The role of customer gratitude in strengthening seller-buyer relationships

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Keywords

Gratitude, Relationship Marketing investment, customer trust, customer satisfaction, customer affective commitment, word of mouth intentions, relationship value, Service Dominant Logic

Abstract

Despite its emphasis on relationships between buyers and sellers, and the effect of emotion on behaviours, marketing literature has not yet investigated customer gratitude as an element of relational exchange. Gratitude is a significant component of personal relationships and may offer important insights into how perceptions of relationship marketing investments impact customer trust in, satisfaction with and affective commitment to a seller. In addition, customer gratitude may provide a more complete explanation of how marketing investments work. Consequently, this research contributes to marketing literature by investigating customer gratitude as a mediating mechanism in the relationship between customer perceptions of relationship marketing investments and customer trust in, satisfaction with and affective commitment to the seller: all dimensions of relationship quality.

Customer gratitude is defined as a positive emotional response that arises from the recognition of a benefit received from a seller. This research employs Affect Theory (Lawler, 2001), which proposes that customer-seller interactions generate positive emotions such as gratitude, to investigate the mediating role of customer gratitude in the relationship between customer perceptions of relationship marketing investments and customer trust in, satisfaction with and affective commitment to the seller. The Broaden-and-Build Theory of Positive Emotions (Fredrickson, 2001) further suggests that affective responses, such as gratitude, improve customer cognitive and affective responses such as trust in, overall satisfaction with and affective commitment to a seller. This research also explores the role of affective commitment in explaining how gratitude impacts on other customer-generated corporate benefits, such as word of

mouth intentions, perceived value of a relationship and involvement with a certain brand.

Bringing the hypotheses used in this study together, a model of customer gratitude is developed to describe the impact of customer-perceived relationship marketing investments on relationship marketing outcomes, specifically customer trust, overall satisfaction and affective commitment. Within the framework of this model customer perceptions of the benevolence of the seller and customer cynicism are both shown to moderate the relationship between customers' perceptions of relationship marketing investments and customer gratitude.

Finally, a field survey is conducted to test the customer gratitude model in the context of business-to-customer markets. The higher education sector of Pakistan is used as the context for the study. The findings from the survey confirm the mediating role of customer gratitude in the relationship between customer-perceived relationship marketing investments and customer trust, overall satisfaction and affective commitment. The moderating role of customer-perceived benevolence was significant, whereas customer cynicism was not found to be significant. Further, results show that affective commitment fully mediates the relationship between customer gratitude and customer involvement, customer positive word of mouth, and customer perceptions of the value of the relationship with the seller.

Overall, this research proposes a comprehensive customer gratitude model. It also provides empirical evidence that customer gratitude strengthens seller-buyer relationships and demonstrates that a customer with an affective commitment to a

seller is more likely to generate other corporate benefits, such as greater positive word of mouth intentions, higher perceived relationship value and higher involvement. Practically, the research provides organisations with a better understanding of (1) when and why relationship investments succeed or fail in stimulating customer gratitude, which subsequently impacts corporate benefits such as relationship quality; and (2) how committed customers of a firm generate further benefits. Thus, this research contributes a diagnostic model for improving organisational strategies through the development of effective relationship marketing campaigns.

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Statement of Original Authorship

The work contained in this thesis has not been previously submitted to meet

requirements for an award at this or any other higher education institution. To the best

of my knowledge and belief, the thesis contains no material previously published or

written by another person except when due reference is made.

Signature: QUT Verified Signature

Date:

12$^{\text{th}}$ August 2013

Dedication

This thesis is dedicated to the Creator of Knowledge (s.w.t.), the City of Knowledge (s.a.w.), and the Door (a.s.) to the City of Knowledge.

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Chapter 1: Introduction

This section outlines the key aspects of the thesis, which sets out to investigate the role of customer gratitude in the customer-seller relational exchange. Specifically, it presents the research background (Section 1.1), research gaps (Section 1.2), research questions (Section 1.3), research aims (Section 1.4) and expected contributions to marketing theory and practice (Section 1.5).

1.1 RESEARCH BACKGROUND

Many industries, such as the retail industry, air travel industry and financial services industry, invest millions of dollars in developing loyalty programs for their existing and future customers (Reinartz & Kumar, 2002). The top 16 retailers in Europe, for example, collectively spent the equivalent of A$1 billion on their loyalty programs in 2000 (Reinartz & Kumar, 2002). More recently, the 2012 Qantas annual report reveals that the firm spent A$203 million on their Frequent Flyer loyalty program (de Boer & Gudmundsson, 2012).

However, the customer demand for loyalty program is showing signs of weakening, globally. In particular, the growth rate in the loyalty program market has declined to single digits in the US (Capizzi & Ferguson, 2005). Similarly, in European retailing, after growing annually by 25 to 30% during the 1990s, the European loyalty program market now also shows signs of decline (Ziliani & Bellini, 2004). Further, there is increasing evidence that loyalty programs create frustration and negative emotions in

customers and therefore are having a negative impact on the seller-buyer relationship
(ACI Worldwide, 2011, p. 3):

> [T]he majority of American consumers (62 percent) join retail loyalty
> programs so they can get discounts on the things they buy most, yet only
> about one third of Americans (36 percent) received a reward or promotion
> that made them come back to the store again, and 1 in 4 (27 percent)
> consumers complain they have received a reward or promotion for something
> they would never buy… Whether it was a reward they didn't want or a
> reward that was too small to take seriously (22 percent), more than 2 in 5 (44
> percent) consumers have had a negative experience from a loyalty program.

Loyalty programs should have a positive impact on the relationship between the two
stakeholders (Dholakia, 1997). However, the ACI survey demonstrates that many
companies are not only failing in their loyalty programs, they are negatively
impacting the seller-buyer relationship.

Commentators in *Harvard Business Review* postulate that companies of all kinds are
closing down their customer loyalty programs because they do not produce the
promised results: lower customer churn, higher sales and profitability, more valuable
insights into customers' behaviour and an unwavering relationship with the company
(Nunes & Drèze, 2006). Dowling and Uncles (1997) suggest that although loyalty
programs have infiltrated customers' wallets, these memberships do not appear to
improve the trust, satisfaction and affective commitment between firms and their
customers (Dowling & Uncles, 1997). Other research (Gustafsson, Roos, &

Edvardsson, 2004; Hennig-Thurau & Hansen, 2000; Stauss & Seidel, 2002, p. 232) also highlights some negative effects of loyalty programs on customers' relationships with firms for the following reasons: 1) many firms do not keep their promises because they do not provide a sufficient supply of the products advertised as rewards, so that customers are turned away or put off; 2) the rewards can only be obtained with some difficulty or not at all because the required number of loyalty points is very high, 3) rewards are associated with a disproportionately high purchase volume or because accumulated points expire after a certain period of time; 4) the promised rewards prove to be of little value; and 5) provisions for privacy protection are violated.

Many firms invest a substantial proportion of their marketing budget in developing positive customer perceptions of their relationship marketing programs. *Customer perceptions of a seller's relationship marketing investments* are defined as the "customer's perception of the extent to which a seller devotes resources, efforts, and attention aimed at maintaining or enhancing relationships with regular customers that cannot be recovered if these relationships are terminated (De Wulf, Odekerken-Schröder, & Iacobucci, 2001, p. 35). These investments do not include the core product being purchased; rather, they represent the "seller's extra efforts, adapted policies, small favours or considerations such as meals, discounts, gifts, or personalised notes" (Palmatier, Jarvis, Bechkoff, & Kardes, 2009, p. 1). The two main aims of relationship investments are to improve targeted returns (Dowling & Uncles, 1997) and improve customers' perceptions of relationship quality with the seller (Crosby, Evans, & Cowles, 1990; Dwyer & Oh; Johnson, Sakano, Cote, & Onzo, 1993; Morgan & Hunt, 1994).

Firms recognise the importance of customers' perceptions of relationship quality with the seller because both short-term and long-term relationships with customers improve economic and non-economic performance (Crosby, et al., 1990; Morgan & Hunt, 1994; Palmatier, et al., 2009). Customer-perceived relationship quality refers to the perceptions of customers as to the extent to which sellers build, maintain and/or strengthen relationships with customers (Roberts, Varki, & Brodie, 2003). Although relationship quality has been described as a unidimensional construct (Hennig-Thurau, Gwinner, & Gremler, 2002), it is more commonly conceptualised as a multi-dimensional, higher-order construct (Crosby, et al., 1990). Beatson et al. (2008, p. 212) highlight two key advantages of this multidimensional conceptualisation: (1) it allows a deeper understanding of the construct and the relationships between its dimensions, and (2) it provides an opportunity to explore the relative impact of each dimension on the outcomes of the relationship. The three dimensions that typically comprise relationship quality are trust, overall satisfaction and affective commitment (Crosby, et al., 1990; Dwyer & Oh; Gundlach, Achrol, & Mentzer, 1995; Morgan & Hunt, 1994; Storbacka, Strandvik, & Gronroos, 1994). Accordingly, this thesis conceptualises relationship quality as a multidimensional construct comprising trust, overall satisfaction and affective commitment.

A high level of customer-perceived relationship quality corresponds with high customer trust in, satisfaction with and affective commitment to the seller (Beatson, et al., 2008; De Wulf, et al., 2001). *Customer trust* is defined as confidence in an exchange partner's reliability and integrity (Crosby, et al., 1990; De Wulf, et al., 2001; Morgan & Hunt, 1994). Trust captures the belief that a seller will stand by their word

(Anderson & Narus, 1990) and fulfil promised role obligations (Dwyer, Schurr, & Oh, 1987). Overall customer satisfaction, a related construct, is important to relationship continuity (Anderson, 1998) in seller-buyer relationships (Crosby, et al., 1990; De Wulf, et al., 2001). *Overall satisfaction* is defined as the customer's cognition-focused affective state resulting from an overall appraisal of the service experience (Anderson, 1998; Oliver, 1993). Finally, *affective commitment* is defined as a customer's enduring desire to maintain a valued relationship with a seller (Moorman, Zaltman, & Deshpande, 1992). Commitment encourages a customer to resist short-term benefits in favour of expected long-term benefits due to remaining in the relationship (Morgan & Hunt, 1994).

1.2   RESEARCH GAPS

Despite large relationship marketing investments to build and maintain relationships with customers (De Wulf, Odekerken-Schröder, & Van Kenhove, 2003), many firms' loyalty programs remain unsuccessful in achieving their aims, including targeted returns (Dowling & Uncles, 1997) and improved customer perceptions of relationship quality with the seller (Crosby, et al., 1990; Johnson, et al., 1993). The key question is, Why? Are there some mediating mechanisms that might better explain what is happening?

Customer perceptions of their own economic or financial gains do not predict customer perceptions of relationship quality with the seller particularly well (De Wulf, et al., 2001). A focus on the economic nature of the benefit rendered by the seller overlooks the scope of customers' affective responses and does not offer any psychological insight into customer trust, satisfaction and affective commitment (De

Wulf, et al., 2003). This may be because customers' perceptions of a firm's

relationship marketing investments are different from customers' perceptions of

personal economic gain (De Wulf, et al., 2003). If a customer perceives a firm's

investment as a personal economic benefit or financial gain (see Figure 1.1), rather

than a relationship investment from a firm, he or she is not likely to experience

affective responses such as gratitude or affective commitment (Gilliland & Bello,

2002). However, he or she might experience continuance or calculative commitment,

which is sustainable as long as the cost-benefit analysis falls in favour of the

customer. Prior research shows that long-term relationships with a seller may not be

an outcome of this type of commitment (Cullen, Johnson, & Sakano, 2000; Gilliland

& Bello, 2002).

Figure 1.1: The model of relationship marketing
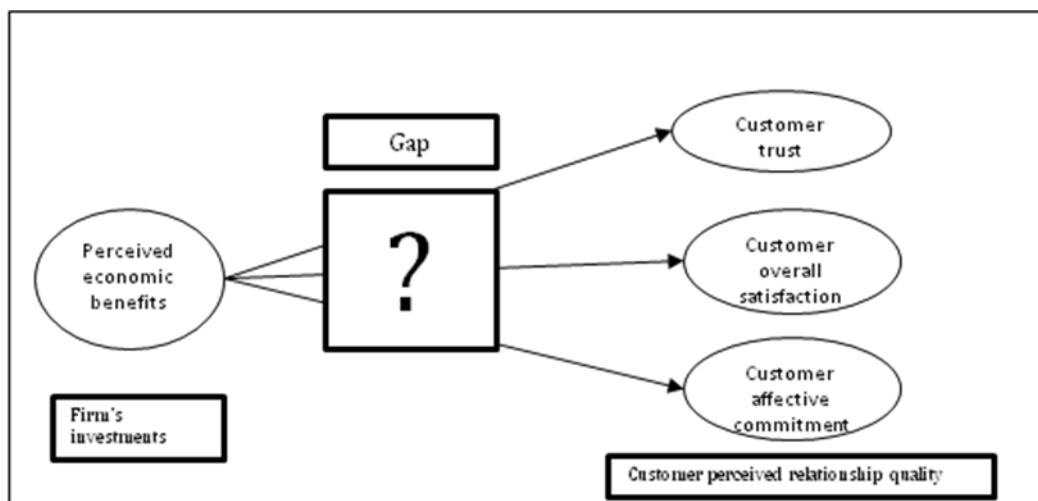
Consequently, many researchers highlight the need to investigate possible

psychological mechanisms, beyond the traditional role of trust, satisfaction and

commitment, such as gratitude, empathy and hope, that may better explain how

customers perceived value in relationship investments and the quality of the

relationship (e.g. Palmatier, Dant, & Grewal, 2007; Russell-Bennett, McColl-

Kennedy, & Coote, 2000). This research proposes that customers' affective response of gratitude is worthy of attention because it may provide insight into customers' perceptions of, and feelings towards, relationship marketing investments in the exchange process (Palmatier, et al., 2009).

Customer gratitude is a positive emotional response that arises from the recognition of a benefit received from a seller. Psychologists consider gratitude to be a positive emotion embedded in the norm of reciprocity (Bonnie & de Waal, 2004; Buck, 2004; Komter, 2004). Gratitude is a significant component of business-to-customer relationships (Morales, 2005) and may offer important insights as the mechanism by which perceptions of relationship marketing investments enhance the perceived quality of the relationship between the customer and seller. Despite emphasising the relationship between customers and sellers, and the effect of these relationships on customer behaviours, marketing literature has not yet focused on customer gratitude as an element of relational exchanges.

Some studies have examined the economic mechanisms by which firms' investments, such as loyalty programs, influence customer behaviour. Only two studies have highlighted the role of customer gratitude in relational exchange. Morales' (2005) research was the first to highlight that customer gratitude predicted customers' propensity to reward firms for their extra effort. Palmatier et al. (2009) take a step further and demonstrate that gratitude-associated behaviour predicts purchase intentions, sales growth and share of wallet. This research identifies that customer gratitude is a mechanism that (1) incorporates behavioural aspects (i.e. expression) to explain customer attitudes and (2) directly predicts purchase behaviours (e.g. share of

wallet) instead of defining purchase patterns as a function of a customer's perception of the strength of their relationship with the seller (Morales, 2005; Palmatier, et al., 2009).

However, Palmatier et al. (2009) and Morales (2005) both focus on the behavioural aspect of customer gratitude and overlook the emotional nature of gratitude, which has its own potential to predict customer trust, satisfaction and affective commitment. A focus on the behavioural aspect of customer gratitude may limit the understanding of a process that involves customer responses to the benefit that they receive from the seller. Gratitude might be felt without being expressed (Emmons, McCullough, & Tsang, 2003) and its behavioural components might not necessarily represent gratitude (Emmons & Crumpler, 2000; Fredrickson, 2001). Further, gratitude is an emotion that may be represented by different behaviours (Harpham, 2004; Polak & McCullough, 2006). Prior research on customer gratitude demonstrates, however, that expressions of gratitude have positive effects on customer's behaviours in interpersonal relationships (Emmons & McCullough, 2003).

However, what is not yet clear is if the positive emotional response of gratitude will have a positive impact on customer trust in, overall satisfaction with and commitment to the seller. From an academic perspective, this represents a gap in the literature that is worth investigating. Consequently, this thesis explores the emotional response of gratitude as a mediating mechanism to explain the relationship between customer perceptions of firms' relationship marketing investments and customer trust, overall satisfaction and affective commitment, which are key dimensions of customer-perceived relationship quality (see Figure 1.2). The above critique leads to the formal

statement of the first research question, namely: does customer gratitude mediate the relationship between customer-perceived relationship marketing investments and customer trust in, overall satisfaction with and affective commitment to the seller?

Figure 1.2: The mediating role of customer gratitude between perceived relationship marketing investments and customer-perceived relationship quality
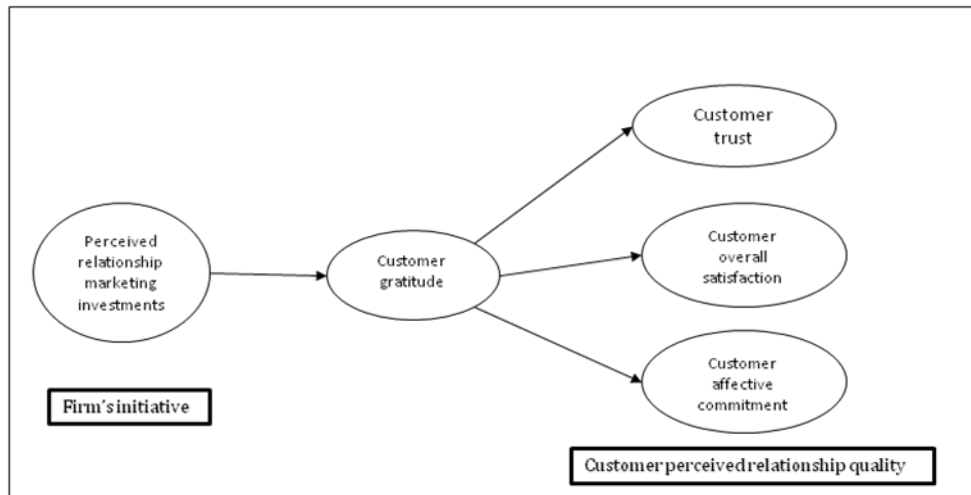
Further, no prior study explores the mechanism(s) by which different customers experience different levels of gratitude for the same marketing investments by sellers. This study thus contributes to marketing literature by highlighting two possible mechanisms, namely customer-perceived benevolence and customer cynicism, that moderate the relationship between customers' perceptions of a seller's investment and customer gratitude (see Figure 1.3). *Customer-perceived benevolence* is defined as the customer's perception of the degree to which a seller is sincerely interested in the customer's wellbeing and seeks joint gain (Doney & Cannon, 1997). *Cynicism* is defined as an attitude of disbelief in the sincerity of others' motives and actions (Chylinski & Chu, 2010). Cynicism, which is the more enduring and permanent trait/attitude, is different from the psychological domain of perception, which is more transient. Thus, in addition to the mediating role of customer gratitude, this thesis

further investigates the following sub-research question: Do customers' perceptions of the benevolence of the seller and customer cynicism moderate the relationship between customers' perceptions of relationship marketing investments and customer gratitude?

Figure 1.3: The moderating role of customer-perceived benevolence and customer cynicism between customer-perceived relationship marketing investments and customer gratitude
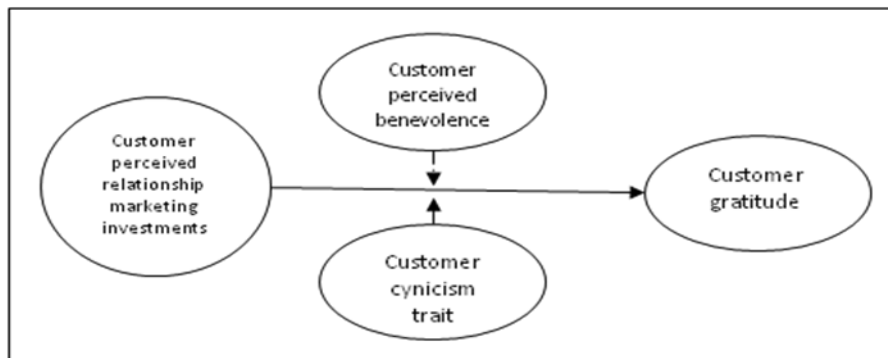
Liebermann (1999) notes that firms design certain benefits to attract new customers; these firms introduce reward programs and invest heavily in these programs by offering benefits such as promotions, loyalty points, cash rebates and savings. Generally firms initiate reward programs to stimulate customers' positive emotions and behavioural intentions (Vesel & Zabkar, 2009), which should in turn produce desirable customer behaviour towards the firm. Many studies assert that certain programs are successful only because of the positive responses of existing, committed customers; other programs fail to mould new customers' attitudes and behaviour towards the firm (Gustafsson, et al., 2004; Hennig-Thurau & Hansen, 2000; Stauss & Seidel, 2002). Are there other mechanisms that, in combination with customer gratitude, work to produce pro-firm customer behavioural intentions?

This research proposes that gratitude acts interdependently with affective commitment (Evanschitzky, Iyer, Plassmann, Niessing, & Meffert, 2006). Previous research suggests that customers' affective responses are tightly intertwined (Fabrigar & Petty, 1999) and play important roles in facilitating other affective responses during relationship development (Young, 2006). A large body of empirical research repeatedly demonstrates that positive emotional responses play a significant role in developing customers' positive perception of sellers (see for example Allen & Meyer, 1990; Van Dolen, de Ruyter, & Lemmink, 2004). Based on this positive perception, customers decide whether they can develop an initial psychological attachment to the seller. They do this by examining the feelings they have toward the brand and/or seller (Allen & Meyer, 1990).

Algoe, Haidt and Gable (2008) find that gratitude for benefits received improves a receiver's perceptions of a giver, including an emotional attachment to the giver (e.g. liking, closeness, commitment to the giver). Thus, if gratitude increases customers' positive emotional responses to a seller, it also should improve customers' psychological attachment to the seller.

Further, customers' perceptions of altruistic behaviour from sellers provide an attribution basis for affect-based commitment. Affective commitment is developed when people feel that others have genuine care and concern for them (McAllister, 1995), which leads to a reciprocity of valuable benefits (Palmatier, et al., 2009). This means a grateful customer, having developed an affective commitment to the firm, is more likely to reciprocate the benefits of the program in particular and the firm in

general. In other words, customer gratitude improves the commitment of a customer, which increases his or her desire to reciprocate benefits to the seller.

This research contributes to marketing literature by examining how customers' affective commitment mediates the relationship between customer gratitude and customer-generated corporate benefits, particularly customers' word of mouth intentions, customer-perceived value of the relationship and customer involvement with the brand (see Figure 1.4). Thus, this thesis answers the following sub-research question: Does affective commitment mediate the relationship between customer gratitude and three corporate benefits: customers' positive word of mouth intentions, customer-perceived value of relationship and customer involvement?

Figure 1.4: The mediating role of customer affective commitment between customer gratitude and corporate benefits
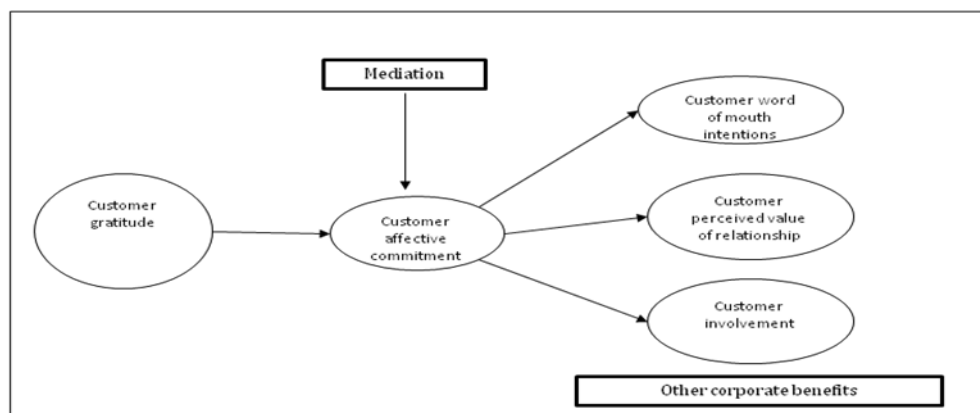
1.3   RESEARCH QUESTIONS

The conceptual framework developed and tested in this study (see Figure 1.5) addresses the following broad research question:

Does customer gratitude strengthen seller-buyer relationships?

More specifically, this thesis answers the following questions:

1. Does customer gratitude mediate the relationship between customer-perceived relationship marketing investments and customer trust in, overall satisfaction with and affective commitment to the seller?

