950
P5	-.00583	-.01439	.01766	<u>.77122</u>	.17564	.06292	-.00889	.00128
P6	.02088	-.07093	-.08885	<u>.76413</u>	.08551	.01221	-.21025	-.01064
P4	.21602	.18849	.06934	<u>.75349</u>	.04222	.15572	.04344	.10361
P2	.26146	.05621	.05714	.12520	<u>.79784</u>	.00305	.08393	-.01158
P1	.21548	.10256	.15615	.08620	<u>.77849</u>	.02312	.08072	.13014
P7	-.04173	.06118	.08824	.14945	<u>.63868</u>	.21554	-.21813	.15567
S8	.04184	.08657	-.02292	.01282	.05693	<u>.80654</u>	-.20793	.06352
S7	.02373	.06711	.06940	.17845	.11201	<u>.80324</u>	-.05071	.11043

Table IV-11(cont.)

	<u>Factor1</u>	<u>Factor2</u>	<u>Factor3</u>	<u>Factor4</u>	<u>Factor5</u>	<u>Factor6</u>	<u>Factor7</u>	<u>Factor8</u>
F7	.11947	-.07209	.00276	-.08907	.05982	.01531	<u>.81220</u>	.00907
F6	.10585	-.06730	.00580	-.06256	-.10823	-.12889	<u>.67902</u>	-.12494
F4	-.05112	.06554	.10245	.14947	-.12863	-.25677	<u>.53377</u>	-.12750
F9	-.01583	.19885	.17772	-.12833	.13507	-.01056	<u>.51682</u>	.07361
C5	.09226	.03624	.02730	-.00041	.07924	.03137	-.12303	<u>.83161</u>
C4	-.05703	-.01050	-.10411	-.04808	.14411	.03123	.02013	<u>.80065</u>
C6	.08578	.12180	.30147	.21230	-.00041	.14450	-.01731	<u>.61824</u>
C2	.00322	.02687	-.01557	.08281	-.05327	.02277	-.03205	-.07197
C1	-.04978	.00221	-.06413	.05693	-.09054	-.01528	-.03705	.00985
E6	-.05651	.03003	.02138	-.18716	.04523	-.16648	.09955	.01775
E5	.02673	-.05322	.09052	-.08712	.12103	.08411	.21686	-.07725
E7	-.13062	-.11956	.06415	.02770	-.34290	-.16633	-.01016	-.20824
eigenvalue:	5.30	3.39	2.16	2.05	1.82	1.65	1.47	1.37
% of								
variance:	16.0	10.3	6.5	6.2	5.5	5.0	4.5	4.1

Table IV-11 (cont.)

	<u>Factor 9</u>	<u>Factor 10</u>
E2	-.03606	-.02907
E1	-.08592	-.09562
F1	.06860	.01583
F2	.00587	-.00163
E4	-.15629	-.25419
S15	.02040	-.06253
S12	.01241	.02797
S3	-.01325	-.04498
S6	.12114	-.07078
S14	-.17623	-.02294
F8	.03004	.08758
F10	-.01529	.01904
F3	-.10665	.06586
P5	.13781	-.09333
P6	.12496	-.12450
P4	-.11125	-.04280
P2	-.06282	.08762
P1	-.03382	-.04446
P7	-.07826	-.04459
S8	.01869	-.06386
S7	.02003	-.09635
F7	-.03061	.13470
F6	.10184	.25439
F4	-.15496	.13018
F9	-.04275	-.16551
C5	.03679	-.02053
C4	-.07446	-.11885
C6	-.03977	-.05075
C2	<u>.93594</u>	.04172
C1	<u>.93086</u>	.01170
E6	.04229	<u>.79072</u>
E5	-.08132	<u>.75293</u>
E7	.14241	<u>.62977</u>
eigenvalue:	1.25	1.13
% of		
variance:	3.8	3.4

After removal of one variable with a low corrected item to total correlation, six variables remained in the "commit" scale which explained 46.6 percent of the variance.

The reliability for this scale was calculated as .75. Although three of the corrected item-total correlations were somewhat low (see Table IV-12), the reliability analysis indicated that alpha would not substantially improve by their elimination, hence all six items remain in the scale.

Table IV-13 summarizes the loadings of the commit scale. The variables included in this scale are: (L1) "even beyond the benefits I receive from their frequent flyer program, I'm very loyal to one particular airline," (L2) "I would plan a trip around where I could use my frequent flyer points," (L3) "I consider myself highly loyal to one airline," (L4) "I would be willing to make a stopover in order to earn points in a particular frequent flyer program," (L6) "I consider myself to be highly loyal to one frequent flyer program," and (L7) "I consider myself to be more loyal to a frequent flyer program than to an airline."

Analysis

As described in the following subsections, several methods of analysis were employed to interpret the data and test the hypotheses. To begin with, canonical correlation was used to determine which of the proposed variables were most important in defining the relationship stages. Next,

Table IV-12
Reliability Analysis
Commitment Scale

<u>Item</u>	<u>Corrected Item- Total Correlation</u>	<u>Alpha if Item Deleted</u>
L1	.49	.71
L2	.36	.74
L3	.70	.65
L4	.40	.74
L6	.71	.64
L7	.30	.76

standardized item alpha = .75

Table IV-13
Summary of Factor Analysis for
Commitment

<u>Item</u>	<u>Factor 1</u>
L1	.75
L2	.47
L3	.90
L4	.51
L6	.88
L7	.41
eigenvalue	2.80
% of variance	46.6

the relationship stages were quantified and described. A discriminant analysis was then performed to ascertain whether the ten consumption value factors could accurately predict membership in a particular relationship stage. Multivariate analysis of variance was used to determine if the set of consumption values differed across the relationship stages. Finally, a one-way analysis of variance was performed to find out the degree to which the consumption values differed across the relationship stages.

Canonical Correlation

To determine which variables should be used to form the relationship stage or groups, canonical correlation was utilized to analyze the relationship between the ten consumption dimensions uncovered by the factor analysis and the seven variables which were conceptualized as defining stages of the relationship.

Variables which were proposed to define the stage of the relationship included "Numfly" (number of round trips flown in the last 12 months), "Numearn" (number of frequent flyer programs respondent earned mileage in for the last 12 months), "Yrenrol" (how long ago the respondent enrolled in his or her first frequent flyer program), "Yrmost" (how long the respondent has been a member of the frequent flyer program they now use the most), "Ttlrew" (combined response to questions regarding how many free tickets were claimed

and how many times the respondent used a special award, such as an upgrade coupon), "Ttlprogs" (total number of frequent flyer programs to which the respondent belongs), and "commit" (the commitment scale defined previously via factor analysis).

Z-scores (standardized deviation scores from the mean) were used to transform the dependent variables in order to standardize all seven variables to the same scale. A total of 880 cases were analyzed (75 cases were rejected because of missing data) using SPSS MANOVA.

Hair et al. (1979) suggest that three criteria should be used in conjunction with each other to determine which canonical functions should be interpreted: (1) the level of statistical significance of the function, (2) the magnitude of the canonical correlation, and (3) the redundancy measure for the percentage of variance accounted for from the two data sets.

The SPSS MANOVA program produced multivariate F values for the Pillai's criterion, the Hotelling's test, and Wilk's Lambda. All three tests were significant at the $p < .05$ level. The univariate F tests were all significant at the $p < .05$ level. These tests indicated that the predictor set of variables had a statistically significant ($p < .05$) impact on the dependent variables.

Altogether, seven roots were extracted. However, only four roots were significant ($p < .05$, see Table IV-14).

Table IV-14
Canonical Correlation
Dimension Reduction Analysis

<u>Roots</u>	<u>F</u>	<u>Sig. of F</u>
1 to 7	12.5	.000
2 to 7	6.0	.000
3 to 7	2.2	.000
4 to 7	1.7	.013
5 to 7	1.4	.133
6 to 7	1.0	.481
7 to 7	0.9	.446

Examination of the eigenvalues (Table IV-15) showed that the first two eigenvalues accounted for a total of 91.2 percent of the variance while the remaining eigenvalues have relatively little variability associated with them. Thus, only the first two roots were considered in this analysis.

Redundancy, the proportion of variance in the criterion set accounted for by the predictor set, was 9.2 percent for the first canonical variate and 4.4 percent for the second canonical variate. Altogether, 13.6 percent of the variance in the dependent variables has been explained by the canonical variates for the independent variable set.

Examination of the canonical loadings (Table IV-16) reveals that the correlations between the dependent variables and the first canonical variate load most heavily on ZNumfly, ZTtlrew and ZCommit. The second canonical variate is also strongly related to these same dependent variables. It appears that of the seven variables originally proposed to account for the formation of stages of the relationship, only ZNumfly, ZTtlrew and ZCommit are actually related to the independent variables.

The number of frequent flyer programs one belongs to or earns points in may not be relevant to distinguishing various stages of a relationship because consumers often do not need to put much effort into signing up for frequent flyer programs. Airline personnel may offer to enroll customers when they make their reservations or are waiting

Table IV-15
Eigenvalues and Canonical Correlations

<u>Root No.</u>	<u>Eigenvalue</u>	<u>Pct.</u>	<u>Cum. Pct</u>
1	.77	65.9	65.9
2	.30	25.3	91.2
3	.05	4.1	95.3
4	.03	2.3	97.6
5	.02	1.5	99.1
6	.01	0.6	99.6
7	.00	0.4	100

Table IV-16
Summary of Canonical Loadings

<u>Variable</u>	<u>Function 1</u>	<u>Function 2</u>
ZNumfly	<u>-.45</u>	<u>.57</u>
ZNumearn	-.11	-.30
ZYrenrol	-.09	-.36
ZYrmost	-.10	-.28
ZTtlrew	<u>-.73</u>	<u>-.63</u>
ZTtlprog	-.19	-.22
ZCommit	<u>.82</u>	<u>-.55</u>

for a flight; the consumer may sign on without giving much thought as to whether they intend to fly that airline in the future. The length of time a consumer has been using frequent flyer programs may also be an inadequate variable to define relationships since the amount of flying and the preferred airline can change over time due to changing business circumstances.