2. Do customers' perceptions of the benevolence of the seller and customer cynicism moderate the relationship between customers' perceptions of relationship marketing investments and customer gratitude?

3. Does affective commitment mediate the relationship between customer gratitude and three corporate benefits: customers' positive word of mouth intentions, customer-perceived value of relationship and customer involvement?

In order to answers these questions, this research proposes a definition of customer gratitude and highlights its role in service encounters. It also discusses the antecedents and consequences of customer gratitude. Finally, this research proposes a model of customer gratitude (see Figure 1.5) to describe the role of gratitude in relational service exchanges. The customer gratitude model also explains the impact of customers' affective commitment on three positive customer behavioural intentions. In order to obtain the data to test the customer gratitude model, a paper-based survey was administered to 1600 students attending three leading universities in Pakistan.

Figure 1.5: A model of customer gratitude
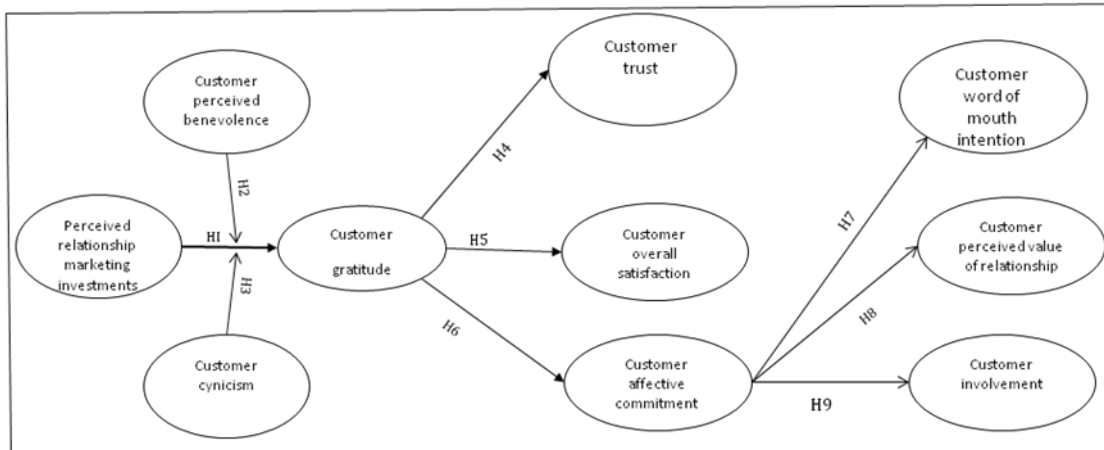
1.4 RESEARCH CONTRIBUTIONS

This research program is one of the first to recognise the importance of customer gratitude as a mediating mechanism that explains the relationship between customer perceptions of relationship marketing investments and customer trust in, overall satisfaction with and affective commitment to the seller. The research seeks to contribute that customer cynicism and customer-perceived benevolence are two variables that moderate the relationship between perceived relationship marketing investments and customer gratitude. Further, the research provides evidence that customers' affective commitment mediates the relationship between customer gratitude and positive behavioural intentions towards the seller.

This research presents a comprehensive model of customer gratitude to improve organisational strategies through the development of more effective relationship marketing schemes. The research also seeks to contribute that customer gratitude is a powerful predictor of satisfaction, trust and commitment in pre-purchase and post-purchase scenarios.

1.5 THESIS STRUCTURE

The thesis is developed over seven chapters (see Table 1.1). In Chapter Two, gratitude is defined and its role in service encounters is explored. The key antecedent to and consequences of customer gratitude are examined and the relationship between customer trust, overall satisfaction, affective commitment and gratitude is illustrated. Theories from service marketing and consumer psychology are synthesised to develop a model of customer gratitude in relational service exchanges. The customer gratitude model also describes the mediating role of affective commitment between customer gratitude and customers' positive behavioural intentions towards sellers. Chapter Three provides a comprehensive discussion on research paradigm, research methods, measures, questionnaire design, sampling, and data collection and cleaning. In Chapter Four, the customer gratitude model is empirically tested and the results are presented. Chapter Five discusses the contributions, implications and limitations of the research. Chapter Six presents the references and Chapter Seven presents the appendices.

Table 1.1: Thesis structure

Chapter	Title	Topics
1	Introduction	Research background, rationale for undertaking the research, research gap, research aims, research contributions, overview of the thesis
2	Theory development	Review of relevant literature, rationale for hypotheses, development of conceptual framework and customer gratitude model
3	Methodology	Research paradigm, research methods, questionnaire design, sampling and data collection
4	Analyses and results	Measurement model testing, structural model testing and results
5	Discussion and conclusions	A discussion of positioning of current research, findings and results, theoretical contributions of current research, implication for the managers, future directions and limitations
6	References	References
7	Appendices	Appendices, letters of support, original and adapted scales, questionnaire, items used in this study

Chapter 2:   Theory Development

This chapter reviews the marketing literature relevant to a study of the mediating role of customer gratitude in the relationship between perceived relationship marketing investments and customer trust, overall satisfaction and affective commitment in the context of business-to-customer relationships. It also examines the moderating role of customer-perceived benevolence and customer cynicism in the relationship between customer-perceived relationship marketing investments and customer gratitude.

The literature review is organised into five sections. First, the conceptual domain of gratitude is examined and its role in business-to-customer encounters is described. Second, the antecedents of customer gratitude are discussed. Third, outcomes of customer gratitude, namely customer trust, overall satisfaction and affective commitment, are explained. Fourth, three consequences of affective commitment—customers' positive word of mouth intentions, customer-perceived value of relationship and customer involvement—are described. Finally, theories of service marketing and consumer psychology are synthesised to develop a conceptual model that describes the role of customer gratitude and affective commitment in relational exchanges.

2.1 GRATITUDE

Both Emmons and McCullough (2003, p. 49) and McCullough and Tsang (2004) argue that gratitude is an emotion. For Emmons (2004), certainly, gratitude is an emotion because it generates pleasant, other-directed feelings about the benefits received. This definition is similar to the one provided by Park et al. (2006, p. 554), who conceptualise gratitude as a "pleasant emotional response to receiving a gift, where the gift would be a tangible benefit from a specific other. Prototypically, gratitude stems from the perception that one has benefited due to the actions of another person."

The logic behind the argument that gratitude is a positive emotional response is that it feels good to experience gratitude. In his conceptual analysis of the experience of gratitude, Roberts (2004) maintains that gratitude is intuitively linked to happiness and wellbeing, and inversely linked with negative emotions such as anger, anxiety or envy. McCullough et al. (2002) argue that this intuitive link helps to determine that gratitude is a positive emotion. If gratitude in its purist form is a positive emotion, the question that then arises is how is it evoked within a person.

The positive emotional response of gratitude is a response to a benefit received. The received benefit might be tangible, such as an iPad, or intangible, such as a business club membership. Thus, gratitude has been conceptualised as a positive emotional response for a benefactor, which can be articulated by numerous means such as giving thanks to a benefactor for their help. This conceptualisation implies that gratitude is directed towards external sources.

Emmons (2007, p. 4) posits that there are two complementary aspects of gratitude: (a) acknowledging the goodness in one's life and (b) recognising that the source(s) of this goodness lies, at least partially if not wholly, outside the self. Gratitude is thus always "other-directed" (Emmons, 2007, p. 4). Moreover, Emmons draws attention to the fact that gratitude is an emotion that is fundamentally and characteristically different from other emotions. He supports this argument with the logic that one cannot be grateful to oneself, even though one can feel happy at oneself, angry at oneself, proud of one's accomplishments, and disappointed at one's failures. In unravelling whether gratitude is an expression or emotion, Emmons and Crumpler (2000) comment that psychologists typically view gratitude as a positive emotional response.

Schimmel (2004) considers gratitude to be a distinct positive emotion on the grounds that it lacks a physiological profile, a hardwired behavioural response and a specific neurological process as its natural source. Schimmel (2004) asserts that it is almost impossible to find any hard-wired (and perhaps culturally invariant) facial display for the expression of gratitude, because it can be expressed through both a verbal or non-verbal expression (e.g. a smile). Schimmel (2004) states that true gratitude has to be sincere, either in its outer or inner expression, which distinguishes it from other basic emotions. Consequently, gratitude appears to be quite a distinct emotional response.

A possible answer to the question whether or not gratitude is covert and passive, may hinge upon the emotion taxonomies: emotion taxonomies largely rivet on negative emotions; positive emotions have been a subject of study only of late, say, within the last decade (Fredrickson, 2003). Moreover, in the domain of emotion psychology, the

theoretical tradition has been to view emotion in their specific action tendencies regarding body health and fitness. For example, the action tendency of disgust is to expel noxious substance from human bodies, thus helping us avoid toxins. Likewise, fear helps us escape and anger makes us attack. However, in the opinion of Fredrickson, this is not the case with positive emotions, i.e., action tendencies or behavioural responses (thankfulness) associated with positive emotions are not obvious. Fredrickson is of the view that positive emotions such as gratitude, joy, contentment, love are calm and passive emotion and contribute to fitness in a general manner, i.e., such emotions broaden mental, psychological, and social resources, expand behavioural repertoires, and fuel psychological resiliency. These emotions may be experientially distinct, Fredrickson claims that they all broaden and build— and that gratitude, may as well (Fredrickson, 2003, 2004).

Believing that gratitude is a distinct emotion, Harpham (2004) presents a detailed review of different approaches to the emotional responses of gratitude. Harpham focuses on the intentions of the giver (i.e. the benefactor) and the receiver (i.e. the beneficiary), because he believed that gratitude can only arise if a benefactor thinks that the benefit is freely given, without any hidden motives for personal gain in return. A benefit given in obligation cannot engender true gratitude. It may be argued that a recipient may never truly know whether something is given freely; however, it is the *belief* that something was freely given that determines whether gratitude is felt.

Gratitude may be explained by the norm of reciprocity (Palmatier, et al., 2007) but is different from the normative pressure of reciprocity. Reciprocity is defined as a social norm that suggests voluntarily treating other people as they treat you (Kolm, 2008).

Reciprocity also explains the nature and type of emotional responses (Bakker, Schaufeli, Sixma, Bosveld, & Dierendonck, 2000; Gintis, 2000). Kolm (2008) differentiates reciprocity from gratitude by arguing that reciprocity is a broader norm that has several psychological motives (e.g. social and physical interactions) in various social structures (e.g. partnerships and marriages). Most of these psychological motives consist, in a dynamic combination, of a number of basic emotions and affect (e.g. love and anger). Gratitude is an elementary affect (Roberts, 2004).

Perugini et al. (2003) further differentiate gratitude and reciprocity by proposing that feelings of gratitude are different from reciprocity, which is an internalised social norm or principle. The norm of reciprocity can be considered as a framework to understand various motives, which generate emotions such as gratitude. Nowak and Roch (2007) come to the conclusion that gratitude is positively related to the norm of reciprocity.

Rozin and Cohen (2003) observe that there is a continuous debate in the gratitude literature about the action tendencies and behavioural manifestations of emotions. To define emotions, Keltner and Shiota (2003, p. 89) remark that "an emotion is a universal, functional reaction to an external stimulus event, temporarily integrating physiological, cognitive, phenomenological, and behavioural channels to facilitate a fitness-enhancing, environment-shaping response to the current situation". This definition offers a framework to determine whether gratitude manifests some identifiable behavioural display, has a physiology, and is affectively or

phenomenologically positive or negative. Indeed, several positive emotions cannot be distinctly identified because they blend together. The same may be true for gratitude.

In linking the emotional experience of gratitude with its behavioural responses, Steindl-Rast (2004) defines gratitude and its related expressions as having two modalities: gratefulness and thankfulness. According to Steindl-Rast (2004), gratefulness represents a state or an emotional response, whereas thankfulness is an action and/or an expression. Thankfulness, as an expression of gratitude, can be expressed in a facial, vocal or gestural manner, which serves as an indicator of affect. However, this thesis does not share this view. Thankfulness is not an integral component of gratitude for three reasons: (1) gratitude might be felt without being expressed, (2) its behavioural components (i.e. thankfulness) might not necessarily represent gratitude, and (3) gratitude might be represented by many different behaviours (as opposed to mere thankfulness). Buck (2004) supports this view and maintains that gratitude is an emotional experience and, as with other emotions, one may feel gratitude without actually expressing it.

The expressive aspects of some emotions (e.g. saying "thank you", "sorry" or "excuse me") are not always linked to their core emotional experience (i.e. gratitude or regret). Discourse analysis and linguistics studies (Bean & Johnstone, 1994) show that automatic and routinised expressions, which may have no connection with their core emotional experiences, are generic situational responses used to overcome recurrent difficulties in discourse. They "help to regulate the flow of talk, to reopen the closed channel of communication, to signal changes in frame, and in other ways to keep the communication system working" (Bean & Johnstone, 1994, p. 62). In other words,

automatic and routinised expressions are used to help facilitate communication. Such shallow situational expressions arise as a result of system constraints in communication and may not convey the same core experience (e.g. gratitude or regret) that one would expect them to (Bean & Johnstone, 1994).

The debate about the nature of gratitude, however, highlights a series of interrelated conclusions: that gratitude is essentially a distinct, positive emotion. This distinct, positive emotion might be felt without being expressed (McCullough & Tsang, 2004; Morales, 2005). Further, the behavioural components of gratitude (e.g. thankfulness) might not necessarily represent gratitude. Gratitude might instead be represented by other behaviours that might be expressed internally or outwardly. Gratitude is felt more deeply if the benefit is perceived to be valuable by the beneficiary.

Let's look at a simple example that will illustrate these assertions. A customer is promised in his or her contract with the computer seller that he/she will receive a free notebook service within a year of his purchase. For any service to his or her notebook within a year, the customer is unlikely to feel any gratitude towards the seller as the fulfilled promise was obligatory by the terms of a contract. However, if the seller gives the customer an additional service after a year instead, the customer is likely to feel gratitude because the seller has gone above and beyond what was promised in the contract. In this example, gratitude is felt more deeply when the benefit is perceived to be valuable to the beneficiary. Consequently, it is proposed that in a relational exchange context, customer gratitude is a positive emotional response that arises from recognising a benefit received from a seller.

The next section presents an explanation for why sellers invest in their relationship with the customers. A seller's investment in a relationship is conceptualised as a marketing relationship investment that is a key antecedent of customer gratitude.

2.2 THE EMERGENCE OF CUSTOMER GRATITUDE IN THE SERVICE ECONOMY: A CONCEPTUAL BACKGROUND

Social psychologist Fritz (1958) asserts that people feel grateful when they receive a benefit from another person. Emmons and Crumpler (2000) maintain that the perceived intention of the benefactor is crucial in shaping the recipient's sense of gratitude. Thus, gratitude is profoundly interpersonal (Algoe, 2006; Algoe, et al., 2008; Emmons & Crumpler, 2000). Drawing on Emmons and Crumpler's (2000) perspective, this research argues that gratitude emerges from relational exchanges.

In the service economy, relational exchange by definition involves interactions between exchange partners. Interactions strengthen value sharing between actors (Heider, 1958). In the marketing context, one partner (i.e. the seller) invests in the relationship by rendering benefits to the other partner (i.e. the customer) (De Wulf, et al., 2001). These benefits give rise to positive emotions in the customer, which in turn increase trust in, satisfaction with and affective commitment to the seller. Customer affective commitment further leads to three corporate benefits: positive word of mouth intentions, higher perceived value of relationship and higher customer involvement.

2.2.1 Interpersonal interaction between sellers and buyers

Building and sustaining relationships with existing and potential customers has been a topic of interest for many researchers and practitioners over the last two decades

(Beatson, et al., 2008; De Wulf, et al., 2003; Huntley, 2006; Zinkhan, 2002). Over this period, there has been a major directional change (Morgan & Hunt, 1994), a fundamental reshaping (Webster, 1995) and a paradigm shift (Kotler, 1991) in both marketing theory and practice. This has resulted in a shift in marketing focus from discrete exchanges to relational exchanges.

Discrete exchanges have a distinct beginning, a short duration and a conclusive ending with no long-term, enduring impact on the strength of the relationship between the exchange actors (Kotler, 1991). In contrast, relational exchanges have a long duration, ongoing processing and a relatively high psychological and social impact on the exchange partners (Dwyer & LaGace, 1986). Many researchers consider this relational exchange to be the fundamental basis of relationship marketing (Doyle & Roth, 1992; Dwyer & LaGace, 1986; Kotler, 1991; Morgan & Hunt, 1994).

In this context, Morgan and Hunt (1994, p. 22) state that "relationship marketing refers to all marketing activities directed towards establishing, developing, and maintaining successful relational exchanges". In prior research, marketing activities were seen as investments that a seller or firm makes to build long-term relationships with its customers (De Wulf, et al., 2001; Dwyer, et al., 1987; Palmatier, et al., 2009). Morgan and Hunt's (1994, p. 22) trust and commitment theory shifted the field by explaining the relationship between the firm's investments and firm performance outcomes in both business-to-customer and business-to-business markets. Morgan and Hunt's (1994) assertion that relationship marketing is more effective than the traditional transaction-oriented selling has been supported by numerous subsequent

empirical studies (Comstock & Higgins, 1997; Crosby, et al., 1990; Macintosh,

Anglin, Szymanski, & Gentry, 1992).

Many researchers recognise that relationship marketing activities require

interpersonal interactions between relational exchange partners in service economies

(see for example Comstock & Higgins, 1997). The emergence of service economies

means that the manufacturing of goods and other production activities in advanced

countries have been replaced by the provision of services (Inman, 1989). More

recently, Vargo and Lusch (2004) proposed Service Dominant Logic, which suggests

that all economies, whether developed or developing, are service economies.

According to Service Dominant Logic, "[i]t is service—defined as the provision of

specialised goods and competencies (operant resources, knowledge and skills),

through deeds, processes, and performances for the benefit of another entity or the

entity itself—that is exchanged for services" (Lusch & Vargo, 2006, p. 43).

2.3 CUSTOMER-PERCEIVED RELATIONSHIP MARKETING INVESTMENTS: A KEY ANTECEDENT TO CUSTOMER GRATITUDE

Service Dominant Logic (Vargo & Lusch, 2004) considers a seller-buyer interaction

as a means to create service and specifies that superior value is impossible for both

parties without an interpersonal relationship between them. Vargo and Lusch (2004)

assert that value perception resides in the strength of the interactions between the

customer and seller. Thus, these interpersonal interactions between the customer and

the seller are an integral part of the relational exchange process. Furthermore,

interpersonal interactions facilitate the process of exchanging service for service.

Horvath (2001) complements this point of view by noting that collaborative arrangements and mutual interactions between exchange partners are the driving force of any relational exchange process. Ravald and Grönroos (1996) also shed light on the importance of interpersonal interactions for value creation. They maintain that interpersonal interactions motivate partners to invest in mutual relationships because exchange partners deem these investments important for the longevity of relationships. This is a win-win strategy because the acceptance of the customer as a partner and a co-producer of value, not just a passive recipient of the seller's product, will benefit both exchange partners in the long run.

The emerging concept of relationship investments in marketing may be explained using Reciprocal Action Theory (Li & Dant, 1997). Reciprocal Action Theory explains that exchange partners invest in relationships because they stimulate gratitude in the other exchange partner. Reciprocal Action Theory posits that one party interacting with another party in the social exchange process will reciprocate the action taken by the other party. Furthermore, the willingness to engage in a reciprocal action originates from an anticipated feeling of guilt that would stem from a violation of the norm of reciprocity (Li & Dant, 1997).

Blau (1964) has already established that when customers interact personally with a seller, they invest their time and energy in the relationship even if they don't purchase a service from the seller. Coakes et al. (2009) note that relationship marketing investments may benefit customers who participate in firms' marketing programs through cost savings, special recognition, access to privilege awards and ease of shopping.

Christy, Oliver and Penn (1996) divide relationship marketing investments in two distinct categories. The first category comprises investments that produce tangible benefits for customers (e.g. money, extra product and/or service features, customised products, etc.). The second category comprises investments that produce intangible benefits or incentives, such as enhanced social status and self-esteem. From firms' and employees' points of view, investments in building relationships are important for future profitability and personal growth respectively.

Gummesson (1999) asserts that interpersonal interactions exist on several levels; a society is a network of related people who interact with each other. He maintains that investments in building relationships with customers are an outcome of all levels of interaction between the employees of firms and customers. This is because employees' relationships with their firm cannot be viewed in isolation from social relationships. Hence, from the employees' perspective, the benefits of relationship marketing investments do not solely benefit the firm. Employees, on behalf of the firm, invest in relationship-building activities in an attempt to create a reciprocal benefit (e.g. purchase or positive word of mouth) from customers for the organisation, which in turn becomes beneficial for the employees and other stakeholders.

From the customer's point of view, the concept of relationship marketing investments is based on the principle that people like to reward extra investments that provide them with benefits (Morales, 2005). Prior research has shown that customer perceptions of relationship marketing investments result in positive affective and behavioural responses in favour of the seller (Aronson & Mills, 1959; De Wulf, et al.,

2003; Weiner, 1974). Researchers acknowledge that when individuals perceive they have received a benefit from a benefactor, they experience an affective response towards the benefactor (Buck, 2004; Dahl, Honea, & Manchanda, 2003; Palmatier, et al., 2009).

This thesis argues that customer-directed relationship marketing investments will be perceived as benefits received by customers and, as such, will constitute a key antecedent of customer gratitude. Perceived relationship marketing investments are defined as customers' perceptions of the extent to which a seller devotes resources, effort and attention to maintaining or enhancing relationships with regular customers that cannot be recovered if these relationships are terminated (De Wulf, et al., 2001). These investments do not include the core product being purchased; rather, they represent the "seller's extra efforts, adapted policies, small favours or considerations such as meals, discounts, gifts, or personalised notes" (Palmatier, et al., 2009, p. 1).

There is an emerging consensus that extra effort (i.e. relationship marketing investments) from the firm is different to the perceived or experiential value for which customers pay (De Wulf, et al., 2003; Morales, 2005; Palmatier, et al., 2009). Alternately, the norm of reciprocity drives customers to "give back" to the seller who rewards them with extra effort or benefit. Here the role of gratitude comes into play, because it drives the customer to pay something back to the seller. The perceptions of relationship marketing investments influence customers' emotions, resulting in feelings of gratitude for the seller and the enactment of the norm of reciprocity, which drives the process for repayment. This repayment appears in the form of an emotional response of gratitude, which ultimately improves the level of customer trust in,

satisfaction with and affective commitment to the seller (De Wulf, et al., 2003; Weiner, Russell, & Lerman, 1979).

The Affect Theory of Social Exchange (Lawler, 2001) explains how perceptions of relationship marketing investments stimulate the positive emotional response of gratitude in customers. According to this theory, the "emotions produced by exchange structures and processes are critical to an understanding of how and when social exchanges promote or inhibit strength in relations or groups" (Lawler, 2001, p. 322). The Affect Theory of Social Exchange maintains that the attainment of implicit or explicit benefits by participating actors of joint social exchange activities determines the nature and intensity of the emotional experience. For example, when exchanges result in failure or are non-beneficial to either or both partners, exchange partners experience negative emotions such as sadness, shame and regret. When exchanges are successful and relationship investments benefit both exchange partners, the exchange partners both experience positive emotional responses such as gratitude and pride. This suggests that customers' perceptions of appropriate investments by the seller in the relationship, as a result of successful social exchange processes, result in positive emotions such as gratitude between the exchange partners.

In line with the Affect Theory of Social Exchange, several authors state that perceptions of relationship marketing investments between partners generate an affective response of gratitude. For instance, Komter (2004) asserts that customer perceptions of relationship marketing investments develop a tendency within a customer to experience gratitude. Fredrickson (2004) also notes that relationship marketing investments provide a context in which gratitude can be experienced. Other

studies demonstrate that these investments stimulate gratitude, which increases customers' trust, commitment (Palmatier, et al., 2009), purchase intentions towards the organisation and the seller's outcomes (Palmatier, et al., 2009; Raggio & Folse, 2006). Based on this discussion, the first hypothesis is proposed:

Hypothesis 1 (H1): Customers' perceptions of relationship marketing investments have a direct positive impact on customer gratitude.

2.4 CUSTOMER-PERCEIVED BENEVOLENCE: A MODERATING MECHANISM

In line with Ganesan (1994) and Doney and Cannon (1997), customer-perceived benevolence is defined as a customer's perception of the degree to which a seller is sincerely interested in customer wellbeing. Thus, at the centre of customer-perceived benevolence is a customer's belief about the firm's concern for them. These customer perceptions require sellers to show consideration and sensitivity to customer needs and rights, protect customer interests, and refrain from exploiting customers (Atuahene-Gima & Li, 2002) where as a customer's perceptions of the seller's empathy, a different yet related construct, refers to customer's perception of seller's capacity to experience and share his or her emotions (McCusker & De Dreu, 1997). A customer's perceptions of seller's empathy does not necessarily require the seller to show consideration and sensitivity to his or her wellbeing (McCusker & De Dreu, 1997).