Thus, only the variables ZNumfly, ZTtlrew and ZCommit will be utilized to define the stages of the relationship. The four remaining dependent variables (Numearn, Yrenrol, Yrmost, Ttlprogs) will not be used in this analysis.

Description of Relationship Stages

Relationship stages (groups) were formed based on whether respondents scored high or low on the three variables ZNumfly, ZTtlrew, and ZCommit. (High or low for a variable was determined by a score above or below the median for that variable.) Using the variables ZNumfly, ZTtlrew and ZCommit to define the three proposed stages yields 131 cases in the low use-superficial stage, 188 cases in the high use-opportunistic stage, and 251 cases in the high use-bonded stage. Not unexpectedly, not all respondents could be classified into these three groups. Because so many of the cases (N=309) did not fall into any of these categories, it was decided to also examine groups not originally proposed for the study.

As indicated in Table IV-17, six groups or stages (the three originally proposed and three based on frequency of occurrence) will be analyzed. Since the combinations of low Numfly, high Ttlrew, low Commit and low Numfly, high Ttlrew, high Commit had only 24 and 33 cases respectively, these groups were not included. The stages are listed in order of increasing intensity of relationship, with the originally hypothesized groups, low use-superficial as the lowest level of relationship and high use-bonded as the highest level of relationship.

Low Use-Dreamers

Low use-dreamers are relatively low on the relationship continuum. They have little contact with the service provider, and gain few tangible rewards from the relationship. However, they view themselves as highly committed to a service provider. Low use-dreamers may be overly optimistic about the advantages of belonging to a frequent flyer program, or they may think that they will be flying more in the future and will be able to earn more rewards.

High-Use Disinterested

Respondents in the high use-disinterested group fly frequently but collect few rewards and are not particularly committed to a service provide. They may be too busy to

Table IV-17
 Definition and Frequencies of Relationship Stages

<u>Relt. Stage</u>	<u>Numfly</u>	<u>Ttlrew</u>	<u>Commit</u>	<u>N</u>
low use-superficial	low	low	low	131
low use-dreamers	low	low	high	87
high use-disinterested	high	low	low	123
high use-opportunistic	high	high	low	188
high use-hoarders	high	low	high	99
high use-bonded	high	high	high	251

ever use mileage points and hence not have an incentive to consolidate their flying with one airline. Alternatively, they may simply not be interested in marketing promotions.

High-Use Hoarders

High use-hoarders are relatively high on the relationship continuum. They fly frequently and indicate that they are highly committed to a particular service provider. However, their usage of rewards is low, suggesting that they may be saving up mileage points for use in the future.

Discriminant Analysis

A discriminant analysis, using the SPSS procedure DISCRIMINANT, was performed to determine whether the ten consumption value dimensions could accurately predict a consumer's relationship stage.

To produce an unbiased estimate of the number of cases classified correctly, 419 cases were used in the analysis to develop the discriminant functions. The functions were then used to classify the 416 holdout cases.

The Box's M test statistic was evaluated to test the null hypothesis of the equality of variance-covariance matrices across the six relationship groups. For the full model the following statistics were obtained: Box's M=392.6; approximate F=1.3; df=275, 176810; significance=.0002.

Thus, homogeneity of the variance-covariance matrices was rejected at the $p > .05$ level. However, with sample sizes of the magnitude used in this study, the impact of this would not likely affect the differences among groups that one is considering.

Classification results for the holdout sample appear in Table IV-18. Although only 36.8 percent of the cases were correctly classified by the ten predictor variables, the model performs twice as well as one would expect based on prior probabilities and chance (i.e., 18 percent). These results also provide support of criterion validity.

MANOVA

A multivariate one-way analysis of variance with one six-level factor and ten dependent variables was performed. In order to satisfy the assumption of multivariate normality, the dependent variables were transformed using the rank transformation approach (Conover and Iman 1981). All observations were ranked from smallest to largest, with the smallest observation having rank 1, the second smallest rank 2, and so on. Average ranks were assigned in the case of ties. As described by Conover and Iman (1981), parametric tests can then be applied to the ranks. All analyses in this section refer to the ranks of the data.

MANOVA was performed first to test for the overall effect of the relationship group on the ten consumption

Table IV-18
 Summary of Discriminant Analysis
 Classification Results of Holdout Sample

<u>Actual Group</u>	No. of <u>Cases</u>	<u>Predicted Group Membership</u>					
		<u>Super.</u>	<u>Dreamer</u>	<u>Disint.</u>	<u>Opportunist</u>	<u>Hoarder</u>	<u>Bonded</u>
Superficial	65	28 43.1%	5 7.7%	14 21.5%	8 12.3%	0 0.0%	10 15.4%
Dreamer	38	5 13.2%	8 21.1%	6 15.8%	3 7.9%	2 5.3%	14 36.8%
Disinterested	68	16 23.5%	3 4.4	13 19.1%	24 35.3%	4 5.9%	8 11.8%
Opportunistic	72	8 11.1%	1 1.4%	9 12.5%	26 36.1%	4 5.6%	24 33.3%
Hoarder	56	9 16.1%	3 5.4%	7 12.5	6 10.7%	5 8.9%	26 46.4%
Bonded	117	2 1.7%	15 12.8%	2 1.7%	2 19.7%	2 1.7%	73 62.4%
Ungrouped Cases	35	2 5.7%	2 5.7%	3 8.6%	4 11.4%	1 2.9%	23 65.7%

Percentage of "grouped" cases classified correctly: 36.78%

dimensions uncovered by the factor analysis. The statistical tests performed by MANOVA are the multivariate and univariate F tests. The multivariate F test examines the significance of the relationship group on the ten consumption dimensions (the dependent variables in MANOVA) together. The univariate F test examines the differences among the six relationship stages with regard to each consumption factor separately.

The SPSS MANOVA program produced multivariate F values for the Pillai's criterion, the Hotelling's test, and Wilk's Lambda. As shown in Table IV-19, all three tests were significant at the $p < .05$ level. Therefore, the hypothesis that all group means are equal is rejected.

The Bartlett-Box F test for univariate homogeneity of variance of the dependent variable across the cells of the design was not rejected at the .05 level for each of the dependent variables with the exception of compensating advantage (see Table IV-20).

The MANOVA univariate F tests (Table IV-21) show that there was a significant difference ($p < .05$) in each of the vectors of the ten consumption factors across the six groups.

Table IV-19
MANOVA Multivariate F Tests
of No Overall Group Effect on Consumption Factors

<u>Test</u>	<u>Value</u>	<u>Approx. F</u>	<u>d.f</u>	<u>Sig. of F</u>
Pillai's	.53	9.77	50, 4085	.000
Hotelling's	.76	12.34	50, 4057	.000
Wilk's	.53	11.03	50, 3711	.000

Table IV-20
MANOVA Univariate Homogeneity of Variance Tests
Bartlett-Box F Test with (5, 666,524) d.f.

<u>Variable</u>	<u>F</u>	<u>p</u>
Satisfied	.70	.623
Dissatisfied	.95	.450
Practical/Self Confident	.57	.723
Status Seeking	.74	.590
Experientially Driven	.81	.543
Knowledge Driven	.39	.859
Pragmatic	.34	.886
Reward Seeking	.60	.702
Compensating Advantage	5.06	.000
Cost of Belonging	1.33	.248

Table IV-21
MANOVA Univariate F Tests with (5, 822) d.f.
of No Group Effect on Consumption Factors

<u>Variable</u>	<u>F</u>	<u>Sig. of F</u>
Satisfied	36.33	.000
DisSatisfied	9.79	.000
Practical/Self Confident	5.30	.000
Status Seeking	4.34	.001
Experientially Driven	4.87	.000
Knowledge Driven	19.41	.000
Pragmatic	15.98	.000
Reward Seeking	3.72	.002
Compensating Advantage	75.04	.000
Cost of Belonging	3.42	.005

One-Way ANOVA

A one-way analysis of variance was performed using SPSS ONEWAY to determine the degree to which the ten consumption factors differ across the six relationship groups. As in the MANOVA procedure, the dependent variables were transformed using the rank transformation approach. Post hoc multiple comparisons between means were calculated using Tukey's honestly significant difference (HSD) method. Table IV-22 displays the means while Tables IV-23 through IV-28 indicate pairs of groups that were significantly different at the .05 level.

Because the variable, compensating advantage, showed significant differences in the variability among groups (i.e., differences in spreads) in the MANOVA Bartlett-Box F test (Table IV-19), interpretations involving this variable must be viewed with caution.

Table IV-22
Means of Consumption Factors by
Stage of Relationship

<u>Consumption Variable</u>	<u>Low-use Superficial</u>	<u>Low-use Dreamer</u>	<u>High-use Disinterested</u>	<u>High-use Opportunist</u>	<u>High-use Hoarder</u>	<u>High-use Bonded</u>
Satisfied	641	423	592	534	405	332
Dissatis.	475	586	492	376	552	445
Practical	489	378	495	552	443	448
Status Sk	504	473	533	485	442	418
Experient	479	419	504	568	441	444
Knowledge	577	380	575	558	382	397
Pragmatic	449	570	386	360	551	547
Reward Sk	488	440	494	541	442	445
Comp. Adv.	691	539	618	443	490	262
Costbelng	525	473	533	439	477	442

Table IV-23
 Analysis of Variance
 Low Use-Superficial Stage
 Pairs of Groups Significantly Different at the .05 Level

<u>Consumption Values</u>	<u>Superficial vs. Dreamer</u>	<u>Superficial vs. Disint.</u>	<u>Superficial vs. Opportun</u>	<u>Superficial vs. Hoarder</u>	<u>Superficial vs. Bonded</u>
Satisfied	a		a(+)	a	a(+)
Dissatisfied	b		a(+)		ns
Pract/Self Conf.	a		ns		ns
Status Seeking			ns		a(+)
Experient. Driv.			ns		ns
Knowledge Driv.	a		a(+)		a(+)
Pragmatic	b		a(+)	b	b(+)
Reward Seeking			ns		ns
Comp. Advantage	a		a(-)	a	a(+)
Cost of Belong.			ns		ns

"a" indicates the first group of the pair has a greater mean value
 "b" indicates the second group of the pair has a greater mean value
 for hypothesized relationships:

- (+) indicates the difference is in the hypothesized direction
- (-) indicates the difference is opposite to the hypothesized direction
- "ns" indicates no significant difference, hypothesis not supported

Table IV-24
 Analysis of Variance
 High Use-Opportunistic Stage
 Pairs of Groups Significantly Different at the .05 Level

<u>Consumption Values</u>	<u>Opportunistic vs. Superfic.</u>	<u>Opportunistic vs. Dreamer</u>	<u>Opportunistic vs. Disint.</u>	<u>Opportunistic vs. Hoarder</u>	<u>Opportunistic vs. Bonded</u>
Satisfied	b(+)	a		a	a(+)
Dissatisfied	b(+)	b	b	b	ns
Pract/Self Conf.	ns	a		a	a(+)
Status Seeking	ns				ns
Experient.Driv.	ns	a		a	a(-)
Knowledge Driv.	b(+)	a		a	a(-)
Pragmatic	b(+)	b		b	b(+)
Reward Seeking	ns			a	a(-)
Comp. Advantage	b(-)	b	b		a(+)
Cost of Belong.	ns		b		ns

"a" indicates the first group of the pair has a greater mean value
 "b" indicates the second group of the pair has a greater mean value
 for hypothesized relationships:

- (+) indicates the difference is in the hypothesized direction
- (-) indicates the difference is opposite to the hypothesized direction
- "ns" indicates no significant difference, hypothesis not supported

Table IV-25
 Analysis of Variance
 High Use-Bonded Stage
 Pairs of Groups Significantly Different at the .05 Level

<u>Consumption Values</u>	<u>Bonded vs. Superfic.</u>	<u>Bonded vs. Dreamer</u>	<u>Bonded vs. Disint.</u>	<u>Bonded vs. Opportun.</u>	<u>Bonded vs. Hoarder</u>
Satisfied	b(+)	b	b	b(+)	
Dissatisfied	ns	b		ns	b
Pract/Self Conf.	ns			b(+)	
Status Seeking	b(+)		b	ns	
Experient. Driv.	ns			b(-)	
Knowledge Driv.	b(+)		b	b(-)	
Pragmatic	a(+)		a	a(+)	
Reward Seeking	ns			b(-)	
Comp. Advantage	b(+)	b	b	b(+)	b
Cost of Belong	ns		b	ns	

"a" indicates the first group of the pair has a greater mean value
 "b" indicates the second group of the pair has a greater mean value
 for hypothesized relationships:
 (+) indicates the difference is in the hypothesized direction
 (-) indicates the difference is opposite to the hypothesized direction
 "ns" indicates no significant difference, hypothesis not supported

Table IV-26
 Analysis of Variance
 Low Use-Dreamer Stage
 Pairs of Groups Significantly Different at the .05 Level

<u>Consumption Values</u>	<u>Dreamer vs. Superfic.</u>	<u>Dreamer vs. Disint.</u>	<u>Dreamer vs. Opportun</u>	<u>Dreamer vs. Hoarder</u>	<u>Dreamer vs. Bonded</u>
Satisfied	b	b	b		a
Dissatisfied	a		a		a
Pract/Self Conf.	b	b	b		
Status Seeking					
Experient. Driv.			b		
Knowledge Driv.	b	b	b		
Pragmatic	a	a	a		
Reward Seeking					
Comp. Advantage	b		a		a
Cost of Belong					

"a" indicates the first group of the pair has a greater mean value
 "b" indicates the second group of the pair has a greater mean value

Table IV-27
 Analysis of Variance
 High Use-Disinterested Stage
 Pairs of Groups Significantly Different at the .05 Level

<u>Consumption Values</u>	<u>Disint. vs. Superfic.</u>	<u>Disint. vs. Dreamer</u>	<u>Disint. vs. Opportun.</u>	<u>Disint. vs. Hoarder</u>	<u>Disint. vs. Bonded</u>
Satisfied		a		a	a
Dissatisfied			a		
Pract/Self Conf.		a			
Status Seeking					a
Experient. Driv.					
Knowledge Driv.		a		a	a
Pragmatic		b		b	b
Reward Seeking					
Comp. Advantage			a	a	a
Cost of Belong.			a		a

"a" indicates the first group of the pair has a greater mean value
 "b" indicates the second group of the pair has a greater mean value

Table IV-28
 Analysis of Variance
 High Use-Hoarder Stage
 Pairs of Groups Significantly Different at the .05 Level

<u>Consumption Values</u>	<u>Hoarder vs. Superfic.</u>	<u>Hoarder vs. Dreamer</u>	<u>Hoarder vs. Disint.</u>	<u>Hoarder vs. Opportun</u>	<u>Hoarder vs. Bonded</u>
Satisfied	b		b	b	
Dissatisfied				a	a
Pract/Self Conf.				b	
Status Seeking					
Experient. Driv.				b	
Knowledge Driv.			b	b	
Pragmatic	a		a	a	
Reward Seeking				b	
Comp. Advantage	b		b		a
Cost of Belong					

"a" indicates the first group of the pair has a greater mean value
 "b" indicates the second group of the pair has a greater mean value

Results of the Statistical Analysis

Described below is how the ten measures of consumption values differed among the originally proposed stages of relationship. An interpretation of these findings, as well as a discussion of the additional relationship stages is presented in the next chapter.

Stage of Relationship and Emotional Values

As indicated by the ANOVA results in Tables IV-23 through IV-25, for the most part, the three groups differed significantly on emotional values.

Consumers in the bonded stage did attribute more importance to the satisfied factor than did superficial or opportunistic consumers. Consistent with H2, opportunistic consumers did place more importance than superficial consumers on this variable. Mean scores for this variable were 332 for bonded consumers, 642 for superficial consumers, and 534 for opportunistic consumers. (Note that low mean scores indicated strong agreement while high mean scores indicated strong disagreement.) Tukey HSD pairwise testing found the average scores between groups to be significantly different.

For the second emotional value, dissatisfied, the mean score was 445 for bonded consumers, 475 for superficial consumers, and 376 for opportunistic consumers. However, there were no significant differences between the mean

scores for bonded versus superficial consumers or for bonded versus opportunistic consumers. However, opportunistic consumers were found to attribute greater importance to the dissatisfied factor than did superficial consumers.

Thus, there is partial support for the first hypothesis. Consumers in the bonded stage do attach higher importance to the emotional value, satisfied, than do those in the superficial or opportunistic stages. However, there were no significant differences between bonded consumers and consumers in the superficial or opportunistic stage for the emotional value, dissatisfied.

The second hypothesis is supported. Consumers in the opportunistic stage attribute more importance to both emotional values than do consumers in the superficial stage.

Stage of Relationship and Social Values

Few significant differences among the groups were found for the social values, practical/self confident and status seeking.

In the case of the practical/self confident factor, Tukey HSD pairwise testing revealed that consumers in the bonded stage did score significantly lower on this variable than did consumers in the opportunistic stage. However, there was no significant difference between bonded and superficial consumers. Mean scores for practical/self confident were 448 for bonded consumers, 489 for superficial

consumers, and 552 for opportunistic consumers. Differences between the means for the opportunistic and superficial groups were not significant.

As anticipated, consumers in the bonded stage did attribute more importance to the social value, status seeking than did superficial consumers. Mean scores of bonded and opportunistic consumers, and superficial and opportunistic consumers were not significantly different.

Thus, there is partial support for the third hypothesis. Consumers in the bonded stage do attach greater importance to the social value, practical/self confident, than do consumers in the opportunistic stage. Bonded consumers also attribute more importance to status seeking than do superficial consumers.

The fourth hypothesis is not supported. Consumers in the opportunistic stage do not attribute more importance to any social values than do consumers in the superficial stage.

Stage of Relationship and Epistemic Values

For the most part, the three groups differed significantly on epistemic values, though not always in the direction hypothesized.

In terms of the first epistemic value, experientially driven, mean scores were 444 for bonded consumers, 568 for opportunistic consumers, and 479 for superficial consumers.

Pairwise testing indicated that there was a significant difference between the bonded and opportunistic groups, but no significant difference between the superficial and opportunistic groups or the bonded and superficial groups. The relationship between the opportunistic and bonded groups was opposite to what had been hypothesized with opportunistic consumers scoring higher than bonded consumers on this variable.

Opportunistic consumers scored significantly lower than superficial consumers on the second epistemic value, knowledge driven. Mean scores for knowledge driven were 397 for bonded consumers, 558 for opportunistic consumers, and 577 for superficial consumers. As with the first epistemic variable, the relationship between the opportunistic and bonded groups was opposite to what had been hypothesized with opportunistic consumers scoring higher than bonded consumers on the knowledge driven factor. Consistent with expectations, consumers in the bonded stage did score significantly lower than superficial consumers on the knowledge driven factor.