Customer-perceived benevolence is conceptually distinct from (but related to) customer-perceived altruism. Customer-perceived altruism refers to customer

perceptions of a seller's self-destructive behaviour performed for the benefit of a customer (Piliavin & Charng, 1990). More generally, altruistic behaviours benefit the customer more than the seller (Batson, 1991; Trivers, 1971). However, benevolence does not necessarily affect its own utility negatively (Wang, 2006). Thus, many researchers suggest that the concept of benevolence, as opposed to altruism, can increase the utility of both parties (De Dreu & Boles, 1998; De Dreu & McCusker, 1977; McCusker & De Dreu, 1997). Perhaps another related but distinct construct to perceived benevolence is perceived empathy which is the customer's perception of seller's capacity to experience and share his or her emotions (McCusker & De Dreu, 1997) where as perceived benevolence relates to the customer's perceptions of seller's goodwill to them.

Several authors view "customer-perceived benevolence" as an independent construct in their analyses of specific dyadic customer-seller relationships (Ganesan, 1994; Atuahene-Gima & Li, 2002; De Dreu & Boles, 1998). Others consider customer-perceived benevolence as a particular component of customer trust (for details see Wang, 2006) which is defined as customer confidence in a seller's reliability and integrity (Crosby, et al., 1990; De Wulf, et al., 2001). This thesis employs first view and argues that customer-perceived benevolence and customer trust are not at all the same move or construct (although both are pro-social and often combined together); they belong to and characterise two different although complementary actors and roles. A customer can have confidence in the seller's reliability and integrity without perceiving the same seller being interested in his or her wellbeing. On the other hand, a seller can unilaterally adopt or focus on customer's wellbeing without any

expectation from the same customer and, even any awareness of such a help (Castelfranchi & Falcone, 2010).

Attachment Theory (Bowlby, 1977) explains how a customer might perceive that a seller's actions are benevolent. Attachment Theory suggests that a benefactor's actions to promote wellbeing and secure the interest of a beneficiary are essential to generating the belief that the benefactor has emotional sincerity (Bowlby, 1977; Bretherton, 1985; Feeney & Noller, 1990). Benefactors communicate positive concern for the beneficiary's wellbeing through behaviour (Feeney & Noller, 1990).

In addition, the Motivation/Hygiene Theory (Herzberg, 1966) suggests that there are two categories of behaviour that can promote security and wellbeing in interpersonal relationships: behaviours that satisfy the beneficiary's need to feel satisfied, and behaviours that contribute to the beneficiary's feelings of comfort in the relationship. When a customer receives a benefit from a seller and perceives that this benefit has improved her/his wellbeing, the customer develops a favourable perception of the seller's emotional sincerity and genuine interest in customer's wellbeing (Wang, 2006). Thus, perception of a seller's relationship marketing investments assures a customer that he/she enjoys an additional utility without incurring any extra cost. This additional utility is a positive disconfirmation, meaning that higher levels of satisfaction (Hallowell, 1996) and greater reductions in perceived risk are experienced, resulting in comfort in relationship with the seller (Jones & George, 1998).

Inherent in this process is an improvement in a customer's wellbeing, which makes the customer grateful (Watkins & Chesterton, 2004). The perceived benevolence of the agent (i.e. seller), who is responsible for this improvement in wellbeing, strengthens the relationship between the perceived relationship marketing investment and gratitude felt (Wood, Joseph, & Linley, 2007; Zaslow, 2009). Furthermore, perceived benevolence is likely to be attributed to the seller and considered as a friendly act (Wood, Maltby, Gillett, Linley, & Joseph, 2008). Such a positive evaluation is likely to increase positive affective responses such as gratitude (Tesser, Gatewood, & Driver, 1968; Tsang, 2006).

The customer's perception of a seller's sincerity in rendering the benefit, even if the seller is not required to do so and there is no extrinsic reward for the seller, can positively moderate the relationship between perceived relationship marketing investments and the emotional intensity of gratitude felt by the customer (Algoe, et al., 2008; Buck, 2004). Prior research suggests that customer perceptions of seller benevolence are transient and momentary (Patterson & Spreng, 1997; Zeithaml, 1988). However, they may still inform the relationship between perceived benefit and customer affective responses (such as gratitude) (Raggio & Folse, 2006), as well as perceived benefit and attitude (such as loyalty) (Brady & Cronin, 2001; Kumar, Scheer, & Steenkamp, 1995).

Corsten and Kumar (2005) highlight the mechanism by which customer perceptions of a seller's sincerity may influence the relationship between perceived benefits and customer affect, attitudes and subsequent behaviour. They maintain that every customer-directed benefit from the seller (i.e. selectively perceived stimulus) leads to

the formation of a customer's perception of the seller's benevolence. Once the customer forms a positive perception about the seller's sincere and benevolent motives, he/she tends to learn more about the benevolent motives of the benefactor (Mowrer, 1960). When this learning rises to the desired levels of cognition and/or affect-based needs, the customer forms an attitude (Zaslow, 2009). If a customer learns that the seller's benevolent actions are a source of improvement in their own wellbeing, they are likely to experience more gratitude for the seller.

The return on relationship marketing investments is sensitive to customers' perception of the seller's benevolence in providing the benefit (Palmatier, et al., 2009). For example, if a seller set aside an expensive laptop bag for a customer interested in an older model of a laptop, the customer will be more grateful than if the bag is part of a promotion to increase the sales of that older laptop. This suggests when customers perceive a relationship marketing investment as an act of benevolence, they feel more gratitude than when they perceive the action as a duty-based obligation or contractual requirement (Gouldner, 1960; Palmatier, et al., 2009).

Research shows that beneficiaries are more likely to experience gratitude if their benefactor renders benefit with benevolent intentions. Tesser et al. (1968) use evidence from the education industry to show that customer-perceived benevolent intentions strengthen the relationship between perceived relationship marketing investments and feelings of gratitude. Other studies by Zaleski (1988), Emmons et al. (2003) and Weiner et al. (1979) reveal that people experience more gratitude when they believe that the benefit is benevolently rendered by others. Based on this discussion, the second hypothesis is proposed:

Hypothesis 2 (H2): *Customers' perceptions of the benevolence of the seller moderate*

the relationship between perceived relationship marketing

investments and customer gratitude.

2.5   CUSTOMER CYNICISM: A MODERATING MECHANISM

Literature from organisational psychology highlights cynicism as one of the most common enduring negative traits and a moderating agent of negative feelings that adversely affect the cultivation of positive emotions such as gratitude (Albright & Park, 2009; Dean, Brandes, & Dharwadkar, 1998). Cynicism is defined as an attitude of disbelief in the sincerity of others' motives and actions (Chylinski & Chu, 2010). Graham (1990) asserts that individuals with a cynical attitude perceive others as selfish, uncaring and insincere, question the sincerity of others' motives, and do not believe in the trustworthiness of relationships. Researchers investigating cynicism from both an attitude and trait-based perspective assume that little can be done to change an individual's degree of cynicism (Cook & Medley, 1954; Dean, et al., 1998; Graham, 1990).

According to Mirvis and Kanter (1989, p. 377), cynics "agree that lying, putting on a false face, and taking advantage of others are fundamental to human character". They conclude that such cynicism is the foundation of cynical attitudes about sellers they buy from and organisations they work for. In their research on the demographics and psychographics of cynics, Mirvis and Kanter (1991) found a strong link between people's general perceptions of society and their more specific views of the organisations they buy products and services from. Customer cynicism is different to

customer scepticism, which is defined as an attitude of doubt in the credibility and integrity of firms and their offerings (Chylinski & Chu, 2010). Researchers conceptualise customer scepticism as a healthy response to firms and general life (Chylinski & Chu, 2010; Mirvis & Kanter, 1991) because sceptics are open to change. Cynics are not. Cynics do not trust management, do not find management programs to be fair, do not think they have a fair chance to buy something of the value that they pay for, and do not believe management listens to them or takes their feedback about products or the firm seriously (Chylinski & Chu, 2010; Leung, Ip, & Leung, 2010; Mirvis & Kanter, 1991).

Research over the past two decades indicates that cynicism is rising in American business and society, which increasingly impacts on customers' decision-making and their ability to respond to firms' offerings (Chylinski & Chu, 2010; Leung, et al., 2010). In their national survey in 1989, Mirvis and Kanter (1989, p. 379) found that 43% of Americans are cynical. Mirvis and Kanter (1989, p. 379) maintain that 65% of Americans agree that organisations do not mind telling lies if it will benefit them; 41% of Americans have doubts about the truth of what salespeople tell them; 49% of Americans believe that firms will take advantage of their ignorance if given a chance. They conclude that customers' confidence in firms' credibility and sincerity has fallen from 70% to 15% (Mirvis & Kanter, 1991, p. 46). Mirvis and Kanter (1991) further highlight that cynical customers believe firms never reveal the real facts about product offerings and decisions, because management is more interested in short-term profits than long-term sustainability (Brandes & Das, 2006).

A range of research sheds light on the possible reasons for the increase of cynicism in customers. For instance, Goldner, Ritti and Ference (1977) state that as firms increase in complexity, customers become more cynical. They point out that firms are now complex enough to respond to increased competition, customer expectations, dynamic technologies and workforce diversity. For Shirley and Charles (1989), cynicism in customers is the result of firms' decreased commitment and productivity. Mirvis and Kanter (1989) describe three perceptions of organisations that make their customers cynical: (1) firms can't be trusted, (2) organisations do not care about customers, and (3) firms' time is at a premium. In another study, Mirvis and Kanter (1991) illustrate three key ingredients to developing cynicism in customers: (1) unrealistically high expectations of oneself and firms, (2) the experience of disappointment in oneself and firms, which may result in feelings of frustration, and (3) disillusionment due to the perception of being deceived by firms or their representatives.

Other researchers highlight factors such as customer scams (Langenderfer & Shimp, 2001), fraud, deceptive practices, misleading advertising claims (Grazioli & Jarvenpaa, 2003; Olson & Dover, 1978), and customer litigation (Golann, 1990). Dean et al. (1998, p. 348) identify that cynicism of the perceived value of a benefit and the benevolence of the seller develops with (1) a belief that the organisation lacks integrity, (2) a negative attitude towards the organisation, and (3) behaviours toward the organisation that are consistent with these beliefs and affects. In their view, cynicism is an enduring trait of a stable personality.

Cynicism develops a disbelief in the policies of firms, its communication channels and advertisements, and the initiatives it takes for the betterment of the customer and

society (Grazioli & Jarvenpaa, 2003; Olson & Dover, 1978). Due to this lack of customer trust, firms' development activities and customer-directed management programs are not perceived as valuable by customers, which results in reduced affective responses such as gratitude. In other words, when a customer perceives that relationship marketing investments have been made, they may feel gratitude. If they are cynical of the sellers' motives, however, the affective response is reduced (sometimes entirely). Thus, a cynical customer is less likely to feel grateful towards the seller.

Goal incongruence also helps to explain how cynicism reduces the cultivation of customer gratitude for the benefits received from the seller. Customers who experience goal incongruence engage in negative (cynical) behaviours over the long run. Customer goals, defined as intentions to achieve desired ends by the means of consuming goods and services (Garbarino & Johnson, 1999), constitute the essential regulators of attitudes and behaviours (Carver & Scheier, 1981). When customers perceive marketing agents or firms (e.g. service personnel) as unhelpful to their efforts to achieve goals, consumers' response strategies might include cynicism and other negative attitudes (Kirmani & Campbell, 2004).

In the process of attaining their goals, customers periodically assess their behaviour to compel them to move towards their goals. In doing so, they compare actual outcomes to desired outcomes. Using this mechanism, customers try to adjust their behaviour if it is inconsistent with goal attainment (Garbarino & Johnson, 1999). If repeated goal incongruence occurs over the long run, customers may adjust their attitudes, such as being cynical, and behaviours. Such a change in customer attitude may force

customers to disregard customer-directed benefits and investments to build

relationships, which reduces their affective response of gratitude towards the firm.

Based on this discussion, the third hypothesis is proposed:

Hypothesis 3 (H3): Customer cynicism moderates the relationship between perceived relationship marketing investments and customer gratitude.

2.6 CONSEQUENCES OF GRATITUDE

Gratitude is a positive emotion and the impact of positive emotions on an individual's intentions and responses in business scenarios is well documented (Ashton-James & Ashkanasy, 2008; Loewenstein & Lerner, 2003). Although several studies have investigated the effects of gratitude on employee attitude and behaviour, there are very few marketing studies that focus on customer gratitude, its antecedents and its consequences.

Existing research on gratitude has predominately been carried out in the context of the service employee literature. Service employee literature has mostly conceptualised gratitude as an employee's behavioural response, such as saying "thank you" to favourable customers (Martin, 1990). Studies have shown that service organisations with employees who experience frequent episodes of positive emotions have lower employee turnover, more customer loyalty, higher net sales and higher profitability (Fleming, 2000; Harter, 2000). George (1998) also notes that salespeople who experience positive emotions are more flexible, creative, empathetic, respectful and helpful to their customers.

Based on this evidence, the role of gratitude as a positive emotion appears to extend to relational exchanges. Studies show that gratitude broadens individuals' cognitive, personal and social resources in organisations and communities (Fredrickson, 2003, 2004). Watkins and Chesterton (2004) demonstrate that gratitude influences the positive mood of individuals within organisations. Martin (1990) concludes that employees who fail to feel gratitude and to express a courteous "thank you" may engender dissatisfaction in customers.

In comparison with the behavioural responses of employee gratitude, only two studies have focused on customer gratitude and its impact on customer attitudes and behaviours. Morales (2005) proposes that gratitude compels customers to reward firms for their extra inputs into relationships. Palmatier et al. (2009) positions the role of gratitude-based feelings and associated behaviours as influencing firm performance. Overall, their research is a major advancement in the field of marketing and highlights the position of gratitude in Morgan and Hunt's (1994) commitment-trust theory.

From a customer's perspective, the normative pressure of reciprocity might compel customers to reciprocate the benefit received from sellers. However, this is a weak explanation for why feelings of gratitude might motivate a customer to build and maintain a long-term relationship with a seller. In such a case, an affective response is likely to stimulate some cognitive mechanisms to build and/or maintain the relationships between customers and sellers. This research proposes that trust, overall satisfaction, and affective commitment are mechanisms that warrant long-term relationships with sellers.

Trust and overall satisfaction are cognitive constructs, whereas affective commitment is an affective response. The impact of positive affect on customer's reactions to, and evaluations of, choices is well documented (Zerbe, Härtel, & Ashkanasy, 2008). Customers decide upon the level of trust, satisfaction and commitment they associate with a certain seller (Simmel, 1964). Positive affect reduces customers' perceived risk of doing business with a seller, and develops action tendencies in prospective customers. The amount of knowledge about the product or the seller, which is necessary to develop trust in, satisfaction with and commitment to the seller or brand, is somewhere between total knowledge and total ignorance. If a customer is totally knowledgeable, there is no need to trust in, be satisfied with, or commit to the seller, as it is possible to make a successful purchase without them. Conversely, if a customer is totally ignorant, there is no rational reason to trust in, be satisfied with, or commit to a seller.

Positive affect, such as customer gratitude, stimulates an action tendency, which is necessary to mitigate the risk associated with partial ignorance of a choice. Although it is occasionally inhibited for personal and social reasons, the inherent action tendency of gratitude (i.e. thankfulness) is characterised by psychological and physiological arousal, which (in support of the normative pressure of reciprocity) compels a customer to reciprocate a benefit to a seller. This reciprocal behaviour may include verbal expressions, product purchases, positive word of mouth intentions (Zerbe, et al., 2008).

The reasons to focus on customer trust, overall satisfaction, and affective commitment as outcomes of customer gratitude in this thesis are many. First, most theories of relationship marketing emphasise the role of trust, satisfaction and commitment in performance outcomes. Palmatier et al. (2009) conducted a meta-analysis that indicates that a large body of research in business-to-consumer markets empirically establishes that relationship marketing investments enhance customer trust, overall satisfaction and commitment. In turn, these relational mediators influence customer-generated corporate benefits, leading to superior seller performance.

Second, the role of customer trust, satisfaction and commitment in establishing, building and maintaining relationships with sellers has been highlighted in several studies: studies of satisfaction, trust, opportunism (Dwyer, et al., 1987); studies of satisfaction and trust (Crosby, et al., 1990); studies of satisfaction, cooperation and relationship stability (Johnson, et al., 1993); and studies of conflict, trust, commitment, willingness to invest and expectation of continuity (Kumar, et al., 1995). Considerable consensus exists that trust, overall satisfaction and affective commitment can be used to estimate the strength of a customer's relationship with a seller. A high level of customer trust in, overall satisfaction with and affective commitment to a seller corresponds to a customer's strong relationship with a seller (Beatson, et al., 2008; De Wulf, et al., 2001).

Third, a focus on these three variables enables researchers to answer two questions: (1) why do feelings of gratitude motivate a customer to build and maintain a long-term relationship with the seller, and (2) what mechanisms do trust, overall satisfaction and affective commitment employ to improve the long-term relationship

between a customer and a seller? A discussion of how customer gratitude impacts customer trust, overall satisfaction and affective commitment is presented below.

2.6.1 Customer trust

Customer trust is defined as customer confidence in a seller's reliability and integrity (Crosby, et al., 1990; De Wulf, et al., 2001). Morgan and Hunt (1994) also highlight that customer confidence in a seller is key to developing trust. A seller's reliability and integrity is demonstrated through personal qualities, such as being consistent, competent, honest, fair, responsible and helpful (Dholakia, 1997).

Anderson and Narus (1990) focus on the perceived outcomes of customer trust in the seller. They conclude that customers expect sellers to perform actions that will result in goodwill and perceptions of trustworthiness. Moorman, Zaltman and Deshpande (1993) argue that the behavioural intention of "willingness" is a critical facet of the conceptualisation of trust. For them, a customer's belief of the seller's trustworthiness, but an unwillingness to rely on the seller, will limit the customer's trust in the seller. Morgan and Hunt (1994) argue that genuine customer confidence in and reliance on a seller implies the behavioural intention of reliance. However Moorman et al. (1993) and Morgan and Hunt (1994) agree that genuine customer confidence is based on customer perceptions of the seller's goodwill and beneficial behaviour.

Prior research highlights the important role that trust plays in exchange relationships (Fox, 1974; Scanzoni, 1979). The study of customer trust is considered a characteristic that distinguishes consumer theory from behavioural economics

(Barney & Hansen, 1994). In the field of marketing communications, source credibility is key to successful communication. Hovland, Janis and Kelley (1953) define *source credibility* as trust in the speaker by the listener. Zeithaml, Berry and Parasuraman (1991) highlight the central position of trust in service marketing literature and suggest that trust is a driving force for seller-buyer relationships. When considering strategic alliances, Parkhe (1999) concludes that lack of trust is the main reason for unsuccessful alliances and unsuccessful strategic partnerships between the firm and its customers. In retailing, Berry (1995) positions customer trust as the basis for loyalty. Finally, industrial marketing and purchasing group studies highlight trust as central to the formation of relationships (Håkansson, 1982).

This thesis proposes that the emotional response of gratitude influences trust. Prior literature on positive emotion provides explanations for why gratitude might impact trust. Feelings are affective judgments (Fredrickson, 2003; Frijda, 1993) and thus people often examine their feelings prior to making a decision about whether they can trust someone (Jones & George, 1998). Attribution theorists suggest that gratitude is related to the attribution of a positive outcome to some external agent. Such attributions lead to a desire in a customer to build and maintain trust in the agent (i.e. the seller). This attribution forms if the customer perceives that the seller acts with goodwill and portrays positive behaviour towards them (McCullough, Kilpatrick, Emmons, & Larson, 2001; Prawat, Byers, & Anderson, 1983; Weiner, et al., 1979).

Prior empirical research repeatedly shows that emotional responses elicited by perceived benefits or favours from a seller play a major role in customers' evaluations of, decisions about, and attitudes towards the seller. This results in a higher level of

trust in the seller. As customers and sellers participate in cycles of reciprocity, customers observe or receive key information about seller attitudes and behaviours, which increases their confidence in the seller's future intentions and actions (Palmatier, et al., 2009). Thus, customers who experience higher levels of gratitude towards a seller should also experience higher levels of trust.

Gratitude is a positive emotion and the role of positive emotions in building trust is well documented (Mano & Oliver, 1993; Westbrook, 1987; Westbrook & Oliver, 1991). Positive emotions facilitate the process of experiential learning, which allows expectations to be developed, tested and reformulated during critical encounters. Trust is an outcome of this process.

Dunn and Schweitzer (2005, p. 736) argue that those who trust must rely on their perceptions of the trustee's characteristics (such as integrity and reliability) to develop expectations about the trustee's future behaviour. Positive emotions, such as gratitude, have a significant positive impact on these perceptions, which reinforces higher levels of trust. Algoe (2006) argues that positive emotions, including gratitude, strengthen mutual trust and dependence. Previous research has shown that feelings of gratitude improve the beneficiary's trust in the benefactor (Buck, 2004; Dahl, et al., 2003; McCullough, et al., 2001; Roberts, 2004; Watkins & Chesterton, 2004). Based on this discussion, the fourth hypothesis is proposed:

Hypothesis 4 (H4): Customer gratitude has a direct positive impact on customer trust.

2.6.2 **Overall satisfaction**

Overall satisfaction (or cumulative satisfaction) is defined as the "customer's overall evaluation based on the total purchase and consumption experience" with a brand or a seller over time (Anderson, Fornell, & Lehmann, 1994, p. 54). Overall satisfaction is different from transaction-specific customer satisfaction, which is an immediate post-purchase evaluative judgment. Overall satisfaction is a customer's general level of cognitive response, which is based on all of their experiences with the brand or firm (Oliver, 1993). Thus, overall satisfaction is a cumulative construct, summing up satisfaction with specific products and services, as well as satisfaction with various facets of the firm (e.g. the physical facilities, servicescape and service quality) (Czepiel, Rosenberg, & Akerele, 1974).

Similar to trust, overall satisfaction is viewed as a vital element for successful long-term seller-buyer relationships. For more than two decades, customer satisfaction has been intensively investigated in marketing research (Crosby, et al., 1990). A prominent stream of prior marketing research views customer satisfaction as central to the relationship marketing paradigm and a significant determinant of repeat sales, positive word of mouth and customer attitudinal and behavioural loyalty (see for further detail Bearden & Teel, 1983; Bloemer & Polesz, 1989). Firms use customer satisfaction as a diagnostic tool to judge their product performance and the strength of their relationship with their customers (Crosby, et al., 1990).

Similarly, there has been academic and managerial interest in overall customer satisfaction as a means of evaluating product and relationship quality (Crosby, et al., 1990; Kim, Lee, & Yoo, 2006; Rasila, 2010) and as a strong indicator of customer

retention (Anderson, et al., 1994; Hallowell, 1996). Perhaps for this reason, overall customer satisfaction has moved to the forefront of relational marketing approaches (Alford & Sherrell, 1996; Babin & Griffin, 1998; M. Jones & Suh, 2000; Szymanski & Henard, 2001).

Prior research posits that overall customer satisfaction is a judgment that follows a purchase act or is based on a series of customer-product interactions (Yi, 1990). Confirmation or disconfirmation of pre-consumption product standards is considered an essential determinant of overall satisfaction (Alford & Sherrell, 1996; Anderson, 1998; Babin & Griffin, 1998). This overall customer satisfaction research posits that (1) the confirmation of perceived standards leads to moderate satisfaction, (2) positive disconfirmation of perceived standards leads to high satisfaction, and (3) negative disconfirmation of perceived standards leads to dissatisfaction.

Fournier and Mick's (1999, p. 5) review of overall customer satisfaction presents four different comparison standards. According to these researchers, the most common standards are the predictive expectations standards of attribute performance, which is incorporated in the expectations-disconfirmation model of satisfaction response (Boulding, Kalra, Staelin, & Zeithaml, 1993). Second, they highlight the desires standards, which are primarily based on product benefits that are considered ideal or aspirational in the product (Westbrook & Reilly, 1983). Third, they identify equity expectation standards, which are based on what the customer believes should reasonably occur according to the price of the product (Oliver, 1980). Fourth, they identify experience standards, which are based on norms derived from personal experience or information received (Woodruff, 1997).