Thus, the fifth hypothesis is partially supported. Consumers in the opportunistic stage do attach more importance to the epistemic value, knowledge driven, than do consumers in the superficial stage.

The sixth hypothesis is also partially supported. Consumers in the bonded stage do attribute more importance

to the epistemic value, knowledge driven, than do consumers in the superficial stage.

Stage of Relationship and Conditional Values

Significant differences among the groups were found to some extent on both conditional values.

For the conditional value, pragmatic, mean values were 449 for superficial consumers, 360 for opportunistic consumers, and 547 for bonded consumers. Pairwise testing using Tukey's HSD indicated that there was a significant difference between each of the pairs of groups. As anticipated, consumers in the opportunistic stage did score significantly lower than those in both the superficial and the bonded stages on the pragmatic factor. Consumers in the superficial stage also scored significantly lower on this variable than bonded consumers.

In terms of the second conditional factor, reward seeking, the only significantly different groups were bonded and opportunistic consumers. However, the relationship was the opposite of what had been hypothesized with opportunistic consumers scoring higher than bonded consumers. The means for the three groups were 445 for the bonded stage, 541 for the opportunistic stage, and 488 for the superficial stage.

Thus, the seventh hypothesis was partially supported. Consumers in the opportunistic stage do attach more

importance to the conditional value, pragmatic, than do consumers in the superficial and bonded stages.

The eighth hypothesis was also partially supported. Consumers in the superficial stage do attribute more importance to the conditional value, pragmatic, than do consumers in the bonded stage.

Stage of Relationship and Functional Values

Significant differences in group means were found only for the first functional value, compensating advantage. There were no significant differences among group means for the second functional value, cost of belonging. The means of compensating advantage were 691 for consumers in the superficial stage, 262 for those in the bonded stage, and 443 for those in the opportunistic stage.

As predicted, consumers in the bonded stage scored significantly lower on compensating advantage than did those in the superficial and opportunistic stages. However, contrary to expectations, the mean score for the superficial stage was greater than the mean score of consumers in the opportunistic stage.

Thus, the ninth hypothesis was partially supported. Consumers in the bonded stage do attach more importance to the functional value compensating advantage than consumers in the superficial and opportunistic stages.

The tenth hypothesis was not supported. Consumers in

the superficial stage do not attribute more importance to either functional value than do consumers in the opportunistic stage.

CHAPTER V
DISCUSSION AND CONCLUSIONS

The major perspective of this study is that consumers participating in relationship marketing programs differ as to the importance they place on consumption values depending upon their stage of relationship with the service provider. The findings support this assumption.

The MANOVA and ANOVA results provide evidence that consumers in different stages of relationship with a service provider do differ on consumption values. Based on the definitions of five consumption values proposed by Sheth, Newman, and Gross (1991a, 1991b), ten scales were developed to measure the constructs. There were differences in nine of these measures across all three of the originally proposed stages of relationship (although not always in the direction expected). Significant differences were also observed in the additional three stages which evolved from the analysis of the sample.

This chapter provides an interpretation of the results found in the previous chapter, the implications for marketing practitioners, a discussion of the study limitations and suggestions for future research.

Interpretation of Findings

In addition to the three stages of relationship originally proposed -- superficial, opportunists, and bonded -- three additional stages were found during the analysis -- dreamers, disinterested, and hoarders.

Based on the findings, it is possible to draw a profile of respondents in a particular relationship stage based on preferred and nonpreferred consumption values. The following group profiles are based on differences in consumption values as indicated by the ANOVA results in Tables IV-23 through IV-28. Although no group had a consumption value that was consistently ranked higher than all other groups, a difference was considered to be a part of the group's profile if it occurred in at least three of the comparisons with the other five groups.

Superficial Stage

Superficial consumers were defined as those who fly infrequently, collect few rewards, and express little commitment to a service provider. For the most part, they placed more importance on pragmatic, and less on satisfied, knowledge driven, and compensating advantage than did other consumers.

Since superficial consumers have the lowest level of relationship with the service provider, it is not surprising that they have a more negative view of frequent flyer

programs. Because they fly so infrequently and collect few rewards, superficial consumers generally have fewer positive emotions about frequent flyer programs than consumers in other groups. Frequent flyer program benefits such as better treatment or preferred seating are either not a priority or they have not experienced these benefits enough to feel that they are important.

Consistent with their low usage and lack of commitment, superficial consumers are generally less likely to be motivated to look for or read information about frequent flyer programs. They are more concerned with convenience and functionality than accumulating mileage points. They probably feel they will never fly enough to make it worth the effort to find out more about frequent flyer programs.

Dreamer Stage

Consumers who fly infrequently and collect few rewards, yet perceive themselves as committed to a particular service provider were defined as belonging to the dreamer stage. In general, the consumption values which dreamers considered more important than other groups were satisfied, dissatisfied, practical/self confident, and knowledge driven. They generally attributed less importance to the conditional value, pragmatic.

Based on these results, it would appear that dreamers are motivated by the emotions associated with using frequent

flyer programs. Even though they neither fly frequently nor use many rewards, they seem to look on the bright side of their relationship with the service provider and are less willing than others to switch their loyalty for the sake of convenience.

However, they also feel disappointed that they have accumulated few mileage points. A strong desire to earn points may be the reason that they consider themselves loyal to a particular service provider. They are probably following a strategy of consolidating all their business with one service provider in order to earn rewards faster. These consumers are willing to inconvenience themselves for mileage points.

As indicated by the importance they place on the knowledge driven factor, dreamers are motivated to find out information about frequent flyer programs, perhaps so they can fantasize about what they might be able to do with mileage points in the future. The practical/self confident factor indicates that dreamers are inner-directed and more likely to rely on their own opinions, thus they would probably prefer factual information about the benefits of frequent flyer programs.

Disinterested Stage

Consumers in the disinterested stage were defined as frequent flyers who collect few rewards and do not perceive

themselves as committed to a service provider.

Disinterested consumers generally attached more importance to the conditional value, pragmatic than did other groups. They tended to emphasize satisfied, knowledge driven, and compensating advantage less than other consumers.

As would be expected of non-loyal users who do not use many frequent flyer rewards, they are not motivated to seek information about frequent flyer programs nor are they excited by the benefits of belonging. Their feelings about frequent flyer programs are mostly negative and they prefer practicality and convenience over earning mileage points. Perhaps their initial expectations for joining a frequent flyer program were not met and they subsequently lost interest in the programs.

Opportunistic Stage

Consumers in the opportunistic stage, defined as those who fly frequently and collect many rewards, but have little commitment to any particular service provider, generally placed more importance on the consumption values, pragmatic and compensating advantage than did other groups. Overall, opportunistic consumers attributed less importance to dissatisfied, satisfied, practical/self confident, experientially driven, and knowledge driven than did other groups.

Thus, it appears that opportunistic consumers are

motivated primarily by practicality and convenience when it comes to flying. Although they do like the benefits associated with belonging to a frequent flyer program (as indicated by the factor, compensating advantage), they do not seem willing to change their plans just to earn mileage points.

Those in the opportunistic stage have mixed emotions when it comes to frequent flyer programs. On the one hand, they are generally less satisfied than other groups, but on the other hand, they are not particularly dissatisfied.

Consistent with the profile of a practical, non-loyal consumer, opportunists do not want to take the time out of their busy schedules to seek out or read information about frequent flyer programs. Neither are they driven by a desire to try out different frequent flyer programs for variety. For this group, frequent flyer programs provide some compensating advantages for flying but not enough to make them loyal to any one program.

Hoarder Stage

Consumers who fly frequently and perceive themselves as committed to a service provider, but do not use many frequent flyer rewards, were labeled hoarders. Hoarders generally attributed relatively more importance to the emotional value, satisfied than did other groups. They appeared to be somewhat less motivated by the conditional

consumption value, pragmatic than were other groups.

Based on these findings, hoarders appear to have a positive view on the benefits of frequent flyer programs. Since they may be saving up rewards for some special event in the future (e.g., a vacation for the entire family), they are less likely than others to trade off mileage points for convenience.

Bonded Stage

Consumers in the bonded stage were defined as flying frequently, using many rewards, and being committed to a service provider.

Compared to all other groups, bonded consumers generally attached more importance to the values satisfied, knowledge driven, and compensating advantage. The conditional value, pragmatic, was less important for bonded consumers than others.

Thus, consumers in the bonded stage can be described as having a positive outlook on frequent flyer programs. When it comes to air travel, it appears that frequent flyer benefits (particularly mileage points) have more influence on these consumers' decisions than does the convenience of a flight.

Since bonded consumers are at the highest end of the relationship continuum, they are highly involved with this service category and hence, enjoy learning about frequent

flyer programs as indicated by the knowledge driven factor.

Additionally, bonded consumers were the only group to attach importance to the social value, status seeking. Although this value was significant in only two of the group comparisons, it indicates that bonded consumers are somewhat more socially conscious than other consumers and feel that they impress others by their use of frequent flyer programs.

Discussion of Unsupported Hypotheses

The differences between the mean scores of consumption values for relationship stages were not always in the direction hypothesized. For example, in H5 it was proposed that opportunistic consumers would attach more importance to epistemic values than bonded consumers. The findings indicated the opposite, with bonded consumers attributing more importance to both knowledge and experientially driven factors than opportunistic consumers.

Based on the profiles of relationship stages discussed in the previous section, opportunistic consumers appear to be driven primarily by practicality and convenience. Furthermore, opportunistic consumers do not appear to be actively trying to maximize their mileage points; frequent flyer programs provide worthwhile benefits but these frequent business travellers do not want to spend their time researching them, hence they placed less emphasis on the consumption value, knowledge driven.

It is likely that since bonded consumers fly frequently, use many rewards, and feel committed to a service provider, they have a high level of involvement with frequent flyer programs. Therefore, bonded consumers might be more motivated than other groups to find out information about frequent flyer programs and thus, score higher on the knowledge driven factor. Opportunists on the other hand, may consider frequent flyer rewards to be serendipitous, rather than something to actively pursue by reading information on the subject.

Although it was originally speculated that opportunistic consumers were not loyal to a particular service provider because of a desire for variety or novelty (measured by the experientially driven factor), this does not appear to be the case. However, in terms of the experientially driven factor, it may be that bonded consumers are motivated by a desire for different experiences which is satisfied by the travel benefits they gain through using a frequent flyer program. They may be committed to a particular service provider for the purpose of gaining the most mileage points in order to have new travel opportunities.

Opposite to H7, consumers in the opportunistic stage attributed less importance to the conditional value, reward seeking, than did bonded consumers. It would appear that although bonded consumers perceive themselves as committed

to a particular service provider, they are still willing to switch if they think they can get a better deal elsewhere. Opportunists on the other hand, are driven by convenience (the pragmatic factor) rather than specific reward seeking behavior.

Contrary to the direction proposed in H10, consumers in the superficial stage attached less importance to the functional value, compensating advantage, than did consumers in the opportunistic stage. It appears that although opportunistic consumers are primarily motivated by practicality and convenience, because they fly more than superficial consumers they have additional occasions to experience the benefits of frequent flyer programs. Hence, opportunistic consumers appreciate compensating advantages such as preferred seating, mileage points, and free upgrades more than superficial consumers who do not fly often enough to experience many of these program perks.

In addition to the above four results which were opposite to the originally hypothesized directions, 13 of the 30 comparisons between relationship stages showed no significant difference when one was expected. The fact that no significant differences were found may be due to the nature of the study sample and is discussed in the "Limitations and Future Research" section.

Managerial Contributions

This study has several contributions and implications for relationship marketing managers. Since the meanings and motives underlying the consumption of many products may depend upon the values involved, effective marketing communications ought to recognize the relationship between values and motives (Kahle 1985). Appealing to closely held personal values might make consumers more aware of an attribute of a product which previously may not have been considered salient (Vinson, Scott, and Lamont 1977).

There has been little or no research to determine how consumer values differ at various stages of a relationship with a service provider. What initially attracts a consumer to enter into a relationship with a service provider may change as repeated exchanges occur and the individual's needs change (Sudharshan 1994). As the relationship develops between the buyer and the seller, the importance of different consumption values, as well as the particular mix of consumption values themselves may change (Sudharshan 1994).

The findings of this dissertation indicate that consumers in different stages of a relationship do place different emphasis on various consumption values. From a practitioner's point of view, this implies that marketing communications should be customized and targeted to specific customers depending upon where they stand in their

relationship to the seller. Ideally, the marketing manager's objective is to move consumers in stages with low usage and commitment along the relationship continuum to bonded consumers.

For example, superficial and disinterested consumers value practicality more than accumulating mileage points. Because the functional value, compensating advantage, was most important to these two groups, appeals which emphasize the convenience and efficiency of an airline in different situations, such as convenient schedules and on-time performance would be of interest to these consumers.

Ease of earning benefits should be emphasized for dreamers since they feel disappointed that they do not have the mileage points they want. Since they value knowledge, are practical, and have an inner-directed orientation, dreamers are apt to find detailed, factual communications, such as direct mail, stimulating. Fantasy appeals featuring free vacations and luxurious treatment while flying as a member of a frequent flyer program would most likely interest consumers in the dreamer stage since it provides them with something to strive for. Because these consumers perceive themselves as committed to a particular service provider, and have a positive outlook on frequent flyer programs, it may be worth some effort by the seller to retain them for potential future business and as purveyors of positive word of mouth.

Appeals to opportunistic consumers should emphasize both the conditional value of convenience and efficiency of the airline as well as, the functional benefits of belonging to a frequent flyer program for a business person (e.g., preferred seating).

Hoarders can be appealed to with promises of travel rewards that are worth saving up for, such as earning enough mileage points for the entire family. Communications that emphasize the positive emotional values attached to using frequent flyer programs (e.g., feeling treated special) should interest hoarders. Somewhat complex promotions could be used with this group since they appear willing to forsake convenience in order to maximize mileage points and appear willing to work toward a long-term goal.

Communications which emphasize the positive emotions attached with using a frequent flyer program, for example, feeling special and singled out by the airline, should also appeal to bonded consumers. Frequent flyer programs should be positioned as exclusive clubs. Because they are somewhat status conscious, bonded consumers in particular are likely to be attracted to "preferred" frequent flyer programs or other promotions where they are singled out as important customers. Additionally, since bonded consumers are highly involved with frequent flyer programs and value knowledge, print and direct mail media should appeal to them.

An analysis of the lifetime value of the consumer is

needed to determine the cost-benefit tradeoff of creating marketing communications to target specific segments. For frequent flyers such as those in the opportunistic and disinterested stages, turning them into brand loyal consumers could translate into a substantial increase in business for the airline. However, the cost of targeting infrequent flyers such as those in the superficial stage may not be worth the expense since there is little incremental business to be gained.

As argued by Levitt (1981), the service customer must be reminded of how well things are going after the initial purchase. Utilizing the marriage metaphor, Levitt notes that when a "prospect is heavily romanced and finally accepts marriage, the subsequent silence and inattention can be deafening." Hence, the need for careful and continuous management of the relationship. As discussed in this dissertation, identifying a consumer's stage of relationship and accompanying consumption values is one way for relationship marketing managers to manage this relationship.

Limitations and Future Research

There are three main criticisms which can be applied to this dissertation. First, generalizations regarding the importance of consumption values in other service categories are difficult to make from this dissertation since only one industry, airlines, was examined. A second limitation of

this study is the nature of the sample. The survey participants were all subscribers of a publication specializing in travel frequency programs. Hence, they were very likely more involved in the category of travel and frequency programs than the average member of a frequent flyer program. Third, because a cross-sectional design was used, no conclusions can be drawn about how consumption values might change over time.

These three limitations suggest areas for future research. Further studies are required in additional service industries to determine if the generalization can be made that consumption values are similar according to relationship stage. Additionally, a less homogeneous sample should be used in order to develop a more accurate model to predict relationship stages. Future research might also focus on how consumption values change over time as consumers move from one relationship stage to another; this would necessitate a longitudinal design.

This study examined only those consumers who actually traveled by air and participated in a frequent flyer program. In order to provide a more complete view of all the possible relationship stages, one also should examine the non-usage awareness stage in which an individual is aware of the various travel services and frequency programs available but has not as yet tried them. It is unlikely that any strong feelings are aroused by the mention of

airline services or that they provide any kind of novelty or knowledge for a non-user. It is most likely that those in the non-usage awareness stage do not use the service because of an overriding conditional value, e.g., they do not travel far. However, most non-users would be familiar enough with frequent flyer programs to make an evaluation of their functional values. Therefore, the following hypotheses are proposed:

- H1: Individuals in the non-usage awareness stage will attach relatively low importance to emotional, epistemic, and social values.
- H2: Individuals in the non-usage awareness stage will attach moderate importance to functional values.
- H3: Individuals in the non-usage awareness stage will attach great importance to conditional values.

APPENDIX A
DISCUSSION GUIDE

Discussion Guide

Consumers Who Belong to a Frequent Flyer Program

I. Introduction

- A. Explain the purpose of the research -- to study peoples' views of frequent flyer programs.
- B. Explain that the participant's views are valuable and thank them in advance for their time and cooperation.
- C. Explain that there are no right answers.
- D. Explain that the interview will be recorded but that this is solely for the interviewer's use and the participant's name will be kept confidential.

II. Background Information

[hand out questionnaire if not already filled out. in advance]

- A. [ASK ONLY IF POINTS WERE CASHED IN WITHIN THE LAST 12 MONTHS OR 2 YEARS] How did cashing in your points to get an award from the airline make you feel?
- B. For each of the frequency programs you belong to, were there any other kinds of special rewards you received in the past 12 months (and last 2 years)? Did you use them? [Probe for free upgrade coupons, coupons for merchandise, etc.] How did these kinds of rewards make you feel? How was it different from the rewards based on points?
- C. [ASK IF INFORMANT BELONGS TO ANY FREQUENT USER PROGRAMS FOR OTHER PRODUCTS OR SERVICES] How are these other kinds of frequent user programs different from airline programs? Do they elicit different kinds of feelings?

III. Feelings and Thoughts Produced by Frequent Flyer Programs

- A. What does belonging to a frequent flyer club or program say about you personally?
- B. What kind of person do you think would fly a lot yet not use any frequent flyer

programs? Could you speculate about their reasons for not joining?

- C. Do you think you are more or less likely to get some benefit out of belonging to a frequent flyer program than the average business traveller? Why?

IV. Perceptions of Values of Frequent Flyer Clubs

A. Functional Value

1. What are some of the benefits you associate with using a frequent flyer program?
2. What do you receive from your membership beyond points?
3. What are some of the problems you associate with using a frequent flyer program?
4. What are some of the benefits and problems that you think a nonuser associates with using a frequent flyer program?

B. Social Value

1. Which groups of people do you believe are most likely to use a frequent flyer program?
[probe for age, education level, income level, occupation, business or pleasure travel]
2. Which groups of people do you think are least likely to use a frequent flyer program?

C. Emotional Value

1. How does using a frequent flyer program make you feel?

D. Epistemic Value

1. What triggered your decision to join a frequent flyer program?
2. Do you receive any newsletters or other information because you belong to a frequent flyer program? Do you read it? how does it make you feel?