Fournier and Mick (1999, p. 5) conclude that although these four types of comparison standard reflect the four principal satisfaction models articulated within the customer satisfaction paradigm, some customer satisfaction researchers have gone beyond these cognitive models to consider the affective nature of satisfaction (Westbrook & Oliver, 1991). Inherent in all satisfaction models is that when a customer's perceived gain increases in comparison to their perceived associated cost, such as receiving some benefit that falls beyond the value for which the customer pays, the customer feels gratitude. Given this gratitude, which is due to an additional utility for which a customer is not paying, perceived performance is likely to exceed customer expectations, resulting in a higher level of satisfaction due to positive disconfirmation.

The elaboration likelihood model of persuasion (Petty & Cacioppo, 1986) suggests that changes in cognition-focused attitudes, such as satisfaction, occur due to either evaluative judgments or simple inference about the outcome, which is based on the emotional experience of a person. A positive affective response arising from the perception of extra benefits, such as gratitude, results in peripheral information processing. Thus, gratitude enables customers to infer a positive outcome from an interaction. Gratitude may also influence the central (i.e. cognitive) route to information processing. Positive emotions have been shown to increase the level to which customers recognise additional utility in an interaction (i.e. perceive that their benefits exceed the perceived value of a product) (Buck, 2004), resulting in a higher level of satisfaction.

Equity Theory (Walster, Hatfield, Walster, & Berscheid, 1978) also provides support for the argument that feelings of gratitude have a positive impact on overall customer satisfaction. Equity Theory assumes that exchange partners seek to maintain an equitable ratio between their inputs to the relationship and the benefits (i.e. outputs) they receive from it (Walster, et al., 1978). Equity Theory also underlies the affective response of gratitude. In a relational exchange, a customer's perceptions of the relative benefits and costs of the exchange are important. If a customer receives a benefit from a seller, they may perceive that the seller's costs will increase, resulting in perceived inequity because the costs to the seller and benefits to the customer are unbalanced. The normative pressure of reciprocity motivates the customer to invest further in the relationship to balance the equity of the exchange. An affective response of gratitude may restore equity, which subsequently leads to improvements in the levels of customer satisfaction and other related corporate benefits, such as positive word of mouth intentions.

Gratitude impacts cognitive, such as satisfaction. In a marketing context, Liljander and Strandvik (1997) empirically demonstrate that service satisfaction is positively influenced by emotions. Machleit and Mantel (2001) reach the same conclusion by showing that higher levels of gratitude result in higher levels of pre- and post-purchase satisfaction. Based on this discussion, the fifth hypothesis is proposed:

Hypothesis 5 (H5): Customer gratitude has a direct positive impact on overall customer satisfaction.

2.6.3 **Affective commitment**

Drawing on Moorman et al.'s (1992, p. 316) conceptualisation of commitment in the context of social exchange, customer affective commitment is defined as a customer's enduring desire to maintain a valued relationship with a seller. The Moorman et al. (1992, p. 316) term *valued relationship* corresponds with Morgan and Hunt's (1994) view that relationship commitment exists only when a customer considers its relationship with the seller as important. Similarly, Moorman et al. (1992, p. 316) describe the willingness of a buyer to maintain a relationship with a seller as an enduring desire.

While customer commitment can take multiple forms, such as affective, normative, and continuance commitment (Meyer & Allen, 1997), this study focuses on affective commitment. Normative and continuance commitment often involve "feelings of obligation or pressure to be attached" (Grant, Dutton, & Rosso, 2008, p. 98), but affective commitment involves feelings of intrinsic motivation and self-determination (Meyer, Becker, & Vandenberghe, 2004). As a result, affective commitment is more likely to be consistently associated with constructive attitudes and behaviours than continuance and normative commitment (Evanschitzky, et al., 2006; Grant, et al., 2008; Gundlach, et al., 1995). In a meta-analysis of the commitment literature, Meyer et al. (2004) found that, relative to normative and continuance commitment, affective commitment is associated with the most favourable relationship outcomes, such as relationship strength, attitudinal loyalty and product involvement, for both customers and firms.

Customers' affective commitment has long been seen as a central construct in seller-buyer relationship literature (Blau, 1964; Moorman, et al., 1992; Morgan & Hunt, 1994). Like customer trust, affective commitment is considered to be a factor that distinguishes social exchange from economic exchange (Cook, Emerson, Gillmore, & Yamagishi, 1983). Zeithaml et al. (1991) highlight the role of customer affective commitment in the services relationship marketing literature. They state that customer relationships with sellers are built on a foundation of mutual commitment.

Likewise, affective commitment is the most studied mechanism through which buyers become loyal to specific brands (Morgan & Hunt, 1994). Given that repurchase is not sufficient evidence of brand loyalty (Newman & Werbel, 1973) but rather may be evidence of spurious loyalty (Dick & Basu, 1994), brand loyalty is increasingly more closely related to the conceptualisation of customers' affective commitment. Much of the prior research on brand loyalty views customers' affective commitment as central to attitudinal loyalty because it arises from positive attitudes (Assael, 1998; Dick & Basu, 1994). Firms see affective commitment as key to their financial and non-financial performance and strive to build it through providing superior value and benefits to their customers (Allen & Meyer, 1990; Becker, 1960; Cho & Hu, 2009; Evanschitzky, et al., 2006; Morgan & Hunt, 1994).

The prevailing theoretical perspective for explaining how customer gratitude increases affective commitment employs the basic tenets of Social Exchange Theory: individuals (i.e. customers) reciprocate what they receive from the other exchange partner (i.e. sellers) (Buck, 2004; Ellemers, Spears, & Doosje, 1999; Fredrickson, 2001). In exchange for receiving a benefit from a seller, customers feel a desire to

reciprocate that benefit due to the normative pressure of reciprocity (Emmons, 2007; Palmatier, Dant, Grewal, & Evans, 2006). This willingness to reciprocate the benefit to the seller can be enacted through an emotional response such as gratitude, which further cultivates an enduring customer desire to maintain a valued relationship with the seller (Rhoades & Eisenberger, 2002).

Furthermore, the Broaden-and-Build Theory of Positive Emotions (Fredrickson, 2004) highlights the role of gratitude as a positive emotion that influences other affect-based constructs, such as affective commitment. Altruistic firm behaviour provides an attribution basis for affect-based customer commitment to the firm, because commitment is founded on emotional bonds formed when firms provide benefits to or express genuine care and concern for the welfare of their customers (Palmatier, et al., 2009). The affective response of gratitude then motivates customers to think well of and do good for the seller (McCullough & Tsang, 2004; Raggio & Folse, 2006). This positive inclination is likely to result in commitment when an intentionally-rendered benefit from the seller encourages future moral actions and the opportunity exists for additional, mutually-pleasing exchanges (Raggio & Folse, 2006).

Studies show that customers' affective commitment develops towards sellers whose marketing initiatives are perceived as a benevolent and valued (Friestad & Wright, 1994). Thus, a seller's initiatives to win customers' affective commitment should be based on sincerity and fair intentions. Several authors suggest that gratitude compels the customer to consider the benevolent and sincere intentions of the benefactor, and hence results in a strong affective commitment to the source of the benefit (Emmons

& McCullough, 2004; McCullough, et al., 2002; McCullough, et al., 2001) (Palmatier, et al., 2007; Watkins & Chesterton, 2004). Previous research also suggests that gratitude for a benefit received results in affective commitment to the benefactor (Emmons & McCullough, 2004; McCullough, et al., 2002; McCullough, et al., 2001; Palmatier, et al., 2007; Watkins & Chesterton, 2004). Based on this discussion, the sixth hypothesis is proposed:

Hypothesis 6 (H6): Customer gratitude has a direct positive impact on customer affective commitment towards the seller.

Many researchers assert that the societal norm of reciprocity is not a very powerful explanation for why the emotional response of customer gratitude would produce a desire on the part of the seller to further benefit the original customer (i.e. in our context, have more positive attitudes and behaviours) (Kashdan, Uswatte, & Julian, 2006; Komter, 2004; Krause, 2006). Otherwise, the seller may be disinclined to provide the original benefit if he or she believes that making a customer grateful will obligate him or her to provide further benefits. In this case, customer gratitude simply becomes a way to further obligate the seller. Instead, some other mechanism must link customer gratitude to other customer-generated corporate benefits that induce the seller to continue and deepen the relationship. This thesis argues that affective commitment acts as a mechanism to mediate the relationship between customer gratitude and three behavioural intentions, namely customers' positive word of mouth intentions, customer-perceived value of relationship and customer involvement.

Gratitude alone cannot compel a customer to take interest and make a selection of a brand or the seller. Indeed, it is customers' affective commitment to the seller through which customer gratitude functions to generate valuable benefits for the seller.

When it comes to customer satisfaction and trust, previous research exhibits mixed results about whether customer trust and customer overall satisfaction lead to specific corporate benefits. Why are customer trust and overall satisfaction not expected to have a significant impact on positive outcomes such as positive word of mouth intentions, perceived value of relationship and customer involvement in brand or the seller's business for the business in this research? A justification can be provided in the context of the higher education sector.

First, previous research suggests that customer gratitude and satisfaction are prompt responses to benefits received, but that trust is among those affective responses that are established over time but may only take a short time to decay (Young, 2006; Zaheer, McEvily, & Perrone, 1998). Commitment takes even longer to be established and customers may remain committed even after experiencing dissatisfaction with and distrust in a seller (Evanschitzky, et al., 2006; Meyer & Allen, 1997; Morgan & Hunt, 1994). This may be why customers' positive behavioural intentions develop after a reasonable span of time. Customer commitment appears to be a significant mediating mechanism that explains the relationship between customer gratitude and benefits for the seller (Evanschitzky, et al., 2006).

Second, customer trust and overall satisfaction are cognition-based affective responses. Being cognition-focused psychological constructs, both customer trust and

overall satisfaction involve problem-solving and decision-making processes. In the higher education sector, a student (i.e. the customer) is likely to complete his or her information processing prior to their admission to the university. With an extra benefit (for example, a scholarship) received or anticipated, the student may feel grateful and this gratitude functions through the affective nature of commitment, rather than customer trust or satisfaction, which are mainly responsible for overcoming the risks associated with purchasing a university education.

Third, the Broad-and-Build Theory of Positive Emotions (Fredrickson, 2001, 2004) suggest that affect, such as customer gratitude, is likely to explain more variance in other variables, such as customer affective commitment, than cognitive constructs such as satisfaction and trust. This suggests that the affective nature of student gratitude, combined with other affective responses such as affective commitment, may be more impactful on positive intentions towards the firm (i.e. the university) than trust and satisfaction. This mechanism does not involve much information processing, problem-solving or complicated decision-making. Thus, it is likely that student word of mouth intentions, student-perceived value of relationship with, and student involvement with the university will be channelled through commitment rather than trust or satisfaction.

This thesis proposes that customer affective commitment has three key consequences: word of mouth intentions, perceived value of relationship and customer involvement. These consequences are now discussed in detail.

2.6.4 **Customer word of mouth intentions**

Soscia (2007) defines *word of mouth intentions* as a continuing desire among customers to engage in informal communication and conversation regarding ownership, characteristics of brands, representatives of firms and/or the firm itself. This conversation involves both potential and existing customers. Word of mouth includes concepts such as viral marketing (Kelly, 2000), grassroots marketing (Deal & Abel, 2001), buzz marketing (Rosen, 2000) and even emerging, online social channels which have transcended old models and essentially provided an environment for one-to-many amplification of key brand messages, news and information of all sorts — including praise from customers (Mangold & Faulds, 2009).

 This thesis argues that customers' affective commitment increases positive word of mouth intentions, particularly communications about the brand, the seller, or the representative of the seller. Measuring word of mouth intentions is suitable as measuring behaviour might lead to incorrect results if customers don't recall their associated behaviour (Lazarus, Averill & Opton, 1970).

The affective response of gratitude can be experienced only when the beneficiary perceives the benefit as valuable. This perception from the beneficiary results in a desire to maintain good relations with the benefactor, which subsequently affects the intentions of the beneficiary towards the seller. Researchers argue that certain affect, such as affective commitment, which mainly draws on the Cognitive Theory of Emotion (Lazarus, Averill, & Opton, 1970), can be evoked with positive affective and behavioural outcomes, especially in situations facilitating a person's wellbeing (Lazarus, 1991; Roseman, 1991). The perceived value of the benefit facilitates the

customer experiencing an affective commitment towards the seller; hence, it encourages the customer to promote the seller's brand or organisation. In the light of this argument, the affective nature of customer commitment is likely to improve word of mouth intentions towards the brand or the organisation.

As mentioned previously, customer commitment is an affect that has a positive impact on word of mouth intentions. Nyer's (1997) study highlights the impact of customer commitment, especially on different types of post-consumption behavioural intentions such as word of mouth intentions. Bougie, Pieters and Zeelenberg (2003) also argue that customer commitment brings about positive word of mouth intentions. Derbaix and Vanhamme (2003) explore the relationship between affective commitment and positive word of mouth intentions, concluding that affective commitment results in positive word of mouth intentions. Based on this discussion, the seventh hypothesis is proposed:

Hypothesis 7 (H7): Customer affective commitment to the seller has a direct positive impact on customer word of mouth intentions.

2.6.5 Customer-perceived value of relationship

Hogan (2001) defines the *customer-perceived value of a relationship* as the customer's perception of the cumulative worth of all the tangible and non-tangible benefits that they derive from the relationship with the seller. Interestingly, the exchange process highlights the difference between the customer-perceived value of relationship and the experiential value of relationship. Woodruff (1997) maintains that the perceived value should pass through various stages of value creation, necessarily

involving the pre-purchase stage (i.e. before and without purchasing a product or using any service). Other researchers relate the perceived value of a relationship with cognitive and functional elements of quality, as well as performance and behavioural intentions (Dodds, 1991; Patterson & Spreng, 1997). Sheth et al. (1991) broaden the scope of this research by maintaining that perceptions of relationship value are not limited to the cognitive and functional elements of the offering alone; rather, affective components (i.e. gratitude and affective commitment) are equally important to deriving value from relationships.

Emotional responses associated with specific motives influence relationship value perceptions (Ballantyne, Varey, Frow, & Payne, 2008; Wilson, 1995). It is more likely that a customer will prefer to interact in an environment where he or she develops a commitment to a brand or organisation. Researchers recognise that receiving benefits from benefactors results in pleasure and develops feelings of gratitude in the beneficiary, as well as the desire to build a relationship with the benefactor. Buck (2004) and Dahl et al. (2003) argue that both the benefactor's image and the value of the relationship are improved when the customer assesses the cost of the benefits derived from the relationship with the benefactor. Furthermore, attribution theorists maintain that attributing a benefit received to an outside agent improves perceptions of relationship value, as well as the image of the outside agent in the eyes of the beneficiary. The improved perception of relationship value depends on a higher level of affective commitment, which grows over a certain period of time (McCullough, et al., 2001; Prawat, et al., 1983; Weiner, et al., 1979). This means when a customer receives a benefit, they attribute this benefit to the seller and thus improve their perception of their relationship with the seller.

Wilson (1995), Ballantyne et al. (2008) and Ravald and Grönroos (1996) illustrate how affect, such as affective commitment, influences perceptions of relationship value. These researchers conclude that, allowing for cognitive judgments, the customer-perceived value of a relationship will be greater if their affective response favours the service. Based on this discussion, the eighth hypothesis is proposed:

Hypothesis 8 (H8): Customer affective commitment to the seller has a direct positive impact on customer perceived value of the relationship with the firm.

2.6.6 Customer involvement

Customer involvement is defined as the extent of interest and concern that a customer brings to bear upon the selection of a brand (or product category) (Mittal, 1989). To date, customer involvement literature presents a two-stage process: product involvement and purchase-decision involvement. Product involvement addresses the customer's interest in the product class, which means that the customer perceives that the product class meets certain values and goals. Alternately, purchase-decision involvement addresses the customer's interest in selecting a brand. Customer involvement thus encompasses the customer's cumulative interest and concern in the selection of a brand or firm, ranging from pre-purchase decisions to post-purchase experiences (Bienstock & Stafford, 2006; Sanchez-Franco, 2009).

Lincoln and Kalleberg (1990) state that when customers receive a benefit from a seller, they are emotionally charged and cognitive responses and assessments are

evoked, resulting in higher levels of commitment to the seller and/or the brand. This commitment positively influences the customer's interest and concern for the seller's pre- and post-production activities. For example, if a customer has a high level of affective commitment to a brand, such as Toyota, she is likely to show interest in newer models of Toyotas, read more literature about Toyota, and participate more in activities that are generated by Toyota than other car manufacturers. Loyalty literature also supports the view that if customers are committed to the firm, they will show higher levels of involvement with the firm's loyalty programs (Bloemer & de Ruyter, 1999).

Levels of perceived risk may hinder the customer from demonstrating involvement with choice evaluation and assessment process (Laroche, Bergeron, & Goutaland, 2003). However, studies in consumer psychology and service marketing reveal that affective commitment to the seller reduces the customer's level of perceived risk (Dholakia, 1997). When the level of perceived risk is reduced, the customer shows a higher level of involvement with the brand. The same argument is presented by Bloemer and De Ruyter (1999), who identify the moderating role of positive emotions and maintain that affective commitment results in customer involvement. In the case of new products, Min and Mentzer (2000) remark that customers' affective commitment plays a vital role in generating customer involvement. Further, Roth (1994) asserts that patient commitment to a health care organisation positively affects levels of involvement in treatment. Based on this discussion, the ninth hypothesis is proposed:

Hypothesis 9 (H9): Customer affective commitment to the seller has a direct positive impact on customer involvement with the seller's brand.

2.7   CUSTOMER GRATITUDE MODEL

Bringing these hypotheses together, a model is developed to describe the impact of customer-perceived relationship marketing investments on relationship marketing outcomes, specifically customer trust, overall satisfaction and affective commitment. Customer perceptions of the benevolence of the seller and customer cynicism both moderate the relationship between customers' perceptions of relationship marketing investments and customer gratitude. This study further highlights the mediating role of affective commitment between customer gratitude and three corporate benefits: customers' positive word of mouth intentions, customer-perceived value of relationship and customer involvement. This customer gratitude model is presented in Figure 2.1.

Figure 2.1: A model of customer gratitude
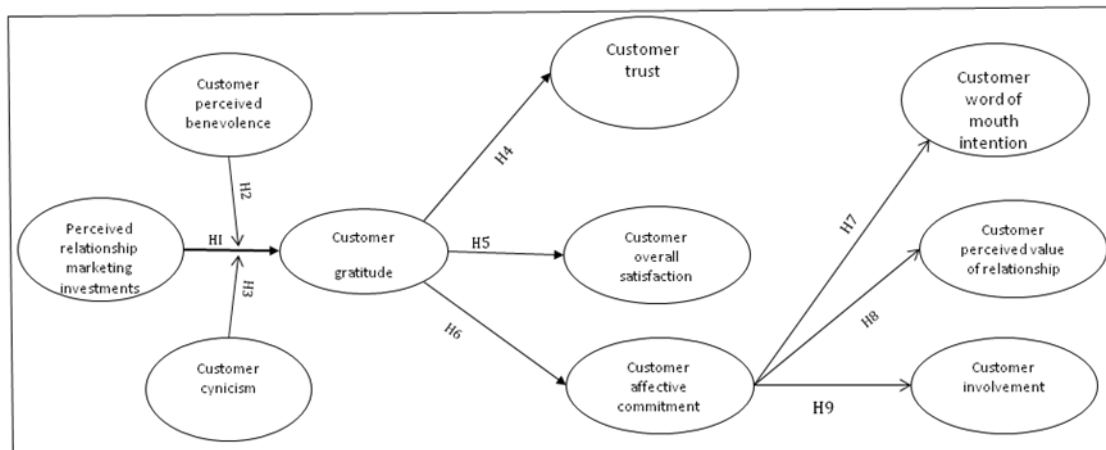
2.8   CONCLUSION

This chapter provides a review of gratitude and theoretical justification for the development of a model of customer gratitude. Synthesising theories from service

marketing and consumer psychology, the proposed customer gratitude model positions customer-perceived relationship marketing investments as an antecedent to customer gratitude, and customer gratitude as an antecedent of customer trust, overall satisfaction and affective commitment. Customer perceptions of the benevolence of the seller and customer cynicism moderate the relationship between perceptions of relationship marketing investments and customer gratitude. This chapter also highlights the role of affective commitment in explaining the relationship between customer gratitude and customer-generated corporate benefits.

Chapter 3:   Research Methodology

In order to explore the relationships in the customer gratitude model, this chapter presents a research methodology followed by next chapter for analysis and results. The main purpose of this chapter is to outline (1) the research paradigm, (2) the criteria used to choose the research method, (3) the measures used to quantify the constructs in the conceptual framework, and (4) the procedures employed to collect data.

3.1   PHILOSOPHICAL PERSPECTIVE

The aims that drive research determine the most appropriate research design (Lincoln & Guba, 2000). There are two aspects to research design: the philosophical and the practical. On the one hand, researchers must take a paradigmatic stance. On the other hand, selecting an appropriate method is a practical issue. Researchers make choices about both aspects when designing a research project (Creswell, Plano Clark, Gutmann, & Hanson, 2003).

A paradigm comprises three basic elements: ontology, epistemology and methodology. Ontology refers to the nature of reality. Epistemology refers to the nature of knowing and the construction of knowledge, which raises questions about the relationship between the researcher and the nature of reality. Methodology refers to how we gain knowledge about the world we are investigating (Lincoln & Guba, 2000; Parkhe, 1993).

This thesis takes a post-positivist perspective to test the underlying theory of this research. Traditionally, management and marketing researchers employ a positivist or post-positivist perspective when they test theory using quantitative analysis (Lee & Lings, 2008; Lincoln & Guba, 2000). Lincoln and Guba (2000) postulate that positivism is founded on the existence of a reality that can be apprehended. They note that this reality is governed by immutable natural laws and mechanisms. The investigator and the investigated objects are assumed to be independent entities (Lincoln & Guba, 2000; Parkhe, 1993), but various strategies are employed to eliminate the chances of influence in either direction. Hypotheses are presented in propositional form. These propositions are then subjected to empirical examination for verification. The investigator often carefully controls the research conditions to guard against possible influences. This methodology typically focuses on the verification of hypotheses (Lee & Lings, 2008; Lincoln & Guba, 2000).

Conversely, post-positivism assumes that reality exists but it can only be imperfectly apprehended. The rationale behind this assumption is that human nature and the intractable nature of phenomena are flawed and operate within a bounded rationality (Clark, 1998). Post-positivism challenges the conventional notion of absolute truth of knowledge (Zammito, 2004). It recognises that it is not possible to be certain about claims of knowledge when studying human attitudes and behaviours. Special emphasis is placed on externalities of objectivity, such as critical traditions (Lincoln & Guba, 2000; Zammito, 2004). Externalities include things such as the critical community (i.e. editors, referees or professional peers) (Lincoln & Guba, 2000; Parkhe, 1993).

In the context of this research, relationships between customer gratitude and its antecedent and consequences are expected to emerge. As long as these relationships remain untested, the relationships remain imperfectly and probabilistically apprehensible by the researcher. The deterministic philosophy of post-positivism implies that causes probably determine effects or outcomes (Creswell, 2008). In the current study, relationship marketing investments are proposed to be one of the causes that generate customer gratitude. Customer trust, overall satisfaction and affective commitment are conceptualised as consequences of customer gratitude.

Many researchers assert that the accepted approach under post-positivism is to begin research with pre-existing knowledge and theories, collect data that either supports or refutes the existing theories, and then make the necessary revisions to knowledge before further tests are conducted (Creswell, 2008; Creswell, et al., 2003; Currall & Towler, 2003; Fraenkel & Wallen, 1996). This thesis consequently reviews the literature relevant to perceived relationship marketing investments, customer gratitude, trust, overall satisfaction, affective commitment, word of mouth intentions, customer-perceived value of relationship and customer involvement, and then develops a conceptual framework based on the pertinent theories presented in Chapter Two. To test the customer gratitude model, data are collected and analysed to support or reject the hypotheses.

3.2   METHODOLOGY

Historically, quantitative methods have been the dominant choice for marketing researchers undertaking attitude- and behaviour-based studies (Lee & Lings, 2008; Lincoln & Guba, 2000). These methods use standardised measures of constructs (via

experimental designs or surveys) that allow researchers to predict, test and infer the strength of relationships between variables.

In the context of this research, the nature of the constructs of interest are well-established in various disciplines (see for example Emmons, 2004; McCullough & Tsang, 2004). Consequently, this research is conducted within the post-positivist paradigm by employing the quantitative method, which offers insight into behaviour and should yield reliable knowledge about the phenomenon under investigation.