E. Conditional Value

1. Are there any circumstances or situations that would cause

- you to stop using any of your frequent flyer programs?
2. Are there any circumstances or situations that you think would cause a nonuser to start using a frequent flyer program?

V. Discriminating Among Programs

- A. [ASK ONLY IF INFORMANT BELONGS TO MORE THAN 1 PROGRAM]
How do you decide which service and frequent user program or club you are going to use? Do you switch around a lot or try to stay with just one or two service providers? Why?
- B. When you first hear about it, how can you determine whether a frequent flyer program is good or not?
- C. Which is your favorite and least favorite frequent flyer program? Why?
- D. Let me ask you once again, why do you think someone who has all of the qualifications to be a member of one of these kinds of programs decides not to apply? [Probe for anything else besides "not worth the effort"]

APPENDIX B
NOTIFICATION POSTCARD, COVER LETTER, AND
STUDY QUESTIONNAIRE



Baruch College
The City University of New York
17 Lexington Avenue
New York, New York 10010

November 1994

Dear Frequent Flyer:

Recently, there has been a lot of talk and many newspaper articles about the value of frequent flyer programs. This study seeks to find out exactly what people think about frequent flyer programs.

Given my academic research budget, you are one of a small group of air travellers being asked to give your opinion. Whether you fly a few times a week or just a few times a year, your responses are important to my research.

I assure you of complete confidentiality. Your responses will be combined with others and never identified individually.

Although I wish I could do something for everyone individually to thank them for taking the time to complete this questionnaire, I simply can't afford it. However, one randomly selected respondent who has completed the questionnaire will win a \$200 cash prize.

To participate in this drawing, print your name and address at the end of the questionnaire (or enclose your business card).

I would be most happy to answer any questions that you might have. Please write or call. The telephone number is 212-447-3240.

Thank you for your assistance.

Sincerely,

Mary M. Long
Doctoral Student
Marketing Department

Mary Long
Baruch College
Marketing Department, Box 508
17 Lexington Avenue
New York, NY 10010

FREQUENT FLYER SURVEY

This study of airline frequent flyer programs will be used for a doctoral dissertation at Baruch College (the business school of the City University of New York). The purpose of the study is to find out what people think about frequent flyer programs. We are specifically interested in people who are members of frequent flyer programs.

Your responses are important to the overall research results. Please return the completed survey to Baruch College using the postage-paid envelope.

Thank you for your cooperation.

Part A

Please answer the following questions about your use of airlines and frequent flyer programs.

1. How many times did you fly round trip in the last 12 months?

- | | |
|--|---|
| <input type="checkbox"/> none | <input type="checkbox"/> 16 - 25 times |
| <input type="checkbox"/> 1 - 4 times | <input type="checkbox"/> 26 - 35 times |
| <input type="checkbox"/> 5 - 9 times | <input type="checkbox"/> 36 or more times |
| <input type="checkbox"/> 10 - 15 times | |

2. In how many frequent flyer programs did you actually earn mileage points for flying in the last 12 months?

- | | | |
|-------------------------------------|-------------------------------------|---|
| <input type="checkbox"/> 1 program | <input type="checkbox"/> 4 programs | <input type="checkbox"/> 7 programs |
| <input type="checkbox"/> 2 programs | <input type="checkbox"/> 5 programs | <input type="checkbox"/> 8 or more programs |
| <input type="checkbox"/> 3 programs | <input type="checkbox"/> 6 programs | |

3. How long ago did you enroll in your first frequent flyer program?

- | | | |
|---|---|---|
| <input type="checkbox"/> less than 1 year ago | <input type="checkbox"/> 5 - 6 years ago | <input type="checkbox"/> 11 - 12 years ago |
| <input type="checkbox"/> 1 - 2 years ago | <input type="checkbox"/> 7 - 8 years ago | <input type="checkbox"/> more than 12 years ago |
| <input type="checkbox"/> 3 - 4 years ago | <input type="checkbox"/> 9 - 10 years ago | |

This study of airline frequent flyer programs will be used for a doctoral dissertation at Baruch College (the business school of the City University of New York). The purpose of the study is to find out what people think about frequent flyer programs. We are specifically interested in people who are members of frequent flyer programs.

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|--|---|
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| <input type="checkbox"/> 1 - 4 times | <input type="checkbox"/> 26 - 35 times |
| <input type="checkbox"/> 5 - 9 times | <input type="checkbox"/> 36 or more times |
| <input type="checkbox"/> 10 - 15 times | |

2. In how many frequent flyer programs did you actually earn mileage points for flying in the last 12 months?

- | | | |
|-------------------------------------|-------------------------------------|---|
| <input type="checkbox"/> 1 program | <input type="checkbox"/> 4 programs | <input type="checkbox"/> 7 programs |
| <input type="checkbox"/> 2 programs | <input type="checkbox"/> 5 programs | <input type="checkbox"/> 8 or more programs |
| <input type="checkbox"/> 3 programs | <input type="checkbox"/> 6 programs | |

3. How long ago did you enroll in your first frequent flyer program?

- | | | |
|---|---|---|
| <input type="checkbox"/> less than 1 year ago | <input type="checkbox"/> 5 - 6 years ago | <input type="checkbox"/> 11 - 12 years ago |
| <input type="checkbox"/> 1 - 2 years ago | <input type="checkbox"/> 7 - 8 years ago | <input type="checkbox"/> more than 12 years ago |
| <input type="checkbox"/> 3 - 4 years ago | <input type="checkbox"/> 9 - 10 years ago | |

4. How long have you been a member of the frequent flyer program that you now use the most?

- | | | |
|---|---------------------------------------|---|
| <input type="checkbox"/> less than 1 year | <input type="checkbox"/> 5 - 6 years | <input type="checkbox"/> 11 - 12 years |
| <input type="checkbox"/> 1 - 2 years | <input type="checkbox"/> 7 - 8 years | <input type="checkbox"/> more than 12 years |
| <input type="checkbox"/> 3 - 4 years | <input type="checkbox"/> 9 - 10 years | |

5. How many free tickets did you actually claim in the last 3 years?

- | | | |
|------------------------------------|------------------------------------|--|
| <input type="checkbox"/> none | <input type="checkbox"/> 3 tickets | <input type="checkbox"/> 6 tickets |
| <input type="checkbox"/> 1 ticket | <input type="checkbox"/> 4 tickets | <input type="checkbox"/> 7 tickets |
| <input type="checkbox"/> 2 tickets | <input type="checkbox"/> 5 tickets | <input type="checkbox"/> 8 or more tickets |

6. In the last 2 years, how many times did you use a special award, such as an upgrade coupon, that you received because of a frequent flyer program?

- | | | |
|----------------------------------|----------------------------------|--|
| <input type="checkbox"/> none | <input type="checkbox"/> 3 times | <input type="checkbox"/> 6 times |
| <input type="checkbox"/> 1 time | <input type="checkbox"/> 4 times | <input type="checkbox"/> 7 times |
| <input type="checkbox"/> 2 times | <input type="checkbox"/> 5 times | <input type="checkbox"/> 8 or more times |

7. In how many frequent flyer programs are you at a "special" or "preferred" level (e.g., gold or platinum)?

- | | |
|-------------------------------------|---|
| <input type="checkbox"/> none | <input type="checkbox"/> 3 programs |
| <input type="checkbox"/> 1 program | <input type="checkbox"/> 4 programs |
| <input type="checkbox"/> 2 programs | <input type="checkbox"/> 5 or more programs |

8. Which of the following best reflects your primary reason for flying:

- business pleasure both about equally

9. During the past 12 months (please check all of the following that apply to you):

- I joined one or more additional frequent flyer programs
 I switched my primary frequent flyer program
 I joined a frequent flyer program solely to take advantage of a special promotion

10. When it comes to your business travel, which of the following statements best describes how you choose an airline (please check one):

- I can choose to fly whichever airline I want
 I can choose whichever airline I want as long as it is about the same price as other airlines
 I have no choice, my company decides which airline I fly on
 I do not fly for business purposes

11. Please indicate how many different frequency programs you joined separately from the airline frequent flyer programs you now belong to. Write the number of frequency programs in the space provided:

number of hotel frequency programs _____
number of car rental frequency programs _____

6. In the last 2 years, how many times did you use a special award, such as an upgrade coupon, that you received because of a frequent flyer program?

- | | | |
|----------------------------------|----------------------------------|--|
| <input type="checkbox"/> none | <input type="checkbox"/> 3 times | <input type="checkbox"/> 6 times |
| <input type="checkbox"/> 1 time | <input type="checkbox"/> 4 times | <input type="checkbox"/> 7 times |
| <input type="checkbox"/> 2 times | <input type="checkbox"/> 5 times | <input type="checkbox"/> 8 or more times |

7. In how many frequent flyer programs are you at a "special" or "preferred" level (e.g., gold or platinum)?

- | | |
|-------------------------------------|---|
| <input type="checkbox"/> none | <input type="checkbox"/> 3 programs |
| <input type="checkbox"/> 1 program | <input type="checkbox"/> 4 programs |
| <input type="checkbox"/> 2 programs | <input type="checkbox"/> 5 or more programs |

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- I can choose to fly whichever airline I want
 I can choose whichever airline I want as long as it is about the same price as other airlines
 I have no choice, my company decides which airline I fly on
 I do not fly for business purposes

11. Please indicate how many different frequency programs you joined separately from the airline frequent flyer programs you now belong to. Write the number of frequency programs in the space provided:

number of hotel frequency programs _____
number of car rental frequency programs _____
number of credit card frequency programs _____

Part B

Please answer the following questions about your use of specific airlines and frequency programs by placing the letter that corresponds to your answer in the space provided.

- | | | |
|----------------------|-------------------------|-------------------------|
| A. AirCanada | J. Canadian Airlines | S. Northwest Airlines |
| B. AirFrance | K. Continental Airlines | T. SAS |
| C. Alaska Airlines | L. Delta Airlines | U. Southwest Airlines |
| D. All Nippon | M. Hawaiian Airlines | V. Swissair |
| E. Aloha Airlines | N. Japan Airlines | W. Trans World Airlines |
| F. America West | O. KLM | X. United Airlines |
| G. American Airlines | P. Lufthansa | Y. USAir |
| H. British Airways | Q. MarkAir | Z. Virgin Atlantic |
| I. British Midland | R. Midwest Express | ZZ. Other _____ |

1. Which airline did you fly the most in the last 12 months? (choose one letter from above) _____
2. Which airline is your favorite? (choose one letter from above) _____
3. In your opinion, which airline has the best service? (choose one letter from above) _____
4. In which airline do you have the most frequent flyer miles? (choose one letter from above) _____
5. Which airlines' frequent flyer programs do you belong to? (choose as many letters as apply from above) :

6. Which airline's frequent flyer program do you consider yourself to be the most loyal to? Choose one letter from above or if you do not consider yourself loyal to any particular program write "none" _____

Part C

The next set of questions is based on your answer to question 6 above. If you consider yourself to be loyal to a particular frequent flyer program, please think about this program as you read the statements below. If you feel you are not particularly loyal to any one program, then just think about frequent flyer programs in general as you read the statements below. Please indicate how strongly you agree or disagree with the following statements by placing an X in the box that corresponds to your opinions or feelings.

F. America West
G. American Airlines
H. British Airways
I. British Midland

O. KLM
P. Lufthansa
Q. MarkAir
R. Midwest Express

X. United Airlines
Y. USAir
Z. Virgin Atlantic
ZZ. Other _____

1. Which airline did you fly the most in the last 12 months? (choose one letter from above) _____
2. Which airline is your favorite? (choose one letter from above) _____
3. In your opinion, which airline has the best service? (choose one letter from above) _____
4. In which airline do you have the most frequent flyer miles? (choose one letter from above) _____
5. Which airlines' frequent flyer programs do you belong to? (choose as many letters as apply from above) :

6. Which airline's frequent flyer program do you consider yourself to be the most loyal to? Choose one letter from above or if you do not consider yourself loyal to any particular program write "none" _____

Part C

The next set of questions is based on your answer to question 6 above. If you consider yourself to be loyal to a particular frequent flyer program, please think about this program as you read the statements below. If you feel you are not particularly loyal to any one program, then just think about frequent flyer programs in general as you read the statements below. Please indicate how strongly you agree or disagree with the following statements by placing an X in the box that corresponds to your opinions or feelings.

1. **People sometimes have quite definite feelings and emotions about frequent flyer programs. Please indicate whether you personally experience any of the following feelings associated with belonging to a frequent flyer program.**

	Strongly Agree						Strongly Disagree
I feel <u>good</u> when I look at my statement showing the number of mileage points earned	[1]	[2]	[3]	[4]	[5]	[6]	[7]

over please

	Strongly Agree					Strongly Disagree	
When I receive upgrade coupons or special offers, I feel as if the airline is trying to keep me <u>satisfied</u>	[1]	[2]	[3]	[4]	[5]	[6]	[7]
Once you start accruing miles, it's <u>addictive</u> , you just want to keep getting more.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
Using a frequent flyer program makes me feel <u>special</u>	[1]	[2]	[3]	[4]	[5]	[6]	[7]
When I receive my statement showing the number of points accumulated, I feel <u>disappointed</u> that I have so few points accumulated.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
When I cash in my mileage points, I feel <u>sad</u> that I no longer have as many points as before	[1]	[2]	[3]	[4]	[5]	[6]	[7]
I feel <u>bad</u> if I miss an opportunity to get mileage points.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
Accruing a lot of points in a frequent flyer program gives me a feeling of <u>accomplishment</u>	[1]	[2]	[3]	[4]	[5]	[6]	[7]
My use of frequent flyer programs gives me a chance to <u>show off</u> to other people	[1]	[2]	[3]	[4]	[5]	[6]	[7]

2. Not everybody is a member of a frequent flyer program. Some people are more likely to belong than others. How strongly do you agree or disagree that the following groups or types of people are likely to belong to frequent flyer programs?

	Strongly Agree					Strongly Disagree	
Individuals who like recognition.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
Optimistic people.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
Someone who relies on his/her own opinions rather than the opinions of others.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
Successful business people.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
People who generally don't like to join other types of clubs.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
Price/value conscious people.	[1]	[2]	[3]	[4]	[5]	[6]	[7]

Using a frequent flyer program makes me feel <u>special</u>	[1]	[2]	[3]	[4]	[5]	[6]	[7]
When I receive my statement showing the number of points accumulated, I feel <u>disappointed</u> that I have so few points accumulated.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
When I cash in my mileage points, I feel <u>sad</u> that I no longer have as many points as before	[1]	[2]	[3]	[4]	[5]	[6]	[7]
I feel <u>bad</u> if I miss an opportunity to get mileage points.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
Accruing a lot of points in a frequent flyer program gives me a feeling of <u>accomplishment</u>	[1]	[2]	[3]	[4]	[5]	[6]	[7]
My use of frequent flyer programs gives me a chance to <u>show off</u> to other people	[1]	[2]	[3]	[4]	[5]	[6]	[7]

2. Not everybody is a member of a frequent flyer program. Some people are more likely to belong than others. How strongly do you agree or disagree that the following groups or types of people are likely to belong to frequent flyer programs?

	Strongly Agree			Strongly Disagree			
Individuals who like recognition.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
Optimistic people.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
Someone who relies on his/her own opinions rather than the opinions of others.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
Successful business people.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
People who generally don't like to join other types of clubs.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
Price/value conscious people.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
Individuals who are concerned about impressing others.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
People who went to Ivy League schools.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
People who like order and stability in their lives.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
People who are achievement-oriented.	[1]	[2]	[3]	[4]	[5]	[6]	[7]

	Strongly Agree			Strongly Disagree			
Someone who is independent.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
People who are open-minded.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
Organized individuals.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
Someone who likes variety.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
Practical people.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
Someone who likes "the good life".	[1]	[2]	[3]	[4]	[5]	[6]	[7]
People who are hardworking.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
Someone who is family-oriented.	[1]	[2]	[3]	[4]	[5]	[6]	[7]

3. Some people are members of a frequent flyer program because they are curious about it or simply want to add some excitement to their lives. Thinking about frequent flyer programs, how strongly do you agree or disagree with the following statements?

	Strongly Agree			Strongly Disagree			
I try to find out everything I can about how to best use a frequent flyer program.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
I like to read the mailings/newsletters from my frequent flyer program.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
Belonging to a frequent flyer program allows me to go places that are out of the ordinary	[1]	[2]	[3]	[4]	[5]	[6]	[7]
I originally joined a frequent flyer program because I like to do things that are new and different.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
I originally signed up for a frequent flyer program in order to learn about it.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
I like to try different frequent flyer programs for a change of pace.	[1]	[2]	[3]	[4]	[5]	[6]	[7]

Someone who likes variety.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
Practical people.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
Someone who likes "the good life".	[1]	[2]	[3]	[4]	[5]	[6]	[7]
People who are hardworking.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
Someone who is family-oriented.	[1]	[2]	[3]	[4]	[5]	[6]	[7]

3. Some people are members of a frequent flyer program because they are curious about it or simply want to add some excitement to their lives. Thinking about frequent flyer programs, how strongly do you agree or disagree with the following statements?

	Strongly Agree			Strongly Disagree			
I try to find out everything I can about how to best use a frequent flyer program.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
I like to read the mailings/newsletters from my frequent flyer program.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
Belonging to a frequent flyer program allows me to go places that are out of the ordinary	[1]	[2]	[3]	[4]	[5]	[6]	[7]
I originally joined a frequent flyer program because I like to do things that are new and different.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
I originally signed up for a frequent flyer program in order to learn about it.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
I like to try different frequent flyer programs for a change of pace.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
I like to read information about frequent flyer programs from independent sources not associated with the airlines.	[1]	[2]	[3]	[4]	[5]	[6]	[7]

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4. Certain events and conditions motivate people to behave differently than their regular behavior or habit. Do you believe that the following conditions might cause you to shift your preference from one frequent flyer program to another?

<u>I would consider switching if...</u>	Strongly Agree					Strongly Disagree	
I could get a more direct route even if I don't earn the mileage points I want. . . .	[1]	[2]	[3]	[4]	[5]	[6]	[7]
I could get to my destination at a more convenient time even if I don't earn the mileage points I want.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
I consistently received poor service from the airline, even if I had a lot of miles built up in their frequent flyer program.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
it were easier to earn more mileage points with another program.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
the rules were changed so it was harder to earn benefits from the program.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
I felt I wasn't appreciated and recognized by the airline for being a member of a frequent flyer program.	[1]	[2]	[3]	[4]	[5]	[6]	[7]

5. Thinking about the benefits and problems you associate with belonging to frequent flyer programs, please indicate your level of agreement or disagreement with the following statements.