3.2.1 Survey method

Quantitative research emphasises testing objective theories by examining the relationships among variables. These variables can be measured using different quantitative methods. These methods help obtain data that can be analysed using statistical techniques and procedures (Creswell, 2008). Nachmias and Nachmias (1987) propose three categories of quantitative methods: surveys, observational methods and experimental design.

A survey-based method was deemed appropriate to examine the naturally-occuring relationships between the variables in the customer gratitude model. Other advantages to using surveys for this research include their cost effectiveness, their flexibility, their efficiency in collecting large amounts of data for statistical analyses, and their quick turnaround in the data collection phase (Babbie, 1990; Jessen & Jessen, 1978).

3.3 MEASURES

The survey design requires measures for all of the variables in the conceptual framework. These measures are identified by reviewing previous literature in the field. The constructs required for this research include perceived relationship marketing investments, customer gratitude, customer trust, customer affective commitment, customer-perceived benevolence, customer cynicism, customer word of mouth intentions, customer-perceived value of relationship and customer involvement.

3.3.1 Gratitude

Despite broad discussions of gratitude across different disciplines, there is no standardised, universally-agreed-upon scale to measure the emotional response of gratitude (Palmatier, et al., 2009). Instead, gratitude has been measured in a number of ways. These measures can be categorised as free response measures, rating measures, attribution measures and attitudinal/behavioural response measures (Emmons, et al., 2003).

The free response measures involve structured, semi-structured and non-structured interviews about different facets of gratitude. For example, Algoe et al. (2008) had participants complete six weekly online diary reports to test the hypothesis that gratitude intervenes in feelings towards the sororities. Walker and Pitts (1998) asked participants to list the characteristics of a highly moral person and found that gratitude was a moderately prototypical aspect of a moral person. Likewise, Bernstein and Simmons (1974) interviewed adolescent kidney receivers and found that recipients frequently felt gratitude towards the organ donors. Most of these measures, based on a free response technique, do not clearly specify the intensity of gratitude.

In line with free response measures, attribution measures have also been used to explore facets of gratitude. For example, Farwell and Wohlwend Lloyd (1998) measured participants' attributions of success to their own efforts or their partner's ability. On the questionnaire, subjects responded to several filler questions and predicted their final grades in their psychology classes. Attributing success to a partner's effort was associated with higher levels of gratitude. Similarly, in an attempt to explore the factors contributing towards individuals' success, Baumeister and Ilko (1995) asked participants to write about their experiences of success. More gratitude was reported by participants who were led to believe that their essays would be read in public, suggesting that impression management influences the emotional response of gratitude. This research concludes that most attributional measures do not capture gratitude directly. They also overlook alternative explanations for generating gratitude.

Many researchers have used behavioural measures to capture gratitude. For instance, Becker and Smenner (1986) investigated whether young children said "thank you" without being prompted by their parents when trick-or-treating for Halloween. Considering a "thank you" and a smile as an expression of gratitude, Okamoto and Robinson (1997) observed that students responded with gratitude-based behavioural responses (ranging from a colloquial "cheers" to a formal "thanks ever so much") when their friends held the classroom door open for them. In another study, Stein (1988) identified and categorised grateful and ungrateful behavioural responses while working in soup kitchens and food pantries. The responses were recorded when customers arrived late at night. These (verbal) expressions varied from anger to

ingratitude. Behavioural observations may not be true indicators of gratitude. Direct observation of thankfulness does not appropriately capture gratitude, though it may capture politeness or a related construct.

Rating scales are also used by many researchers to measure the affective nature, depth and frequency of gratitude (Wood, et al., 2008). Saucier and Goldberg (1998) used rating scales to explore grateful disposition. Researchers have used alternative emotional responses to measure gratitude, including having participants rate their friends (Parker & de Vries, 1993), an instructor administering an exam (Van Overwalle, Mervielde, & De Schuyter, 1995), "others" and God (Gallup, 1998). These rating scales emphasise the affective aspect of gratitude rather than reciprocity.

This research uses existing rating scales to tap into the affective response of customer gratitude. Rating scales (1) provide a way to compare numerous objects and people using standardised structured questionnaires, (2) work as a general system of appraisals and assessments, (3) allow respondents to view the construct in a clear and concise manner, which makes decisions easier, and (4) have been used in established instruments to measure gratitude.

Three self-report rating measures of gratitude are widely used to measure general facets of gratitude. These self-report rating measures include (1) the Gratitude Questionnaire (GQ-6) (McCullough, et al., 2002), (2) the GRAT (Watkins, Woodward, Stone, & Kolts, 2003) and (3) the appreciation scale (Adler & Fagley, 2005). An overview of these instruments, including the number of items, descriptions and characteristics, is presented in Table 3.1.

Table 3.1: An overview of existing gratitude scales

Instrument	Scale	No. of items	Brief description	Characteristic item
CG-6	N/A	6	Assesses gratitude as a single factor, based on the frequency, intensity, and density of grateful affect	I have so much in life to be thankful for
Appreciation Scale	"Have" focus	10	A focus on the positive tangible and intangible assets that a person possesses	I reflect on how fortunate I am to have basic things in life like food, clothing, and shelter
	Awe	6	Frequency of feelings of awe	When I see natural beauty like Niagara Falls, I feel like a child who is awestruck
	Ritual	6	Performing regular behaviours to express gratitude	I use personal or religious rituals to remind myself to be thankful for things
	Present moment	7	Regularly focusing positive aspects in a given moment	I stop and enjoy my life as it is
	Self/social comparison	5	Positive feelings arising for appreciation of how life could be worse	When I see someone less fortunate than myself, I realize how lucky I am
	Gratitude	10	Behaviours designed to express gratitude	I say "please" and "thank you" to indicate my appreciation
	Loss/adversity	8	Appreciation arising from the understanding nothing is permanent	Thinking about dying reminds me to live every day to the fullest
	Interpersonal	5	Gratitude towards other people	I reflect on how important my friends are to me
GRAT	Appreciation of others	11	Gratitude towards other people	I'm really thankful for friends and family
	Simple appreciation	14	Gratitude towards non-social sources	I think it's really important to "stop and smell the roses"
	Sense of abundance	17	The absence of feelings of deprivation	I think life has handed me a short stick (reverse coded)

The appreciation scale does not distinguish between gratitude and appreciation, which is the act of estimating the qualities of things and giving them their proper value (Adler & Fagley, 2005). Furthermore, the appreciation scale assesses eight dimensions, none of which is truely related to the emotional response of gratitude. These dimensions are the appreciation of (1) people, (2) possessions, (3) the present moment, (4) rituals, (5) feelings of awe, (6) social comparisons, (7) existential concerns, and (8) behavior that expresses gratitude. Many researchers contend that appreciation and gratitude are the same construct (see for example Janoff-Bulman & Berger, 2000; McCraty & Childre, 2004) and question the relevance of this scale to the emotional reponse of gratitude. Watkins et al. (2003) developed a three-dimensional GRAT scale to explore the nuances of gratitude for life in general.

Given the limitations of the appreciation scale, which does not distinguish between gratitude and appreciation, and the GRAT scale, which measures gratitude for life in general, this research measures customer gratitude using a scale originally developed by McCullough et al. (2002). The original scale, known as the GQ-6, comprises six items. GQ-6 is preferable to other rating scales because it focuses on assesssing the frequency and intensity of gratitude that is elicited by a range of benefits. McCullough et al. (2002) used this measure to assess the emotional responses of undergraduate students at a North American university. A seven-point Likert scale ranging from 1 (strongly agree) to 7 (strongly disagree) was used to assess the items. The Cronbach alpha of original scale was .79. A previous study by Palmatier et al. (2009) shows that the scale has acceptable psychometric properties and a value of Cronbach alpha is .82. The items were reworded to suit the context of the research.

3.4   **OTHER CONCEPTUAL MEASURES**

The scales for other constructs were adapted from instruments developed by other researchers. All the measurements for the major constructs (see Appendix 6.9) in the research were reflective. A summary of the adapted scales is presented in Table 3.2.

Table 3.2: A summary of measures

Construct	Scales adapted from	Industry	Respondents	Definition of construct	Sample item from scales used in the study
Perceived relationship marketing investments	De Wulf et al. (2001)	Retail	Retail Customers	The inputs (i.e. time, energy and other resources) to develop relationships with customer.	My university makes extra efforts to provide me with solutions.
Customer-perceived benevolence	Kumar et al. (1995)	Automobile	Dealers	The perception that the partner is interested in the firm's welfare and will not take unexpected actions that will negatively affect the firm.	I believe that my university offers me assistance and support for my benefit
Customer cynicism	Van Dyne, Graham, and Dienesch (1994)	Service and manufacturing firms	Employees and supervisors	An attitude of distrust towards other's motives	In general most people take advantage of you.
Customer gratitude	McCullough et al. (2002)	Education	Undergraduate Students	Generalized tendency to recognize and respond with grateful emotion to the roles of other people's benevolence in the positive experiences and outcomes that one obtains.	I feel grateful to my university.
Customer trust	De Wulf et al. (2001)	Retail	Retail Customers	Consumer's confidence in a retailer's reliability and integrity.	My university is trustworthy.
Overall satisfaction	De Wulf et al. (2001)	Retail	Retail Customers	Consumer's affective state resulting from an overall appraisal of his or her relationship with a retailer	All in all, I am satisfied with my study experience at my university.
Overall satisfaction	Eggert and Ulaga (2002)	Industrial supplier of computer accessories	Purchase Managers	An affective evaluative response towards brand or organisation.	

Construct	Scales adapted from	Industry	Respondents	Definition of construct	Sample item from scales used in the study
Affective commitment	De Wulf et al. (2001)	Retail	Retail Customers	Consumer's enduring desire to continue a relationship with a retailer accompanied by this consumer's willingness to make efforts at maintaining it	I am committed to continue my relationship with my university.
Customer word of mouth intentions	Harrison-Walker (2001)	Veterinary Industry	Customers to Veterinary Services (Doctor)	Relating pleasant, vivid, or novel experiences; recommendations to others; and even conspicuous display	I frequently mention my university to other people.
Customer involvement	Zaichkowsky (1994)	Retail	Undergraduate business students	A person's perceived affective and cognitive relevance of the brand, stimulus, and/or advertisement based on inherent needs, values, and interest.	Unimportant (1) to Important (7)
Perceived value of the relationship	Ulaga and Eggert (2006)	Manufacturing	Purchase Managers	Perceived net worth of the tangible and intangible benefits to be derived over the long-term relationship with the exchange partner.	I expect more benefits to enjoy from my university because of our mutual long-term relationships.

3.4.1 **Perceived relationship marketing investments**

Perceived relationship marketing investments are customers' perception of the plans, actions and resources dedicated to them by sellers (Palmatier, et al., 2007). The perceived relationship marketing investments measure developed by De Wulf et al. (2001) has typically been used by retail customers. The 12-item measure was initially assessed on a five-point Likert scale ranging from 1 (strongly agree) to 5 (strongly disagree). A sample item from the scale reads, '*This store really cares about keeping regular customers*'.

A subsequent study from Palmatier et al. (2007) improved the psychometric properties of the perceived relationship marketing investments scale and reduced the length of the scale developed by De Wulf et al. (2001). The study shows support for the reliability and validity of the measure. Consequently, this research measured perceived relationship marketing investments using the four-item version of the measure adapted by Palmatier et al. (2007), which has reliability exceeding .76. Items were assessed using a seven-point Likert scale. A sample item from the scale reads, '*My university makes extra efforts to provide me with solutions*'.

3.4.2 **Customer-perceived benevolence**

Customer-perceived benevolence scales measure the customer's perception that the seller is interested in the customer's welfare and will not engage in actions that negatively affect the customer (Kumar, et al., 1995). A customer-perceived benevolence scale was adapted from Kumar et al. (1995) and tested on dealers in the automobile industry. For the current study, the items from Kumar et al. (1995) were adapted to reflect students' perceptions of their university's benevolence in order to

suit the research context. Items were assessed using a seven-point Likert scale ranging from 1 (strongly agree) to 7 (strongly disagree). A sample item from the scale reads, '*I believe that my university offers me assistance and support for my benefit*'.

3.4.3 Customer cynicism

Customer cynicism scales measure the attitude of distrust towards other's motives (Van Dyne, et al., 1994). A six-item customer cynicism measure developed by Schein (1967) was used in this research. This customer cynicism measure has been used by employees and supervisors in service and manufacturing firms. The measure possesses a good reliability of .73. Items were assessed using a seven-point Likert scale ranging from 1 (strongly agree) to 7 (strongly disagree). Items were slightly modified to reflect student cynicism. A sample item from the scale reads, '*In general, most people take advantage of you*'.

3.4.4 Customer trust

Customer trust scales measure the customer's confidence in a retailer's reliability and integrity (Ring & Van de Ven, 1994). Customer trust was measured using a scale developed by De Wulf et al. (2001). This measure consists of nine items and was previously tested on retail customers. The reliability of original scale was .79. A seven-point Likert scale ranging from 1 (strongly agree) to 7 (strongly disagree) was used to measure the construct. The original items were modified to reflect student trust in a university. A sample item from the scale reads, '*My university is trustworthy.*'

3.4.5 **Customer overall satisfaction**

Customer satisfaction scales measure "an overall evaluation of total purchase and consumption experiences with a product or service over time" (Anderson, et al., 1994, p. 54). This research assesses customer overall satisfaction using an eight-item scale developed by Eggert and Ulaga (2002). The reliability of the original scale was .78. The measure is quite domain-specific; consequently, the items were modified to examine naturally occurring situations in the higher education sector. Eight items were measured using a seven-point Likert scale ranging from 1 (strongly agree) to 7 (strongly disagree). A sample item from the scale reads, '*All in all, I am satisfied with my study experience at my university.*'

3.4.6 **Customer affective commitment**

Customer affective commitment scales measure the strength of psychological attachment that a customer may have to a brand or firm (Evanschitzky, et al., 2006). Customer affective commitment was assessed using a nine-item scale that was adapted from De Wulf et al. (2001). This scale was based on an original measure by Meyer and Allen (1997). De Wulf et al. (2001) applied this scale to retail customers. The reliability of the scale from De Wulf et al. (2001) was .78. The items were modified for the current study to reflect student affective commitment to a university. Items were assessed using a seven-point Likert scale ranging from 1 (strongly agree) to 7 (strongly disagree). A sample item from the scale reads, '*I am committed to continuing my relationship with my university.*'

3.4.7 Customer word of mouth intentions

A customer word of mouth intentions scale measures the continuing desire among customers to engage in informal communication and conversation regarding ownership, characteristics of brand, representative of organisation and/or the organisation itself (Soscia, 2007). Customer word of mouth intentions are measured using a scale developed by Harrison-Walker (2001). The original scale consisted of 12 items and was applied to customers of veterinary services. The reliability of the original scale was .78. A seven-point Likert scale ranging from 1 (strongly agree) to 7 (strongly disagree) was used to measure word of mouth intentions. A sample item from the scale reads, '*I frequently mention my university to other people.*'

3.4.8 Customer-perceived value of relationship

Customer-perceived value of relationship scales measure the customer's perception of the net worth of tangible and intangible benefits derived over a long-term relationship with a seller. The scale was developed by Ulaga and Eggert (2006). The measure has been tested on purchasing managers in the manufacturing industry. The five-item measure was assessed on a seven-point Likert scale ranging from 1 (strongly agree) to 7 (strongly disagree). The items of this measure were modified to suit a higher education context. A sample item from the scale reads, '*I expect more benefits to enjoy from my university because of our mutual long-term relationships.*'

3.4.9 Customer involvement

Customer involvement scales measure the extent of interest and concern that a customer brings to bear upon a selection of a brand or product category (Mittal, 1989). The semantic differential scale was developed by Zaichkowsky (1994) and

used on customers of beer, cameras, and jeans in the retail industry. This measure is suitable for the current research context and had good reliability of .81. Nine items were measured using a seven-point semantic differential scale. A sample item from the scale appears as follows: To me, my university is *'Involving to Uninvolving'*.

 Each construct is operationalised using multi-item reflective measures. Reflective indicators are those (1) where the direction of causality is from the construct to the measure, (2) which are likely to share a common theme, and (3) where the elimination of one item does not affect the conceptual domain (Diamantopoulos & Siguaw, 2002). A detailed review of all the adapted scales is presented in Appendix 6.6 and 6.7 respectively.

3.4.10 Survey instrument and pretesting

The six-section questionnaire was developed for the respondents. The first section contained questions that tap into the seven major constructs of the customer gratitude model. All the items, except the ones related to customer involvement, were measured using a seven-point Likert scale. The items of the various constructs were also randomised (Babbie, 1990). The remaining sections were used to collect demographic information. For example, Sections Four and Five contain information relating to scholarships, particularly tuition waivers and living expenses.

The survey was piloted using a small sample of students (n=43) enrolled at a public university in Australia. Respondents were also interviewed about their interpretation of the constructs and the relevance of the questions. A panel of experts judged the survey items and deemed the adapted items to be suitable to tap into the conceptual

domains under investigation. The views of both experts and respondents were elicited to assess the appropriateness of the phrasing, content, sequencing and physical characteristics of the questionnaire. The panel of experts was selected on the basis of experts' field relevance and competence in the research area (Lee &Lings, 2008). In the light of the results of the pilot survey, one item was added to tap into information about scholarship-granting bodies. The questionnaire is presented in Appendix 7.9.

3.4.11 **Sampling procedure**

Bryman and Bell (2007) state that time and cost considerations affect sampling decisions in most research projects. Many researchers state that the theoretical framework is another important consideration in making decisions about sample size and collection (Tashakkori & Teddlie, 2003; Teddlie & Yu, 2007). Schatzman and Strauss (1973, p. 39) state that purposive sampling is a practical necessity that is "shaped by the time the researcher has available to him, by his framework, by his starting and developing interests, and by any restrictions placed upon the observations by his hosts".

The main study adopted a purposive sampling strategy, not only because of time and cost constraints, but also because the purposive selection of students as respondents can answer the basic research question. University students were sampled because they are likely to experience significant benefits from their higher education providers. University students were the unit of analysis in the study and were asked to respond to the survey based on their perceptions of the university in which they are enrolled.

This study used Roscoe's (1975) and Cochran's (2007) criteria for determining a sample size. Roscoe (1975) suggests that a sample size 10 or more times the number of variables in the theoretical framework is reasonably good for any research in social sciences. In line with Roscoe (1975), Cochran (2007) states that for a small population (i.e. less than 10,000), a sample set of 10-30 percent of that population is suitable. His recommendations for a sample size of a larger group (i.e. over 150,000) are as low as one percent. In current study, there are 56 items for 10 different constructs. Thus, a sample size of 700 to 1100 is appropriate to run a multivariate statistical analysis.

3.4.12 **Context**

The mediating role of customer gratitude was investigated in the higher education sector of Pakistan. The World Bank considers Pakistan a low-income country. The per capita income in Pakistan is up marginally by 0.2 per cent to US$1,256.8 in 2010-11, which is the slowest growth in the recent past (Unicef, 2011). People perceive investments (i.e. costs) in education as high because of their low income and low provision of tangible resources. Students do not have many financial and physical resources, so any investment in education (be that monetary or in other facilities such as a desk or access to a library database) will likely be perceived as significant.

In this environment, knowledge about customer attitudes, emotions and behaviours is important to provide high-quality services to emerging markets. Research in consumer emotions and behaviours is required to encourage a supportive service framework. A focus on customers' affective and behavioural responses will result in a more attractive proposition for firms wishing to expand their operations into countries

with immense potential, such as Pakistan. Consequently, a developing economy and its higher education sector were deemed an appropriate context for this research, which is the first empirical investigation of the mediating mechanism of customer gratitude between perceived relationship marketing investments and cognitive constructs (i.e. trust and satisfaction) and corporate benefits.

3.4.13 Facilitating data collection

An initial introductory letter, along with a two-page proposal and letters of support from the Office of Higher Education, Queensland Department of Education and Training (see Appendix 6.1), and the QUT Business School (see Appendix 6.2), was sent to eight different universities in Pakistan. Expressions of interest from four universities were received and a detailed proposal highlighting the research aims, strategy and benefits to the partner universities was provided. Three universities agreed to support the research (see Appendices 6.3, 6.4 and 6.5 for the letters of support from the three universities) and each university nominated a project coordinator for the research.

3.4.14 Data collection

In order to obtain the data to test the model, a paper-based survey was administered to 1600 students attending three leading universities in Pakistan. The selection represents a private, public, and semi-public university. Surveys were supplied and a briefing was given to project coordinators to detail the scope of the project and the procedures to collect the data. Of the 1600 survey forms supplied (Institution 1= 600, Institution 2= 600 and Institution 3= 400), 1099 surveys were returned, resulting in a response rate of 69%.

3.4.15 **Data cleaning**

Before analyses, data were cleaned by either deleting incomplete responses or replacing missing data from the data set. In accordance with the recommendations of Acock (2005) and Liu, White, Thompson, and Bramer (1997), any cases with more than 20% missing data were removed from the data file, so that the missing data that remained could be deemed as systematic or missing completely at random (MCAR). If data is MCAR, missing data can be replaced with unbiased estimates. A non-significant value of Little's MCAR test in SPSS indicates that the missing data can be replaced using the full information maximum likelihood (FIML) method, which gives the least bias in the missing data (Liu, et al., 1997).

Next, negatively worded scale items were reverse coded. Data were then checked for out-of-range values. The initial dataset exhibited some incomplete responses (n=16). From the initial dataset, the researcher checked for outliers and then made the following adjustments: (1) removed cases that exhibited no variation in responses, (2) removed responses with more than 20% missing data, (3) amended data entry when it was incorrect. The final number of useful respondents in dataset was 1093. Students, the respondents, in the three universities of Pakistan were given proper briefing about the project and the way they need to answer the questions in the questionnaire. This briefing was given by project coordinators appointed by partner universities' authorities. This briefing was given to students in their classes. Therefore responses were cleaned prior to submission, so these 6 were just those that were missed by the data collection people

It is generally accepted that the minimum acceptable size for structural equation modelling (SEM) is 250 (Albright & Park, 2009). However, large sample sizes cause concerns about the goodness-of-fit indices, as large samples cause them to over-indicate poor fit (Albright & Park, 2009; Arbuckle, 2006). Thus, once the data were cleaned, the dataset was randomly split in to two subsets (i.e. Dataset1 [N=540] and Dataset2 [N=553]. Dataset1 was used to test the measurement model (i.e. for confirmatory factor analysis). Dataset2 was employed to test the structural model using path analysis, Sobel tests and slope analysis, in order to assess the mediated and moderated relationships. Figure 3.1 shows the analyses for both the datasets.

Figure 3.1: Analyses for respective datasets
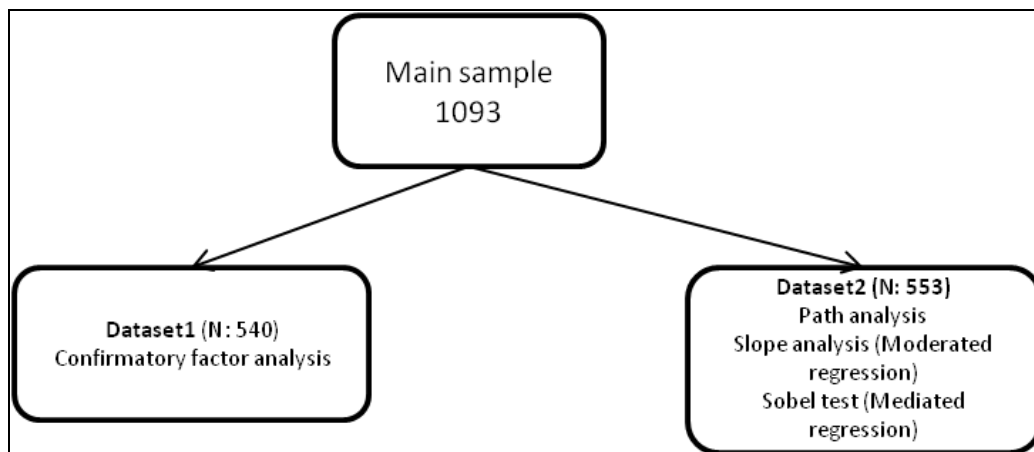
3.5 CONCLUSION

This chapter described the research paradigm, initial measurements issues, research context, sampling frame, questionnaire development and data collection results. Data were collected through pen and paper field survey to a sampling of 1093 students of three universities of a developing economy namely Pakistan.

Chapter 4: Analyses and Results

In Chapter Four, in addition to preliminary analyses, the customer gratitude model (measurement model and structural model) is empirically tested and the results are presented and summarised.