<u>My frequent flyer program(s)...</u>	Strongly Agree					Strongly Disagree	
provides benefits which compensate for the inconvenience of having to travel for business	[1]	[2]	[3]	[4]	[5]	[6]	[7]
is important to me because it enables me to get free or discounted upgrades.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
doesn't treat me better than other members who do not travel as much as I do. . .	[1]	[2]	[3]	[4]	[5]	[6]	[7]
sometimes makes mistakes in crediting mileage to my account.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
helps reduce the costs of vacations.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
requires that I spend a lot of time and effort making decisions based on getting mileage points.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
has too much paperwork to keep track of.	[1]	[2]	[3]	[4]	[5]	[6]	[7]

mileage points I want.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
I consistently received poor service from the airline, even if I had a lot of miles built up in their frequent flyer program.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
it were easier to earn more mileage points with another program.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
the rules were changed so it was harder to earn benefits from the program.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
I felt I wasn't appreciated and recognized by the airline for being a member of a frequent flyer program.	[1]	[2]	[3]	[4]	[5]	[6]	[7]

5. Thinking about the benefits and problems you associate with belonging to frequent flyer programs, please indicate your level of agreement or disagreement with the following statements.

<u>My frequent flyer program(s)..</u>	Strongly Agree						Strongly Disagree
provides benefits which compensate for the inconvenience of having to travel for business	[1]	[2]	[3]	[4]	[5]	[6]	[7]
is important to me because it enables me to get free or discounted upgrades.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
doesn't treat me better than other members who do not travel as much as I do.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
sometimes makes mistakes in crediting mileage to my account.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
helps reduce the costs of vacations.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
requires that I spend a lot of time and effort making decisions based on getting mileage points.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
has too much paperwork to keep track of.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
enables me to get treated better than other travellers who do not belong.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
is not very prompt about sending me my awards.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
enables me to get preferred seating on the airplane.	[1]	[2]	[3]	[4]	[5]	[6]	[7]

Part D

This section deals with a variety of issues related to frequent flyer programs, flying, and your lifestyle. Please indicate how strongly you agree or disagree with the following statements by placing an X in the box that corresponds to your opinions or feelings.

	Strongly Agree				Strongly Disagree		
Overall, I am not happy because I have to fly so much.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
I'm generally happy with my lot in life.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
Even beyond the benefits I receive from their frequent flyer program, I'm very loyal to one particular airline.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
Other people come to me for advice about frequent flyer programs.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
The benefits received from frequent flyer programs add to the quality of my life.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
I consider myself to be an expert on frequent flyer programs.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
I would plan a trip around where I could use my frequent flyer points.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
In my opinion, the amount of flying I do adds to my quality of life.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
I consider myself to be highly loyal to one airline.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
I would be willing to make a stopover in order to earn points in a particular frequent flyer program	[1]	[2]	[3]	[4]	[5]	[6]	[7]
Because I belong to a frequent flyer program, I feel I'm part of a special class of travellers	[1]	[2]	[3]	[4]	[5]	[6]	[7]
If another airline is offering a good deal, I will generally fly it rather than my usual airline	[1]	[2]	[3]	[4]	[5]	[6]	[7]
In my opinion, people who do not take advantage of frequent flyer programs are stupid	[1]	[2]	[3]	[4]	[5]	[6]	[7]
I consider myself to be highly loyal to one frequent flyer program.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
Belonging to a frequent flyer program makes me feel like I fit in with my business associates who are also members.	[1]	[2]	[3]	[4]	[5]	[6]	[7]

	Strongly Agree			Strongly Disagree			
Overall, I am not happy because I have to fly so much.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
I'm generally happy with my lot in life.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
Even beyond the benefits I receive from their frequent flyer program, I'm very loyal to one particular airline.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
Other people come to me for advice about frequent flyer programs.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
The benefits received from frequent flyer programs add to the quality of my life.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
I consider myself to be an expert on frequent flyer programs.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
I would plan a trip around where I could use my frequent flyer points.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
In my opinion, the amount of flying I do adds to my quality of life.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
I consider myself to be highly loyal to one airline.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
I would be willing to make a stopover in order to earn points in a particular frequent flyer program	[1]	[2]	[3]	[4]	[5]	[6]	[7]
Because I belong to a frequent flyer program, I feel I'm part of a special class of travellers	[1]	[2]	[3]	[4]	[5]	[6]	[7]
If another airline is offering a good deal, I will generally fly it rather than my usual airline	[1]	[2]	[3]	[4]	[5]	[6]	[7]
In my opinion, people who do not take advantage of frequent flyer programs are stupid	[1]	[2]	[3]	[4]	[5]	[6]	[7]
I consider myself to be highly loyal to one frequent flyer program.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
Belonging to a frequent flyer program makes me feel like I fit in with my business associates who are also members.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
I was one of the first among my peers to join a frequent flyer program.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
I consider myself to be more loyal to a frequent flyer program than to an airline.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
Other people are impressed by the rewards I get through a frequent flyer program	[1]	[2]	[3]	[4]	[5]	[6]	[7]

Part E

1. People have different reasons for choosing the products and services that they use. In general, which one of the following statements best describes how you choose products and services. Check the one box that best corresponds to your answer.

- a. I choose products and services according to the sense of pleasure or satisfaction I receive from them.
- b. I choose products and services by evaluating how well they perform their functions.
- c. I choose products and services by observing what expert or respected people use.
- d. I choose products and services that satisfy my curiosity or desire for novelty.
- e. I choose products and services that best fit the particular circumstances or situations.

2. People have different reasons for choosing the airlines that they use. In general, which one of the following statements best describes how you choose airlines. Check the one box that best corresponds to your answer.

- a. I choose airlines according to the sense of pleasure or satisfaction I receive from them.
- b. I choose airlines by evaluating how well they perform their functions.
- c. I choose airlines by observing what expert or respected people use.
- d. I choose airlines that satisfy my curiosity or desire for novelty.
- e. I choose airlines that best fit the particular circumstances or situations.

Part F

Please answer the following questions about yourself. Your answers will be used to divide our interviews into groups.

1. Which of the following best describes your marital status?

- married single/widowed/divorced/separated living with significant other

2. Which of the following best describes your total household income before taxes?

- | | |
|--|--|
| <input type="checkbox"/> under \$20,000 | <input type="checkbox"/> \$80,000 - \$89,999 |
| <input type="checkbox"/> \$20,000 - \$29,999 | <input type="checkbox"/> \$90,000 - \$99,999 |
| <input type="checkbox"/> \$30,000 - \$39,999 | <input type="checkbox"/> \$100,000 - \$109,999 |
| <input type="checkbox"/> \$40,000 - \$49,999 | <input type="checkbox"/> \$110,000 - \$119,999 |
| <input type="checkbox"/> \$50,000 - \$59,999 | <input type="checkbox"/> \$120,000 - \$129,999 |
| <input type="checkbox"/> \$60,000 - \$69,999 | <input type="checkbox"/> \$130,000 or more |

- a. I choose products and services according to the sense of pleasure or satisfaction I receive from them.
- b. I choose products and services by evaluating how well they perform their functions.
- c. I choose products and services by observing what expert or respected people use.
- d. I choose products and services that satisfy my curiosity or desire for novelty.
- e. I choose products and services that best fit the particular circumstances or situations.

2. People have different reasons for choosing the airlines that they use. In general, which one of the following statements best describes how you choose airlines. Check the one box that best corresponds to your answer.

- a. I choose airlines according to the sense of pleasure or satisfaction I receive from them.
- b. I choose airlines by evaluating how well they perform their functions.
- c. I choose airlines by observing what expert or respected people use.
- d. I choose airlines that satisfy my curiosity or desire for novelty.
- e. I choose airlines that best fit the particular circumstances or situations.

Part F

Please answer the following questions about yourself. Your answers will be used to divide our interviews into groups.

1. Which of the following best describes your marital status?

- married single/widowed/divorced/separated living with significant other

2. Which of the following best describes your total household income before taxes?

- | | |
|--|--|
| <input type="checkbox"/> under \$20,000 | <input type="checkbox"/> \$80,000 - \$89,999 |
| <input type="checkbox"/> \$20,000 - \$29,999 | <input type="checkbox"/> \$90,000 - \$99,999 |
| <input type="checkbox"/> \$30,000 - \$39,999 | <input type="checkbox"/> \$100,000 - \$109,999 |
| <input type="checkbox"/> \$40,000 - \$49,999 | <input type="checkbox"/> \$110,000 - \$119,999 |
| <input type="checkbox"/> \$50,000 - \$59,999 | <input type="checkbox"/> \$120,000 - \$129,999 |
| <input type="checkbox"/> \$60,000 - \$69,999 | <input type="checkbox"/> \$130,000 or more |
| <input type="checkbox"/> \$70,000 - \$79,999 | |

3. Which of the following best describes the amount of formal education that you have?

- | | |
|---|--|
| <input type="checkbox"/> some high school or less | <input type="checkbox"/> some college |
| <input type="checkbox"/> completed high school | <input type="checkbox"/> completed college |
| <input type="checkbox"/> other (non-college) education beyond high school | <input type="checkbox"/> some graduate or professional school |
| | <input type="checkbox"/> completed graduate or professional school |

4. Which of the following groups includes your age?

- 18 - 24 45 - 54
 25 - 34 55 - 64
 35 - 44 65 or over

5. What is your gender?

- female
 male

6. Please write in the zip code for your residence _____

7. Please indicate your job title (e.g., Sales Representative, Director of Finance) _____

8. Please indicate the industry in which you work (e.g., Computers, Advertising) _____

THANK YOU FOR YOUR PARTICIPATION!

OPTIONAL

If you would like to enter the drawing to win \$200, please complete the information below or simply enclose your business card.

6. Please write in the zip code for your residence _____
7. Please indicate your job title (e.g., Sales Representative, Director of Finance) _____
8. Please indicate the industry in which you work (e.g., Computers, Advertising) _____

THANK YOU FOR YOUR PARTICIPATION!

OPTIONAL

If you would like to enter the drawing to win \$200, please complete the information below or simply enclose your business card.

Your Name: _____

Your Address: _____

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