Preliminary analyses reveal that measures used in this study displayed adequate psychometric properties and appeared to be free of systematic bias. Table 4.1 shows the descriptive statistics of Dataset1. In order to test the proposed model, a two-step SEM strategy, which includes a confirmatory measurement model and confirmatory structural model test (Gerbing & Anderson, 1988), was used. This approach provides a strong basis for making meaningful inferences about the constructs in the research models and the relationships between them (Gerbing & Anderson, 1988).

Table 4.1: Descriptive statistics

	CONSTRUCTS	Mean	Standard deviation	AVE	Cronbach (α)	RMI	CPB	CC	CG	CT	COS	CAC	CWOMI	CPVR	CI
1	Perceived relationship marketing investments	3.660	1.768	.621	0.704	1	.593	.200	.564	.558	.691	.529	.451	.515	.374
2	Customer-perceived benevolence	3.950	1.827	.596	0.708		1	.195	.555	.659	.675	.465	.442	.475	.351
3	Customer cynicism	4.880	1.670	.450	0.682			1	.250	.215	.302	.308	.272	.311	.305
4	Customer gratitude	4.654	1.341	.731	0.768				1	.710	.691	.627	.582	.652	.474
5	Customer trust	4.720	1.485	.794	0.829					1	.748	.610	.600	.627	.470
6	Customer overall satisfaction	4.335	1.462	.755	0.801						1	.639	.564	.659	.511
7	Customer affective commitment	4.625	1.452	.708	0.744							1	.698	.785	.513
8	Customer word of mouth intentions	4.858	1.277	.650	0.681								1	.656	.453
9	Customer-perceived value of relationship	4.773	1.337	.737	0.780									1	.537
10	Customer involvement	5.136	1.238	.759	0.799										1

Correlations, all values are significant at p<.05, N=540

Where AVE= Average Variance Extracted, RMI= relationship marketing investments, CPB= customer-perceived benevolence, CC= customer cynicism, CG= Customer gratitude, CT= customer trust, COS= customer overall satisfaction, CAC= customer affective commitment, CWOMI= customer word of mouth intentions, CPVR= customer-perceived value of relationship, CI= customer involvement

4.1.1 **Confirmatory measurement model test with Dataset1**

The measurement model specifies the hypothesised relationships between the constructs and their manifest indicators. Confirmatory factor analysis is used to analyse each of the constructs in the study and to identify any interaction between the measurement and structural models that could affect the parameters associated with the proposed relationships between the latent variables in the model. Confirmatory factor analysis identifies the reliability of the individual scale items for each construct.

The Analysis of Moment Structures (AMOS) software package (Version 18) was used to conduct the confirmatory factor analysis on Dataset1. AMOS 18 does not manage missing data points well and is unable to calculate modification indices if there are any missing data. Many statistical methods are available to deal with missing data, including mean value replacement, pair-wise deletion, list-wise deletion and maximum likelihood estimation. Maximum likelihood estimation was used in this analysis because AMOS 18 does not allow for list-wise or pair-wise deletions when testing a structural model from an SPSS data file.

Ten constructs and their measurement items were examined using confirmatory factor analysis. Figure 4.1 depicts the confirmatory factor analysis used to test the measure model.

Figure 4.1: Confirmatory factor analysis
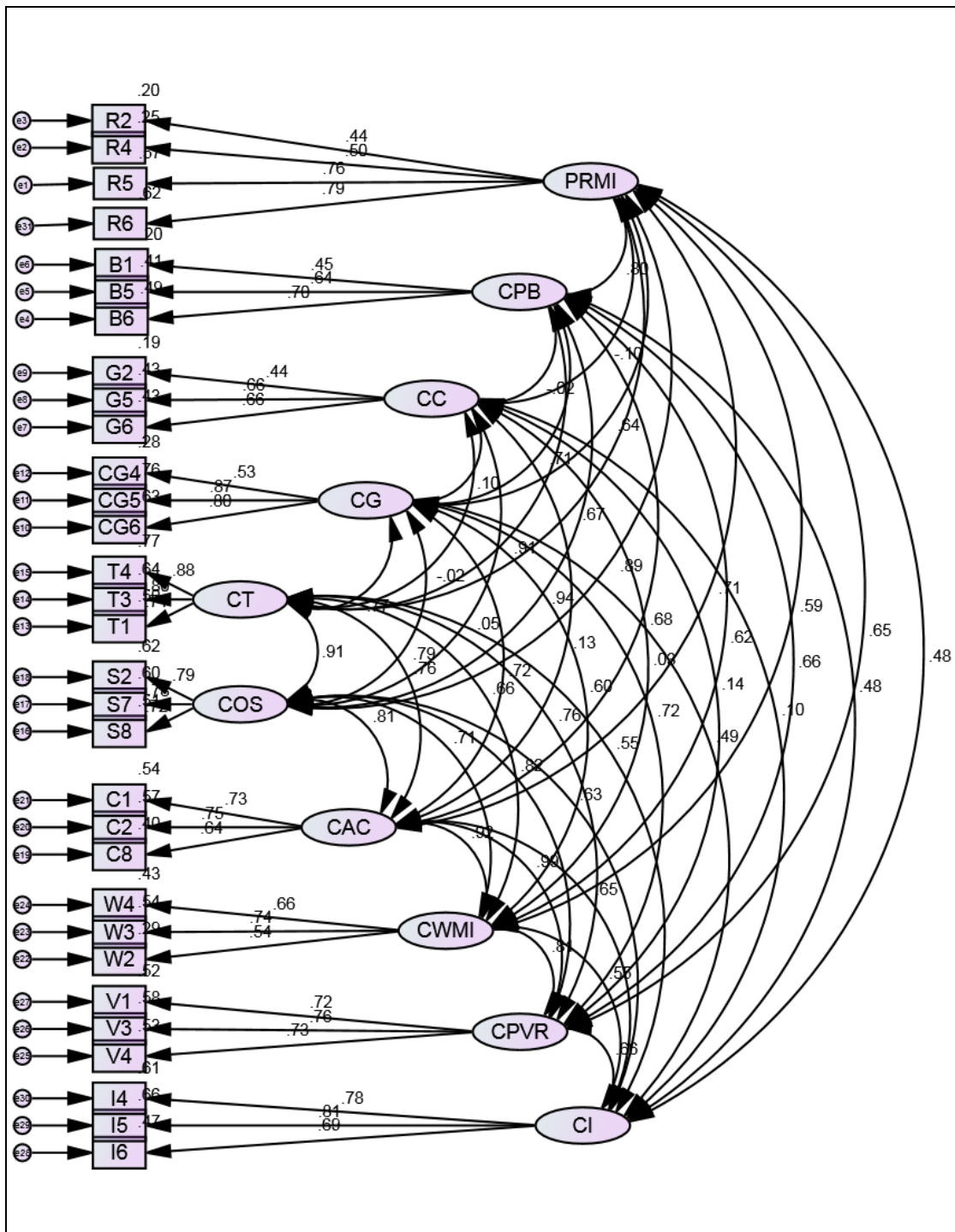
Where PRMI= perceived relationship marketing investments, CPB= customer-perceived benevolence, CC= customer cynicism trait, CG= customer gratitude, CT= customer trust, COS= customer overall satisfaction, CAC= customer affective commitment, CWMI= customer word of mouth intentions, CPVR= customer-perceived value of relationship and CI= customer involvement

4.1.2 **Measurement model fit**

Jöreskog and Sörbom (1993) caution that the hypothesised measurement model should not be assumed to hold exactly in the population. Therefore, it is important to assess the model's fit using fit indices after conducting confirmatory factor analysis. Several goodness-of-fit indices were evaluated to determine if the measurement model could be considered reliable for testing hypotheses.

One goodness-of-fit index is the Chi-square statistic (CMIN). The chi-square significance test sometimes remains inconclusive even if the results are significant. However, this test is sensitive to sample size and thus the model may be a good fit even with a significant value (Hair, Black, Babin, Anderson, & Tatham, 2006; Hu & Bentler, 1998). The relative chi-square (χ^2), CMIN/DF, is an index of how much fit the data lose by dropping one or more paths. If you have dropped too many paths, rules of thumb suggest that this index will exceed 2 or 3 (Schermelleh-Engel, Moosbrugger, & Müller, 2003). The measurement model achieved a Chi-square (CMIN) value of 748.271, which was significant at p<0.05. The relative chi-square (χ^2) (chi-square divided by the degree of freedom) value for the model was 1.91.

The standard root mean square residual (SRMR) is an index of the amount by which the estimated variances and covariances differ from the observed variances and covariances. Hu and Bentler (1998) suggest that the SRMR should be less than .06. The SRMR value for the measurement model was .040.

The goodness of fit index (GFI) describes what proportion of the variance in the sample variance-covariance matrix is accounted for by the model. This should exceed

.90 for a good model with a large sample. Adjusted GFI (AGFI) is an alternate GFI

index in which the value of the index is adjusted for the number of parameters in the

model. The fewer the parameters in the model relative to the number of data points

(i.e. variances and covariances in the sample variance-covariance matrix), the closer

the AGFI will be to the GFI (Arbuckle, 2006). The AGFI is adjusted to reward simple

models and penalise saturated models. The GFI/AGFI value for the measurement

model was .930/.907.

The baseline comparison goodness-of-fit indices compare the base model to the

independent model rather than to the saturated model. The Normed Fit Index (NFI) is

simply the difference between the two models' chi-squares divided by the chi-square

for the independence model. Values of .90 or higher (some say .95 or higher) indicate

good fit (Arbuckle, 2006). The Comparative Fit Index (CFI) uses a similar approach

(with a non-central chi-square value) and is a good index to use with small samples.

Like the NFI, .95 (or higher) indicates good fit (Hu & Bentler, 1998). The NFI/CFI

value of the measurement model was .920/.951.

The Root Mean Square Error of Approximation (RMSEA) estimates lack of fit

compared to the saturated model. A RMSEA of .05 or less indicates good fit and .08

or less indicates adequate fit (Browne & Cudeck, 1993). The RMSEA value for the

model was .041. Overall, the model fit summary produced by AMOS 18 (see Table

4.2) provides an indication of the appropriateness of the measurement model.

Table 4.2: Goodness-of-fit statistics for measurement model

Goodness-of-fit statistics	Values	
	Achieved	Guidelines
Chi-Square (CMIN)	748.271	Non-significant
DF	390	NA
CMIN/DF	1.910	2-3
CFI	0.951	CFI>0.90
GFI/AGFI	0.930/0.907	GFI,AGFI>0.90
RMSEA	0.041	RMSEA<0.05
SRMR	0.040	SRMR<0.06
NFI	0.920	NFI>0.90

The chi-squared minimum divided by degrees of freedom (CMIN/DF) is 1.910, substantially below the cut-off of 3 (see Table 4.2), indicating that the theoretical model fits the sample data well. The comparative fit index (CFI) is .951, above the recommended minimum value of .90, further ensuring the suitability of the model. The Root Mean Square Error of Approximation (RMSEA) value is .041, below the cut-off value of .05. The Standardized Root Mean Residual (SRMR) value for the sample data is .040. The overall indices suggest a reasonably good fit of the model to the data and the ten-factor model is well supported by the analysis.

4.2 RELIABILITY AND VALIDITY

The reliability of a scale is the extent to which the measure is free from random error and offers consistent measurement across time and various items in the instrument. The most frequently used method to test reliability is the internal consistency score method (Nunnally & Bernstein, 1994), sometimes referred to as the Cronbach Alpha (Cronbach, 1951). If the Cronbach Alpha is greater than .70, the consistency of the

scale is deemed acceptable and reliability is assured (Nunnally & Bernstein, 1994).

Preliminary reliability analyses (see Table 4.1) revealed that the internal consistency of all scales was above that minimum threshold.

Another more stringent approach to examine the reliability of a measure is to look at the values of average variance extracted for each measure. Average variance extracted can be calculated by summing the values of squared standardised factor loadings and then dividing by the number of items. An average variance extracted that exceeds a threshold of .50 confirms measure reliability. Table 4.1 shows that the value of average variance extracted for each measure exceeds this threshold, indicating that each measure is reliable.

Validity refers to the accuracy of the measurement of a construct. It examines the extent to which the items measure what they are supposed to measure (Csikszentmihalyi & Larson, 1987). There are several ways to measure validity. The measures used in this study passed four validity checks: face validity, content validity, convergent validity and discriminant validity (Currall & Towler, 2003).

Face validity refers to the extent to which an item reflects the construct it is intended to measure (Nunnally & Bernstein, 1994). Establishing face validity requires a comparison between construct definition and the items that represent the construct. Face validity can be achieved by using published measures (Lynn, 1986). In order to establish that face validity exists for the measures used in this study, existing measures from the literature were used to improve nomological validity.

Content validity refers to the adequacy of indicators to measure the concepts. The better the scale items measure the domain of content, the greater the validity. An assessment of content validity requires a panel of experts to attest to the content validity of each instrument (Sekaran, 2000). In order to maximise face and content validity, previously validated measures were pretested twice. Initially, the researcher adapted the wording of the measures to suit the context of the research. A pilot questionnaire was then distributed to participants in a training workshop at a public university in Australia. Three of the participants were PhD graduates and the others were PhD students of different disciplines from different universities of Australia. This helped the researcher identify if the measures were able to tap into the concept of gratitude (and other constructs) adequately and appropriately. Second, a panel of experts judged the survey items and deemed all adapted items suitable for tapping into the conceptual domain. Minor modifications to the wording and format of the questionnaire were made.

Fornell and Larcker (1981) suggest that variance extracted is an appropriate test of the internal stability of a scale and the convergent validity of its items. The average variance extracted measures the amount of variance that is captured by the construct in relation to the amount of variance due to measurement error. If the average variance extracted is less than .50, then the variance due to measurement error is greater than the variance due to the construct. In this case, the convergent validity of the scale is questionable. As an alternative heuristic, the convergent validity of scale items is also supported by significant t-values (Gerbing & Anderson, 1988).

Both the tests were undertaken to assess convergent validity. Variances extracted for relationship marketing investments, customer-perceived benevolence, customer cynicism, customer gratitude, customer trust, customer overall satisfaction, customer affective commitment, customer word of mouth intentions, customer-perceived value of relationship and customer involvement are shown in Table 4.1. Only customer cynicism (i.e. 45%) was below threshold of 50%. The second test of the significance of t-values also shows that items loading onto their respective constructs provide significant t-values.

Inspections of the correlation matrix (see Table 4.1) revealed low correlations between all constructs except customer-perceived value of relationship and affective commitment. Two additional assessments for discriminant validity were undertaken. These tests were suggested by Fornell and Larcker (1981) and Bagozzi et al. (1991). The first assessment compared average variance explained and the inter-factor correlations between all pairs of constructs. If the average variance of each construct was greater than its shared variance with any other construct, discriminant validity was achieved (Carver & Glass, 1976). Table 4.1 shows that the values of squared multiple correlations were below the average variance extracted for all constructs.

Another test for discriminant validity, proposed by Bagozzi et al. (1991), was employed to examine the confidence interval for the estimated correlations between pairs of constructs. A 95% confidence interval for the correlation between two constructs indicated that all combinations of pairs of constructs achieved discriminant validity (Bagozzi & Yi, 1991). The main reason to use this procedure is that the assessment of discriminant validity takes into account the sampling error of the

correlation. Combining the outcomes of both tests and the low values of inter-factor correlations demonstrates that the constructs achieved discriminant validity.

4.2.1 Method biases

After checking the validity and reliability of the scales, the presence of systematic measurement error (i.e. bias) was investigated before testing the conceptual model. Scale items were both positively and negatively worded in order to minimise acquiescence bias. In order to examine common method bias, Harman's (1976) one-factor test was conducted. In this test, all the items are entered into a principal components analysis with varimax rotation. If a single factor accounts for more than 50% of the variance, the chance that common method bias occurred is high. The first factor in the data accounted for less than 30% of the variance, suggesting there was no common method bias (Harman, 1976). Mattila and Enz (2002) suggest that the techniques employed to minimise acquiescence bias (i.e. wording questions positively and negatively) and Harman's one-factor test provide support for the absence of these general method biases in the findings.

4.3   ANALYSES OF CONCEPTUAL MODEL WITH DATASET2

Once the confirmatory factor analysis was conducted and items were deemed suitable due to their inter-item correlations, an analysis of the conceptual model (i.e. a path analysis) was conducted to test the hypothesised relationships in the customer gratitude model.

4.3.1 Testing the mediating role of customer gratitude

First, in order to test the mediating effect of customer gratitude between perceived relationship marketing investments and customer trust, customer overall satisfaction

and customer affective commitment, these relationships were modelled (see Figure

4.2).

Figure 4.2: Mediating role of customer gratitude
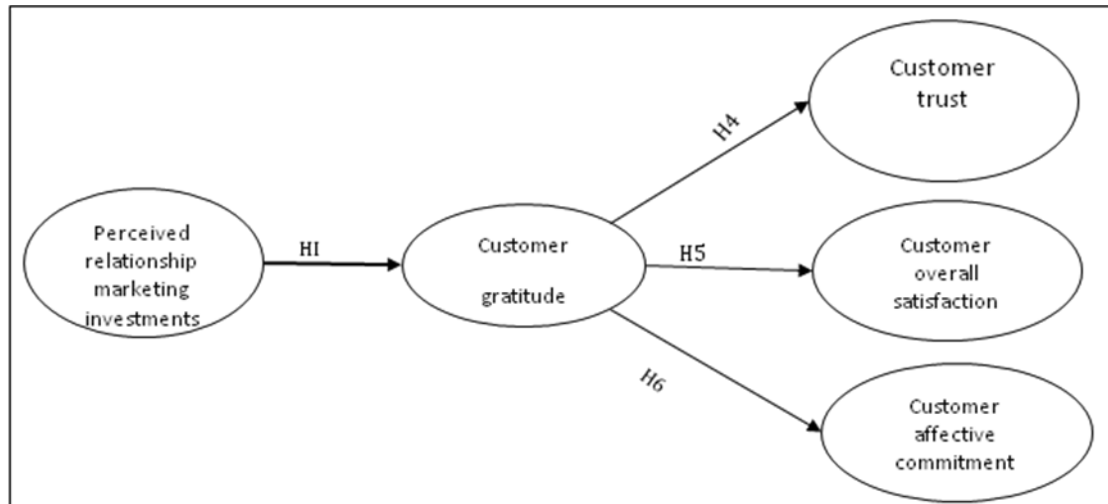
The mediating role of customer gratitude was further examined using Sobel tests.

Second, the moderating roles of customer-perceived benevolence and customer

cynicism on perceived relationship marketing investment and customer gratitude were

tested and then confirmed through slope analysis (see Figure 4.3).

Figure 4.3: Moderating role of customer cynicism and customer-perceived benevolence
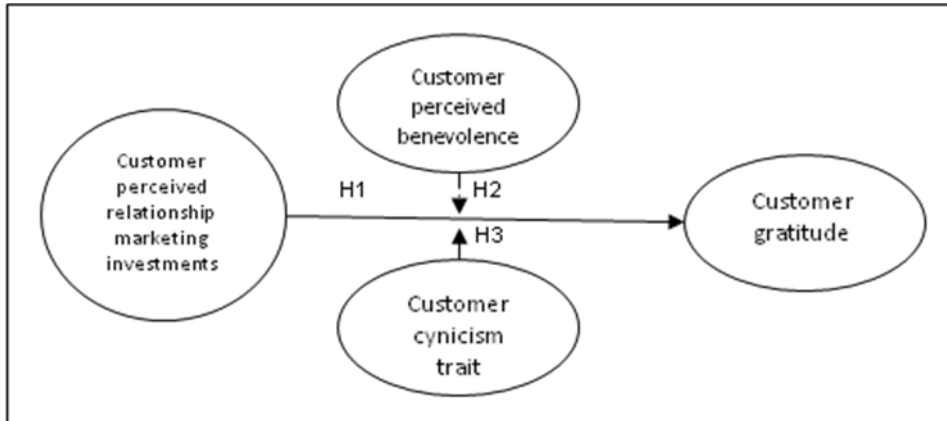
Third, the mediating role of customers' affective commitment was tested. Figure 4.4 shows the antecedent effect of customer gratitude on customer trust, overall satisfaction and affective commitment. It highlights that customer word of mouth intentions, customer-perceived value of relationship and customer involvement are three important consequences of customer commitment.

Figure 4.4: Mediating role of customer affective commitment
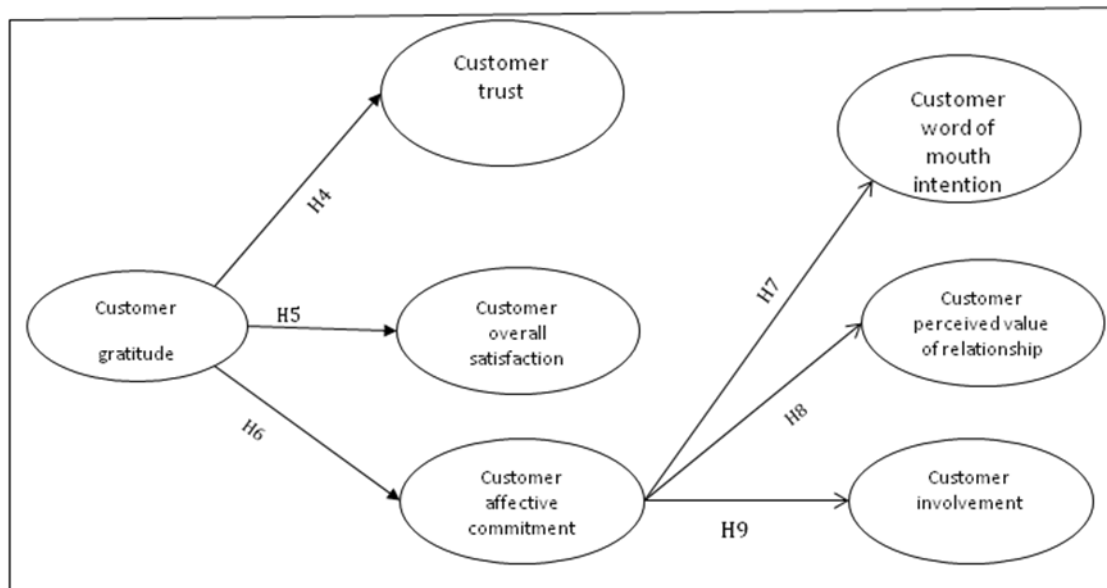
The model parameters were estimated using maximum likelihood (ML) methods. ML attempts to maximise the likelihood that values obtained for the criterion variable will be correctly predicted (Mardia & Marshall, 1984).

4.3.2 **Mediating effect of customer gratitude**

In order to test the mediating effect of customer gratitude on the relationship between perceived relationship marketing investments and customer trust, customer overall satisfaction and customer affective commitment, these relationships were modelled as partially mediated by customer gratitude. The adequacy of this structural model was evaluated by assessing fit indices in AMOS 18. An inspection of fit indices suggested that the first structural model displayed good model fit. The fit of the first structural model is acceptable, with $\chi 2$ (98) = 279.138 (ns), CFI = .957, NFI = .935, AGFI/GFI = .912/.937, SRMR=.038 and RMSEA = .058.

Path analysis (see Figure 4.5) reveals support for Hypotheses 1, 4, 5 and 6, indicating that the impact of perceived relationship marketing investments on customer trust, overall satisfaction and affective commitment is partially mediated by customer gratitude. The variance accounted for by the mediating influence of customer gratitude on the relationship between perceived relationship marketing investment and the three consequences of customer gratitude is 48% (z=6.487), 29 % (z=4.917) and 57% (z=6.482) respectively. The results support a model where the impact of perceived relationship marketing investments on customer trust, overall satisfaction and affective commitment reduces as customer gratitude is introduced as a mediator.

Figure 4.5: Test of the mediating effect of customer gratitude
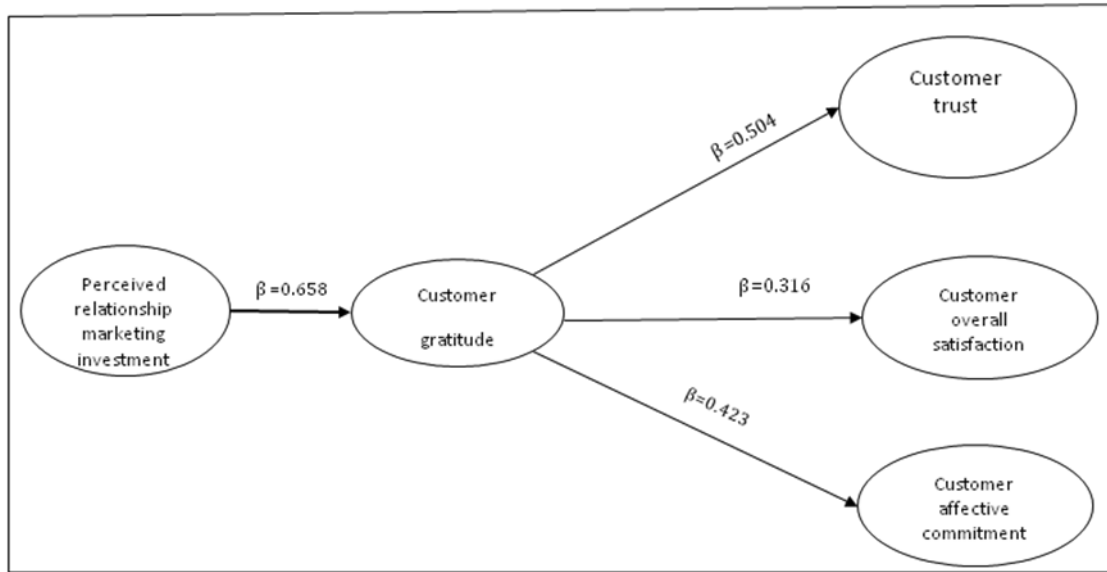
4.3.3 Sobel Test

The next stage of the analysis was to confirm the mediating role of customer gratitude

through a Sobel test. A Sobel test is a statistically rigorous method by which

mediation hypotheses may be assessed. Baron and Kenny (1986) describe a procedure

developed by Sobel (1986) that provides a direct test of an indirect effect. Preacher

and Hayes (2004) state that the Sobel test is conducted by comparing the strength of

the indirect effect of X on Y to the null hypothesis that it equals zero. Standard errors

of a (where *a* is the effect of an independent variable on a mediator) and b (where *b* is

the effect of a mediator on a dependent variable) are represented by

s_a and s_b respectively. The standard error of the indirect effects (s_{ab}) is given by

Preacher and Leonardelli (2001) and Sobel (1986) as:

$$s_{ab}^2 = b^2 * s_a^2 + a^2 * s_b^2 + s_a^2 * s_b^2$$

In order to conduct the test, the values of the product of a and b (a*b) are divided by

s_{ab} to yield a critical ratio that is compared with the critical value from the standard

normal distribution for a given alpha level. In essence, null mediation occurs when the

Sobel's z-value is non-significant. Full mediation occurs when the Sobel's z-value is

significant and the beta weight for the basic relationship (IV to DV) becomes non-

significant in the second regression. Partial mediation occurs when the Sobel's z-

value is significant and the beta weight for the basic relationship (IV to DV) remains

significant.

The Sobel test determines whether the mediator carries any influence over the

relationship between the independent and dependent variable. The test calculates the

critical ratio as a test of whether the indirect effect of the independent variable on the

dependent variable via the mediator is significantly different from zero. The results of

the Sobel test support the analyses by confirming the existence of a mediated

relationship (z-value = 17.64, p<.001, z-value = 16.39, p<.001 and z-value = 15.29,

p<.001 for customer trust, overall satisfaction and affective commitment

respectively).

The analysis of the main effects revealed that the direct influence of perceived

relationship marketing investments on customer trust, overall satisfaction and

customer affective commitment reduced as customer gratitude, the mediator, was

introduced. These findings were supported by the Sobel tests (see Table 4.3). Figure

4.6 highlights interrelationships between constructs and their Sobel test scores.

Table 4.3: Sobel test statistics

Type of Mediation	Partial
Sobel z-values for Customer trust, satisfaction and commitment	Sobel's z-value = 17.64, p<.001, Sobel's z-value = 16.39, p<.001 and Sobel's z-value = 15.29, p<.001 for customer trust, customer affective commitment and customer affective commitment respectively
Standardized coefficient of perceived relationship marketing investments on customer trust, satisfaction, and commitment	
Direct:	Customer trust (β = .66, p<.001), Satisfaction (, β = .61, p<.001) and Commitment (β = .52, p<.001).
Indirect:	Customer trust (β = .39, p<.001), Satisfaction (, β = .40, p<.001) and Commitment (β = .36, p<.001).

Figure 4.6: Interrelationship between constructs and their Sobel test scores

Customer trust (β =.66, p<.001), Satisfaction (, β =.61, p<.001) and Commitment (β = .52, p<.001).

Customer trust β =.27, p<.001, Satisfaction to β =.21, p<.001 and Commitment to β =.16, p<.001.

Perceived relationship marketing investments

Customer trust satisfaction, commitment

β = .66, p<.001

Customer trust (β =.80, p<.001), Satisfaction (β =.78, p<.001) and Commitment (β =.70, p<.001).

Customer trust (β =.640, p<.001), Satisfaction (β =.65, p<.001) and Commitment (β = .60, p<.001).

Customer gratitude

4.3.4 **Moderating effect of customer-perceived benevolence and customer cynicism**

AMOS 18 was used to test the moderating effect of customer-perceived benevolence and customer cynicism on the relationship between customers' perceived relationship marketing investments and customer gratitude (see Figure 4.7).

Figure 4.7: Moderating role of customer-perceived benevolence and customer cynicism
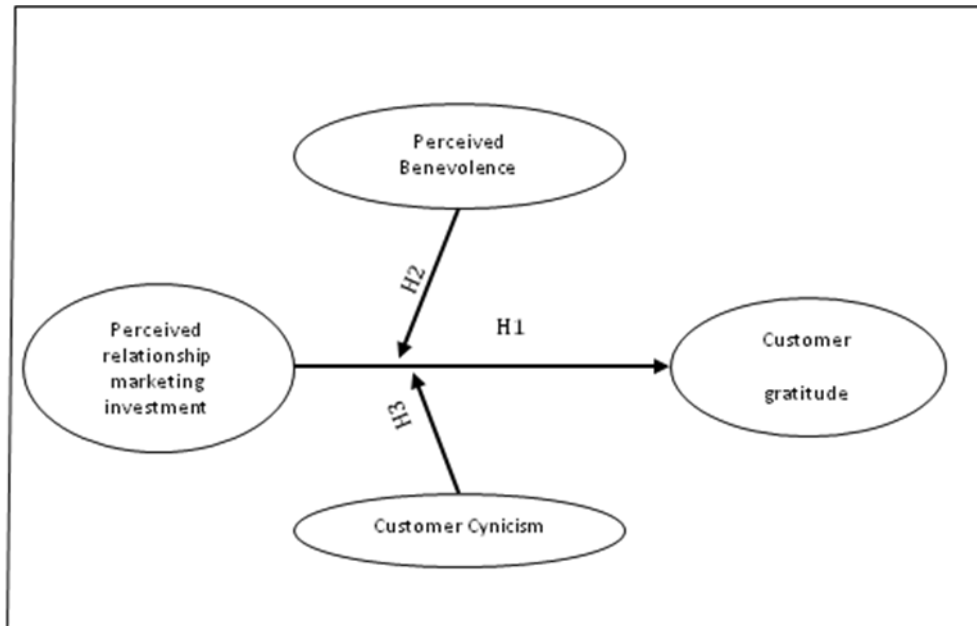
The adequacy of the second structural model was evaluated using an assessment of fit indices by AMOS 18 (see Figure 4.8). An inspection of fit indices suggested that this structural model demonstrates acceptable fit to the data. The fit of structural model is acceptable, with $\chi 2$ (22) = 58.105 (significant), CFI = .969, NFI = .959, AGFI/GFI = .951/.976, SRMR=.040 and RMSEA = .055.

Perceived relationship marketing investments have a significant positive relationship with customer gratitude (β =.665, $p<.05$). However, the inclusion of the two-way interaction term (perceived relationship marketing investments* customer-perceived benevolence; CENTRMI * CENTCPB) explains a small but significant additional

amount of variance in the dependent variable (ΔR^2 = -.02, z (-2.604), $p<.001$). This indicates that a small but significant moderating influence exists on the relationship between perceived relationship marketing investments and customer gratitude. Thus, Hypothesis 2 is accepted.

The moderating effect of customer cynicism on the relationship between relationship marketing investments and customer gratitude is not significant. Perceived relationship marketing investments had a significant positive relationship with customer gratitude (β = .665, p<.01) but customer cynicism has a non-significant impact on the relationship between perceived relationship marketing investments and gratitude (β =.018, ns). This indicates that customer cynicism has no moderating influence. Customers, even if they are cynical, feel gratitude for the favours they receive from the seller. Based on this result, Hypothesis 3 is rejected.

Figure 4.8: Test of the moderating effects of customer-perceived benevolence and customer cynicism

- - - - - - - - ➤   Non-significant relationships

──────────➤   Significant relationships
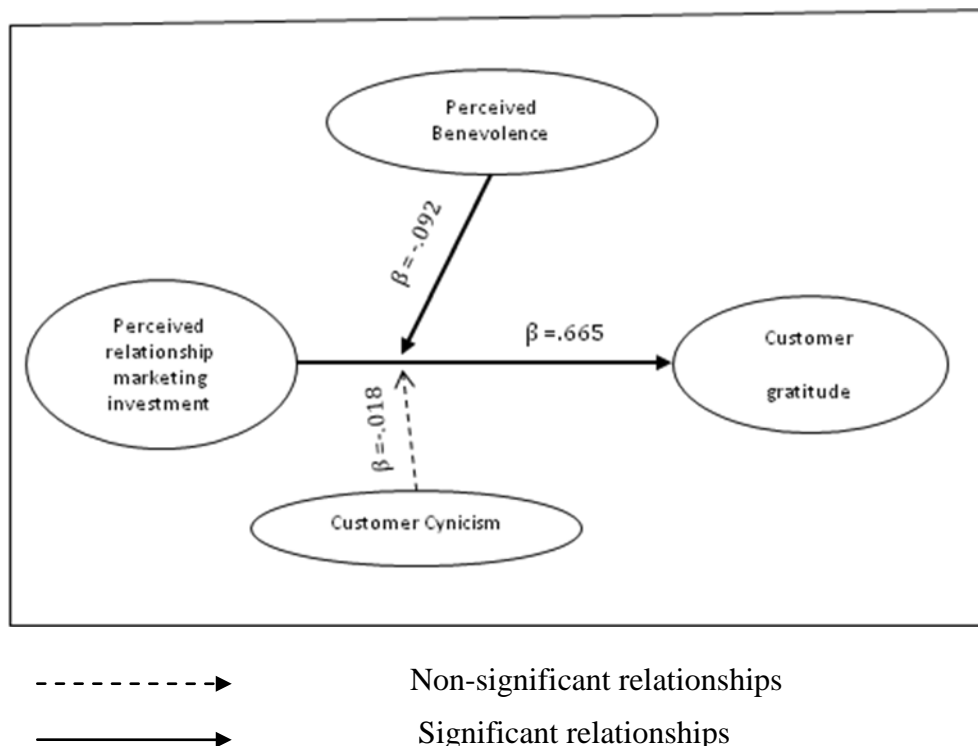
4.3.5 **Slope analysis**

A simple slope analysis was conducted to confirm the moderating effect of customer-perceived benevolence on the relationship between perceived relationship marketing investments and customer gratitude. Simple slope analysis reveals that perceived relationship marketing investments has a significant negative effect on levels of customer gratitude for customers perceiving low benevolence (β = -.190, $t(2,542)$ = -5.2, $p<.001$); however, customers perceiving high benevolence were protected from the negative influence of perceived relationship marketing investments on customer gratitude (β = .012, $t(1,542)$ = .71, $p<.001$).

The schematic below (see Figure 4.9) suggests that the relationship between customer's perceptions of relationship marketing investments and customer gratitude may differ at different levels of perceived benevolence. More specifically, perceived benevolence significantly moderates the effect of customer's perceptions of relationship marketing investments on customer gratitude. The influence of customer's perceptions of relationship marketing investments on customer gratitude is weakest (i.e. negative) in the case of low perceived benevolence and strongest in the case of high perceived benevolence. Customers perceiving different levels of benevolence did not differ in feelings of gratitude under conditions of high perceived benevolence, but large differences were noted under conditions of low benevolence: customers reporting low levels of perceived benevolence also reported significantly lower levels of customer gratitude.

Figure 4.9 indicates that a non-substantial but significant moderating relationship exists. Extending the low and high customer-perceived benevolence lines might result in an intersection with larger sample size than the existing sample.

Figure 4.9: Two-way interaction of relationship marketing investments and customer-perceived benevolence on customer gratitude
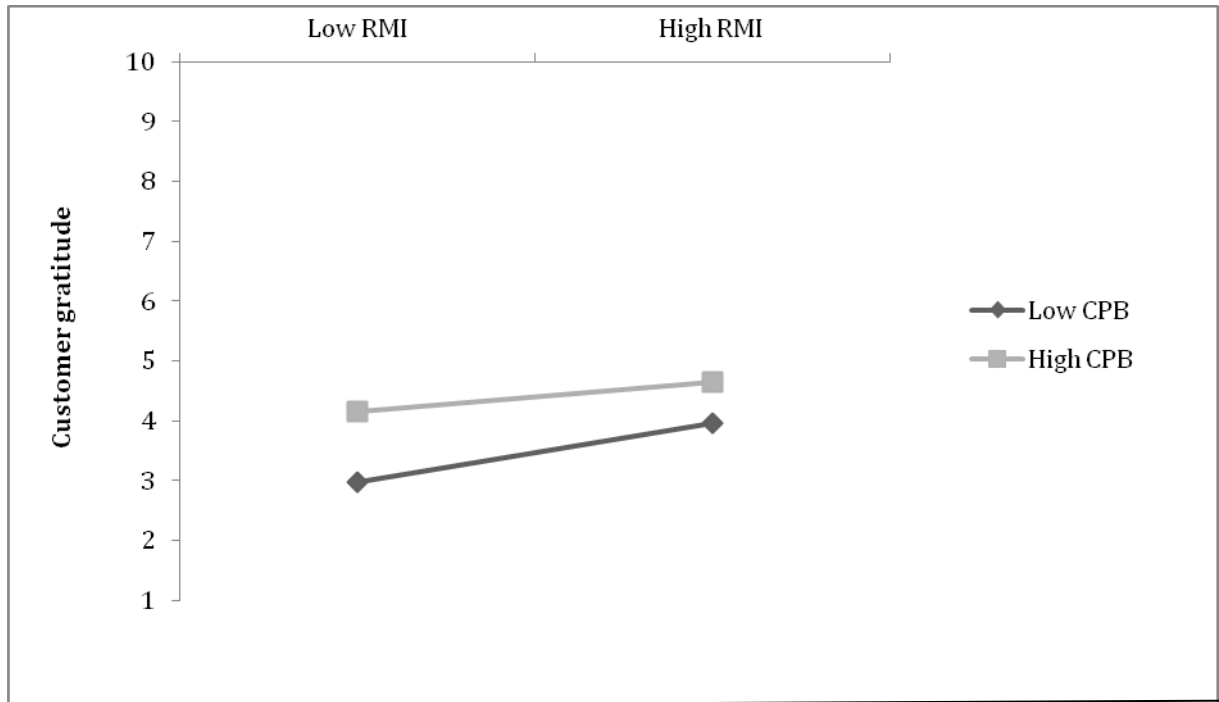
Where RMI= perceived relationship marketing investments, CPB=customer-perceived benevolence.

4.3.6 **Mediating role of affective commitment**

Having tested the moderating affect of customer-perceived benevolence on the relationship between perceived relationship marketing investments and customer gratitude, the next stage of the analysis was to ensure that customer gratitude operates through customer affective commitment to impact customer word of mouth intentions, perceived value of relationships and involvement, as hypothesised in H7, H8 and H9 (see Figure 4.10).

The adequacy of this third structural model was evaluated using an assessment of fit indices in AMOS 18. The fit of the third structural model is acceptable, with $\chi 2$ (268) = 700.578 (significant at p<.001), CFI = .935, NFI = .899, AGFI/GFI = .882/.902, SRMR=.039 and RMSEA = .055.

Figure 4.10: Mediating role of affective commitment
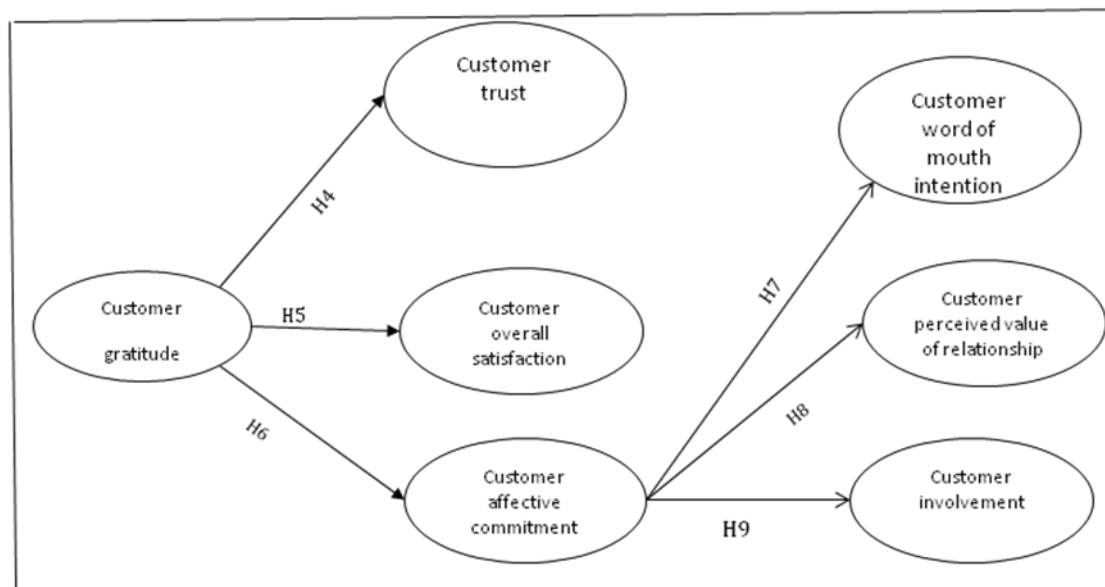
To test the role of affective commitment between customer gratitude and its three consequences (i.e. customer word of mouth intentions, customer-perceived value of relationships and customer involvement), the data were modelled with a mediated effect. Analysis shows that the mediating effect of affective commitment is significant (z=0.333) and explains 32% of the variance in the data. Consequently, this model accurately reflects the role of affective commitment in determining customer word of mouth intentions, customer-perceived value of relationships and customer involvement.

Figure 4.11: Test of the mediating effect of affective commitment
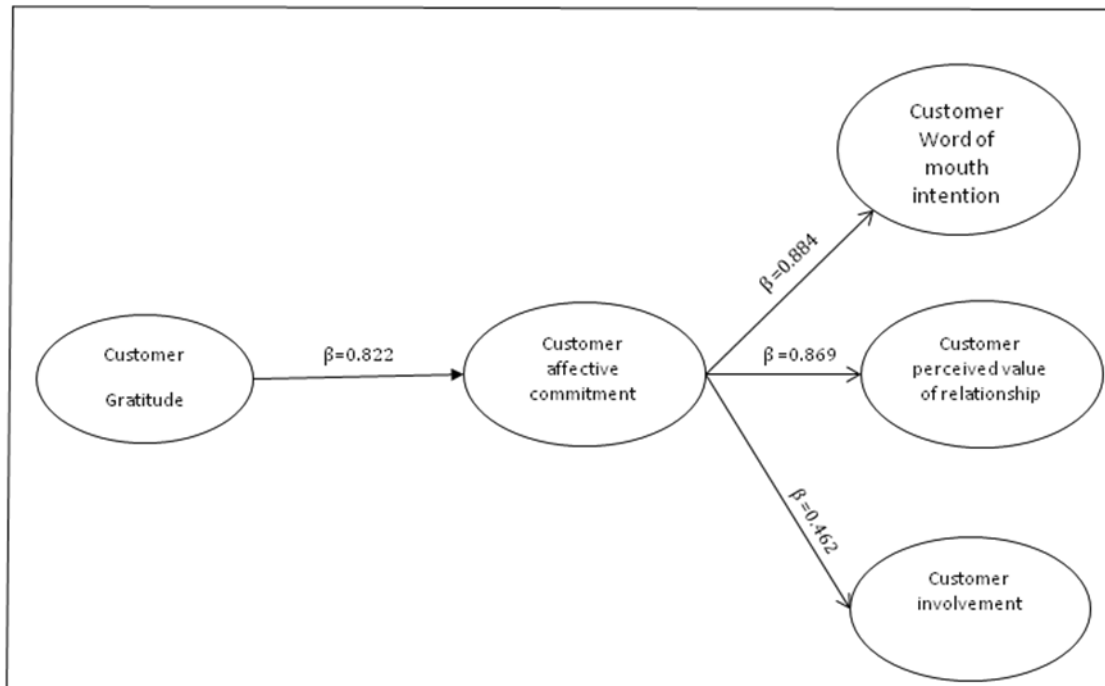
4.1 TESTING THE CUSTOMER GRATITUDE MODEL

The final customer gratitude model (see Figure 4.12) shows a significant positive path from perceived relationship marketing investments to customer gratitude. Customer gratitude has further significant positive paths to customer trust, customer overall satisfaction and customer affective commitment. Customer-perceived benevolence significantly moderates the relationship between perceived relationship marketing investments and customer gratitude. However, customer cynicism remains non-significant in moderating the effect of perceived relationship marketing investments on customer gratitude. The customer gratitude model shows significant positive paths from customer affective commitment to customer word of mouth intentions, customer-perceived value of relationship and customer involvement.

Customer gratitude partially mediates the relationship between customer-perceived value of relationship and customer trust, customer overall satisfaction and customer

affective commitment. Customer affective commitment fully mediates the relationship between customer gratitude and customer word of mouth intentions, customer-perceived value of relationship and customer involvement.

The adequacy of this structural model was evaluated using an assessment of fit indices in AMOS 18. Inspection of fit indices suggested that the hypothesised model displays good fit to the data. The fit of the customer gratitude model is acceptable, with χ^2 (291) = 742.851 (significant at p<.001), CFI = .932, NFI = .894, AGFI/GFI = .881/.901, SRMR=.039 and RMSEA = .054. Table 3.6 summarises the goodness-of-fit statistics for the customer gratitude model and Table 4.5 shows a summary of the results.

Table 4.4: Goodness-of-fit statistics for the customer gratitude model

Goodness of Fit Statistics for confirmatory factor analysis	Values	
	Achieved	Guidelines
Chi-Square (CMIN)	742.851**	Non significant
DF	291	NA
CMIN/DF	2.553	2-3
CFI	.932	CFI>0.90
GFI/AGFI	.911/.935	GFI,AGFI>0.90
RMSEA	.054	RMSEA<0.05
SRMR	.039	SRMR<0.05
NFI	.894	NFI>0.90

Figure 4.12: The customer gratitude model
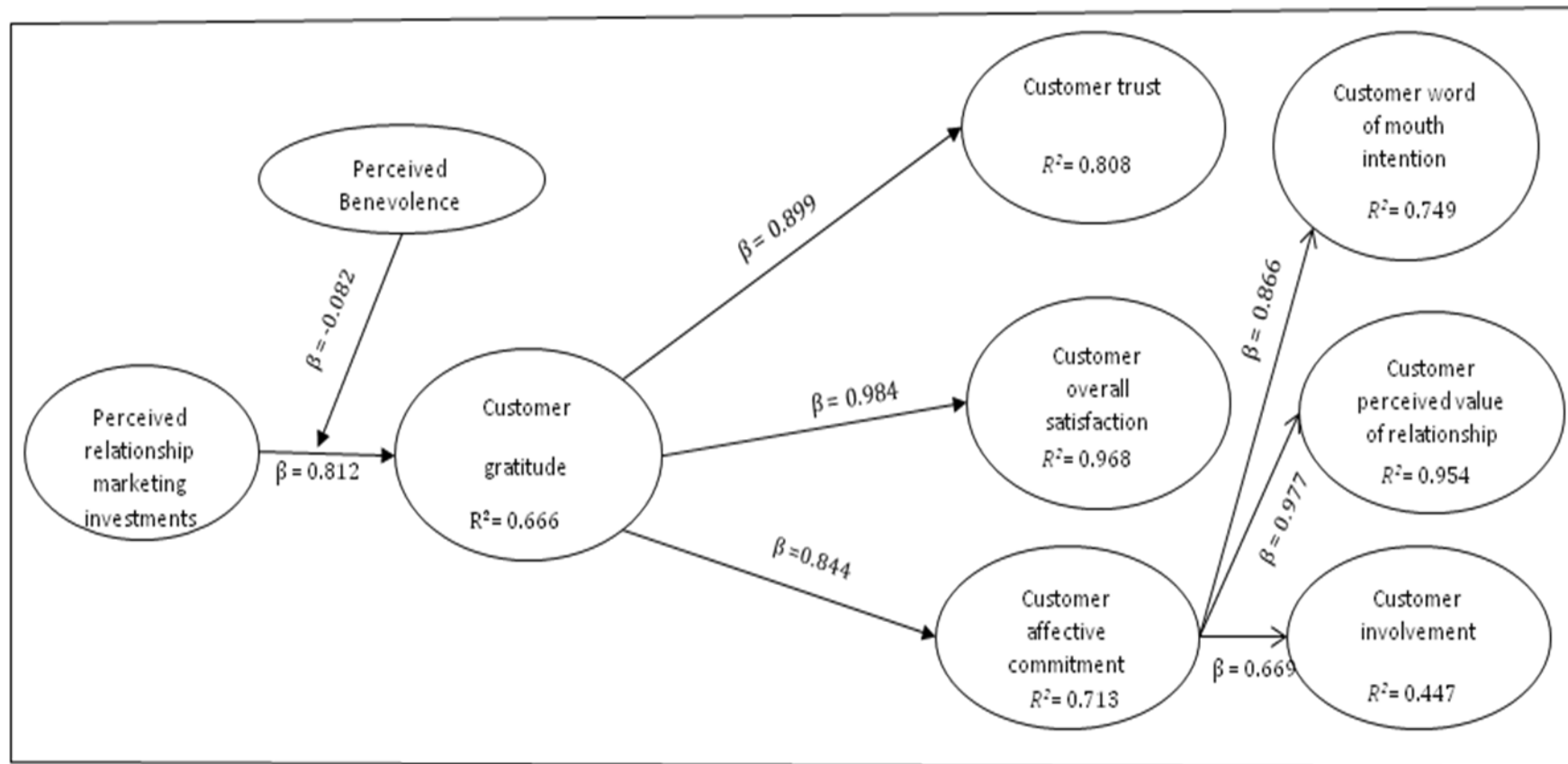
Table 4.5: Summary of results

Hypotheses		β	z-value
(HI) Customers' perceptions of relationship marketing investments have direct positive impact on customer gratitude.	Accepted	.812	7.183
(H2) Customers' perceptions of the benevolence of the seller moderate the relationship between perceived relationship marketing investments and customer gratitude.	Accepted	-.092	-2.412
(H3) Customer cynicism moderates the relationship between perceived relationship marketing investments and customer gratitude.	Rejected	-.024	-.682
(H4) Customer gratitude has a direct and positive impact on customer trust.	Accepted	.899	7.153
(H5) Customer gratitude has a positive impact on customer overall satisfaction.	Accepted	.984	4.9189
(H6) Customer gratitude has a direct positive impact on customer affective commitment towards the seller.	Accepted	.844	6.482
(H7) Customer affective commitment has a direct and positive impact on word of mouth intentions.	Accepted	.866	7.312
(H8) Customer affective commitment has a direct and positive impact on perceived value of relationship.	Accepted	.977	9.238
(H9) Customer affective commitment has a direct and positive impact on customer involvement.	Accepted	.669	4.812

4.2 CONCLUSION

The research results show that customer gratitude partially mediates the relationship between customer-perceived value of relationship and customer trust, customer overall satisfaction and customer affective commitment. Customer-perceived benevolence significantly moderates the relationship between customer-perceived value of relationship and customer gratitude. Customer affective commitment fully mediates the relationship between customer gratitude and customer word of mouth intentions, customer-perceived value of relationship and customer involvement.

Chapter 5:   Discussion and Conclusion

In this final chapter, the main conclusions drawn from the research findings are summarised and their implications examined. The study's contributions to theory and practice are discussed. A discussion of the theoretical implications of the study is followed by a discussion of the managerial implications, which focus on the functional issues arising from the findings. In this context, several recommendations are made and limitations discussed.

5.1   DISCUSSION

A prominent proportion of previous research on customer benefits is based on consumer behaviour theory (Blundell, 1988). Consumer behaviour theory has evolved from the discipline of economics while adhering to marginal utility theory (Blundell, 1988; Samuelson, 1938). This theory of consumer behaviour "with its ritualistic assumption pertaining to the rational consumer, has proposed a rational consumer who strives to maximize his utility or satisfaction by the careful rationing of his resources" (Spence, 2010, p. 322).

On the other hand, evidence suggests that customers are, to a great extent, emotion-driven and habit-bound (Fredrickson, 2004; Haidt, 2000; Spence, 2010; Waugh & Fredrickson, 2006). They can modify their habits, channel emotions and make decisions depending on their novelty-seeking attitudes (Vesel & Zabkar, 2009). Other studies suggest that most of our responses are spontaneous and impulsive, not well-reasoned cognitive reactions to external stimuli such as benefits from firms (Jones &

George, 1998). Indeed, customers are more dictated by passion, emotion and sensation (de Boer & Gudmundsson, 2012). This suggests that customers rationalise their thoughts, beliefs, emotions, feelings, moods and motivation to justify them (Bagozzi & Yi, 1991).

Customer perceptions of and responses to benefits received or anticipated may be deliberately formed and may involve the processing of sufficient relevant information (Samuelson, 1938). However, a disregard for the role of affect in consumer research will lead to misinterpretations of the extant models of benefits-driven, customer-seller relationships.

Consumer economic analysis is not the only framework that is used to explain customer attitudes and behavioural patterns. Recent research on customers' affective and cognitive responses and preferences has focused on social-psychological orientations. The majority of past academic research on customers' economic benefits has not acknowledged the role of positive emotions in customer choice and response models. This has a major impact on firms' policies and strategies in relation to benefit management, particularly as this perspective reinforces the paradigm that every customer is a rational, utility-maximising customer.

5.2 POSITIONING THE CURRENT RESEARCH

Most of the loyalty schemes of firms are a reflection of the same paradigm. As a result, there is equivocal evidence to support the effectiveness of loyalty programs, which has resulted in companies shutting down their customer loyalty programs. Most do not produce the promised results: lower customer churn, higher profitability, more

valuable insights into customer behaviour and stronger relationships with firms (Nunes & Drèze, 2006). Many firms invest a substantial proportion of their marketing budget in providing these benefits (e.g. loyalty programs), but remain unsuccessful in achieving their aims, including targeted returns and improved relationship quality, with their existing and potential customers.

Most studies have examined the economic mechanism by which firms' investments, such as loyalty programs, influence customer behaviour, so it is difficult to understand why some programs work and some do not. Studies (Morales, 2005; Palmatier, et al., 2009) have identified psychological mechanisms that (1) work only with other mediating mechanisms, such as trust and commitment in extant relationship marketing models; (2) incorporate behavioural tendencies to explain attitudinal patterns; and (3) directly predict purchase behaviours (e.g. share of wallet) instead of defining purchase patterns as a function of relationship quality.

In this research, it is argued that it is critical to introduce the construct of customer gratitude into studies of seller-buyer relationships because customer gratitude may explain the ineffectiveness of customer-directed relationship investments. This thesis highlights that customer gratitude is a mediating psychological mechanism that can better explain the relationship between the customer perceptions of relationship marketing investments and customer trust, overall satisfaction and affective commitment (all dimensions of relationship quality). It is also argued that gratitude is a significant component of personal relationships and thus may offer important insights.

To the best of knowledge of author, no published study has examined the independent mediating role of customer gratitude (without a dependence on other constructs from extant relationship marketing theory) between perceived relationship marketing investments and customer trust, overall satisfaction and affective commitment. Consequently, this study contributes to the marketing literature by addressing this gap.

5.2.1 **Theoretical contributions**

This research makes seven key theoretical contributions:

1) This research attempts to clarify the concept of customer gratitude by conducting a conceptual review of gratitude and its position in the literature of different disciplines, such as philosophy, theology, sociology and positive psychology. Based on this review, the definition of customer gratitude is proposed in a relational exchange context. The current study conceptualises customer gratitude as an emotional response, not as a behavioural response. Hence, the theoretical underpinnings of the construct and its operationalisation are different from previous studies that conceptualise gratitude as a mood, behaviour, or a combination of feelings of gratitude and behaviour associated with gratitude.

2) This research presents a specific business theory and a systematic mechanism that is different from the gift-giving phenomenon and equity theory. This mechanism helps us to understand what makes a customer grateful in an exchange context. This mechanism also helps us to understand why firms are encouraged to invest in relationship-building activities that lead to customer gratitude.

3) This research proposes a customer gratitude model and tests the mediated role of customer gratitude in explaining the relationship between relationship investments and customer trust, overall satisfaction and affective commitment.

4) This research also proposes two moderators, customer-perceived benevolence and customer cynicism, that influence the relationship between customer-perceived relationship marketing investments and customer gratitude and are critical to understanding of customer gratitude. Negative customer cynicism and positive customer-perceived benevolence moderate the relationship between perceived relationship marketing investments and customer gratitude. Customer-perceived benevolence significantly affects the relationship between customer-perceived relationship marketing investments and customer gratitude. However, customer cynicism does not have a significant effect on the relationship between customer-perceived relationship marketing investments and customer gratitude.

5) Three corporate benefits (i.e. customer word of mouth intentions, customer-perceived value of relationship with seller and customer involvement) are also proposed and tested to help understand the extended role of perceived relationship marketing investments in predicting the performance outcomes of the firm.

6) Besides these key contributions, the customer gratitude model also explains how customer gratitude is translated into other corporate benefits. The conceptualisation of the model extends existing research that examines customer gratitude as an antecedent to customer affective

commitment and customer commitment, as a precursor to three customer-generated corporate benefits.

A summary of research aims, research findings and theoretical contributions is presented in Table 5.1.

Table 5.1: A summary of research aims, findings and theoretical contributions

Aims	Findings	Theoretical contributions
To explore whether or not customer gratitude mediates the relationship between perceived relationships marketing investments and customer trust, satisfaction and commitment To confirm the mediated role of customer gratitude using Sobel tests To examine whether or not customer affective commitment mediates the relationship between customer gratitude and customers' positive word of mouth intentions, perceived value of relationship and involvement	Path analysis shows customer gratitude partially mediates the relationship between perceived relationship marketing investments and customer trust, satisfaction and commitment. A Sobel test confirms that customer gratitude partially mediates the relationship between perceived relationships marketing investments and customer trust, satisfaction and commitment. Customer affective commitment fully mediates the relationship between customer gratitude and customers' positive word of mouth intentions, perceived value of relationship and involvement.	Clarifying the concept of customer gratitude, after a conceptual review of the gratitude construct and its position in the literature of philosophy, theology, sociology and positive psychology. Providing a clear definition of customer gratitude as an emotional response and distinguishing this emotional response from its associated behavioural aspects Proposing a specific business theory and a systematic mechanism that is different from the gift-giving phenomenon and the normative pressure of reciprocity Providing evidence from a developing economy that customer gratitude is a mediating variable between perceived relationship marketing investments and customer trust, overall satisfaction and affective commitment Providing empirical evidence that customer affective commitment explains the relationship between customer gratitude and valued benefits for the seller
To explore whether or not customer-perceived benevolence and customer cynicism moderate the effect of relationship marketing investments on customer gratitude To confirm the moderating role of perceived benevolence and customer cynicism	Path analyses shows that customer-perceived benevolence significantly moderates the effect of relationship marketing investments on customer gratitude, but customer cynicism does not Slope analysis supports this finding	Proposing customer cynicism and customer-perceived benevolence as two moderating variables in the relationship between perceived relationship marketing investments and customer gratitude Providing evidence that perceived benevolence significantly moderates the customer's perceptions of relationship marketing investments to customer gratitude relationship Providing evidence that the customer's perceptions of relationship marketing investments to customer gratitude relationship are weakest (negative) in the case of low perceived benevolence and strongest in the case of high perceived benevolence. Providing evidence that customer cynicism does not moderate the effects of a customer's perceptions of firms marketing investment on customer gratitude

Descriptive statistics	Some useful information is obtained	Reviewing literature on existing scales available for measuring the emotional response of gratitude and suggesting a modified scale for the education industry where the university and students play the role of seller and customer respectively
To modify existing scales for constructs used in the study and examine their suitability.	Confirmatory factor analysis confirm the suitability of measures	

First, the findings suggest that investments designed to build relationships with customers stimulate the positive emotion of gratitude. The Sobel test further confirms that customer gratitude explains the relationships between perceived relationship marketing investments and customer trust, satisfaction and commitment. This research also highlights the mediating role of customer affective commitment between customer gratitude and three corporate benefits.

Second, perceived relationship marketing investments represent a benefit that exists beyond the cost of a product. What constitutes an extra benefit? These extra benefits implicitly entail the customer's perception of the value of the benefit and the risk to the seller. Arguably, a customer may perceive low value in a benefit that is costly for the seller (Palmatier, et al., 2009). For instance, a free television with the purchase of a laptop might not be perceived as a high-value item because (1) it does not fit with the customer's life style (i.e. congruence) (Zhang & Bloemer, 2008), (2) the customer already has a large screen television (i.e. utility) (Vargo, Maglio, & Akaka, 2008), (3) the customer has no interest in watching television (i.e. relevance) (Collins, Maydew, & Weiss, 1997), or (4) the customer finds it hard to install the television or collect it from some an outlet (i.e. convenience) (Berry, Seiders, & Grewal, 2002).

The same customer may perceive a free hat to be very valuable if it is congruent with their lifestyle, relevant, convenient and/or necessary. Similarly, a customer might not feel gratitude for a benefit that has a low perceived risk for the seller. If a store manager assists a customer while deviating from the firm's policies (i.e. customer-oriented defiance), it might stimulate more gratitude in the customer.

Third, the results demonstrate that customer gratitude has a strong positive impact on customer trust, overall satisfaction and affective commitment. A grateful customer is likely to be more satisfied with, more trusting of, and more committed to their university. Interestingly, gratitude has the strongest impact on affective commitment. Perhaps customer trust and satisfaction are mainly a function of the value of a service. Extra benefit from the seller is likely to impact on customer trust and satisfaction but its major outcome appears to be an improved commitment to the seller. The findings of this research show that customer gratitude can mediate the relationship between customer-perceived relationship marketing investments and the customer trust in, satisfaction with and affective commitment to the seller.

Fourth, this study does not support the hypothesis that customer cynicism moderates the impact of perceived relationship marketing investments on customer gratitude. This finding challenges the theory presented in the thesis but may be explained by the higher education context. One possible reason that customer cynicism does not act as a moderator is that cynicism may not be a part of a respondent's personality. Researchers view cynicism as an enduring negative trait of a stable personality, and that stability of personality is a function of age (see for details Ziliani & Bellini, 2004). Previous research shows that changes in personality occur when humans are under 25 (Blundell, 1988). Personalities are relatively stable after the age of 25. Most of the respondents were below 25 and above 17 (Mean 20.74, SD 1.870) and thus cynicism might not be a significant part of their personality. Thus, the respondents in this study were not cynical enough to doubt the sincerity of their university. Further research may lend support to hypotheses relating to cynicism. The low value of standard deviation of respondents' ages (SD 1.870) represents a little heterogeneity which means that all of the respondents were roughly the same age, to be expected in a university

setting and also a limitation to generalizability. This standard deviation may achieve higher value in other contexts

Fifth, customer-perceived benevolence significantly moderates the relationship between customer perceptions of relationship marketing investments and customer gratitude. Higher levels of customer-perceived benevolence and low level of cynicism are responsible for making customer perceive a seller's benefit as a relationship investment rather than just a personal gain. The results demonstrate that customer-perceived benevolence explains a small amount of variance in customer gratitude. Perhaps a change in research context will result in higher amounts of variance explained in customer gratitude.

A customer can form perceptions of a firm more easily when they interact with a salesperson in a store or a relationship manager at a bank. In the higher education sector, the vast majority of students only occasionally interact with administrative staff. Students' direct interactions with staff are minimal due to the use of technology. Even if they interact, their interaction is with a wide range of staff (i.e. a course coordinator, a finance officer, a facility manager) with distinct behaviours, which does not help a student to form a clear perception about the university. This perceived diffusion of image does not help customers form a clear perception of the institution. Research in the retail, bank or insurance sectors may provide insight into this issue.

5.3   IMPLICATIONS FOR MANAGERS

Given that gratitude is an important affective response embedded in relational exchange processes, several implications can be advanced for service managers and practitioners. First,

all service managers of employees who interact with customers should endeavour to understand customer gratitude in relational exchanges. Service managers should acknowledge that customer gratitude, beyond the role of satisfaction, trust and commitment, is a powerful assessment of a seller's performance. Furthermore, they must recognise that customer gratitude is not a replacement for satisfaction, trust or attitudinal commitment; rather, it predicts the customer's perceptions of relationship quality. In most situations, customer's evaluative reservations and negative feedback are not manifested at the spot, but appear later in the form of brand switching and/or negative word of mouth, which have adverse effects on the performance of the firm. The effectiveness of marketing investments to build relationships with customers can be judged by identifying, recognising and categorising the gratitude generated in customers. Similarly, service managers can determine the degree of perceived relationship quality by recording the grateful submissions of customers.

Second, the scope of gratitude is not limited to purchase, transaction-specific or point-of-sale situations alone. Gratitude may be a powerful indicator of satisfaction, trust and commitment in pre-purchase and post-purchase scenarios as well. For instance, a grateful prospective customer is more likely to have a better relationship with the seller and increased purchase intentions. For post-purchase and service recovery scenarios, the affective response of gratitude can be used as a gauge for persistent, continued, or lost attitudinal and behavioural loyalty towards the seller. This also suggests that relationship marketing investments should not be made solely in the purchase phase; rather, they should be extended to pre- and post-purchase situations in order to win customer gratitude. Likewise the role of customer gratitude can be extended in the premise of customer relationship management (CRM).

Third, the definition presented and model suggested in this research is relevant to internal aspects of market orientation. Given that service managers can impact employee behaviours by motivating them to serve their customers better and stay loyal to the firm (Lings, 2004), gratitude may predict the attitudinal and behavioural loyalty of employees for their organisations, and the value they receive from other value chain members. The capacity for being grateful for benefits received from the value network, as well as the capability to render benefit in order to earn gratitude, is a reflection of strong relationships between employees and a firm. An evaluation of this employee capacity, through an appropriate measure, may be useful during recruitment, especially for frontline managers who are crucial to organisational success.

Fourth, when considering that benefits received once by customers may then become an essential determinant of value in subsequent encounters, designing relationship marketing investments is challenging. Service managers should focus on the co-creation and co-production of value by developing a better understanding their employees, customers, and the nature of the relationship between them. The model of customer gratitude may also provide insights for service managers to understand and analyse the behaviour base of both customers and employees.

Fifth, an understanding of the customer gratitude model will help service practitioners to analyse what goes on "behind the scenes" when substantial marketing budgets do not produce desirable outcomes. After assimilating the customer gratitude model, more managers will pay attention to the customer commitment that is predominately responsible for generating valued benefits for the firm.

Sixth, psychosocial mechanisms (as opposed to the rationality of a customer) play a crucial role in many exchange contexts. The customer relationship model suggests managers should not only invest their time, energy and resources in stimulating customer gratitude, which subsequently influences customer-perceived relationships with sellers, but also focus on grateful customers who trust, are satisfied with, and commit to the seller. Once this trust, satisfaction, and affective commitment are achieved, customers' positive emotions will lead to other corporate benefits for the seller.

Seventh, this study suggests that benefits rendered by the firm might stimulate equal gratitude in both new and existing customers, but loyal customers are more likely to generate benefits for the seller. This finding echoes the findings of another survey (ACI Worldwide, 2011) that suggests that positive responses to loyalty programs are most likely from existing loyal customers. Most loyalty programs that target new customers remain unsuccessful and may even create frustration. Consequently, it is not enough for managers to merely render a benefit to stimulate gratitude in their customers; they also need to prioritise the customers they address. Firm benefits directed at committed and loyal customers pay off more than those directed at new customers.

5.4   LIMITATIONS AND FUTURE RESEARCH

The limited empirical research in the area of customer gratitude with respect to customer-perceived relationship quality is mainly due to a lack of suitable models. Other constructs (e.g. servicescape, perceived competence of seller, etc.) that leverage gratitude must also be identified to gain better insight into this phenomenon and develop other meaningful models. However, there are several limitations to the current research.

First, due to the cross-sectional nature of this research, this study does not capture long-term feelings of customer gratitude. Future researchers might be interested in whether feelings of gratitude are relatively short term, whether they decay over short intervals of time, and how they assure long-term customer-seller relationships. For instance, scholarship students in first year, second year and third year have experienced different lengths of time since they received a benefit from their scholarship provider. The difference between these time points is significant enough to study the temporal effects of gratitude.

Second, future research could compare the perceived value of relationship marketing investment in both developed and developing economies. This would test if there are differences in the intensity of gratitude between different groups of people in response to the same type of investments. The context of the higher education sector in Pakistan places some limitations on the generalisation of the findings of this study. Investigating other sectors in Pakistan and other economies will improve the generalisability of this research. The low value of standard deviation of respondents' ages (SD 1.870, Mean 20.8, ages between 17 and 25) represents a higher degree of homogeneity in the sample which may achieve higher value of heterogeneity in other contexts.

Third, besides customer cynicism and customer-perceived benevolence, other moderating factors may also be investigated in order to gain insight into what inhibits and facilitates customer's perceptions of relationship marketing investments to stimulate customer gratitude.

Fourth, the theoretical context for the research was business-to-consumer markets. This is just one of many service contexts. Future research might focus on business-to-business transactions. Organisational attempts to express gratitude might be quite different to

customers' attempts and might employ distinct emotional tendencies. This research is limited to investigating the intensity of customer gratitude to benefits received at one specific point. Additional research may focus on illuminating the nature of gratitude using a longitudinal approach in a business-to-business context.

Fifth, what forms customers' perceptions of relationship marketing investments: the value of a benefit or the perceived cost to the seller? What constitutes value? Is it utility, relevance, cost, convenience, interest, congruence, or a combination? We do not yet know, as the current research does not decompose the "value" investigated.

Sixth, consider the concept of "feeling welcome." Many retailers and service providers say that one of their key customer-related objectives is to make customers feel understood, welcome, valued and appreciated when they visit the firm or interact with employees. What do businesses do (or what could they do) to make customers feel welcome? Is feeling welcome a function of customer gratitude for business behaviours, customer perceptions, or endogenous variables? What role does gratitude play in feeling welcome? Many customers notice and care when a customer-contact employee says "thank you", but do they notice if the same employees nonverbally express some sort of welcoming sentiment? Intuitively, these would seem to be important and practical questions, but "welcoming" research has not focused on these issues. Is customer gratitude a construct that may be relevant to this area? (Martin, 1990).

Seventh, further research should be conducted to determine whether gratitude is associated with certain expressions. This includes considering whether modes of gratitude expression go beyond the conventional verbal "thanks" to entail other phrases or non-verbal displays. Is a

customer's expression of gratitude affected by channels of communication (e.g. face-to-face, email, mail, telephone, etc.)? If so, which channels provide customers with an easy way to express (and the seller to acknowledge and recognise) gratitude?

Eighth, is customer cynicism an antecedent to customer ingratitude? Civility literature supports argues that ingratitude has adverse effects on seller-buyer relationships. Civility is defined as "following rules and meeting social expectations fairly" (Buck, 2004, p. 110). Civility develops in response to gratitude. This affective response is stimulated in a customer in acknowledgement of a valuable benefit from the firm. The expectation that exchange partners will follow the norms of behaviour and act with civility is a likely basis for a mutual relationship between exchange partners (Lo & Otis, 2003). Several authors argue that ingratitude and the subsequent absence of acknowledgement (e.g. thankfulness) from one exchange partner (e.g. the customer), despite enjoying the benefits extended by the other exchange partner (e.g. the seller), ultimately ruins the perception of civility (Emmons & Shelton, 2002; McWilliams & Lependorf, 1990; Pruyser, 1976). On the other hand, the experience of gratitude and subsequent customer acknowledgement (e.g. thankfulness) of the seller's benefit improves the mutual perception of civility, which in turn improves customer-perceived relationship quality with the seller.

Last but not least, we do not know how seller gratitude (upon receiving some benefit from the customer) impacts on seller trust in, satisfaction with and affective commitment to a customer. This research does not address the seller's gratitude in response to benefits reciprocated by customers, but this would be a fruitful avenue for future research.

5.5   **CONCLUSION**

 This chapter provides a discussion on the research context, some limitations of the study, and some contributions of the study. In light of analyses and interpretations of the findings, conclusions are drawn. Theoretical and managerial implications, limitations and future direction for the research are also provided.

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Chapter 7: Appendices

7.1 APPENDIX 1-LETTER OF SUPPORT FROM DIRECTOR, HIGHER EDUCATION COMMISSION, QUEENSLAND, AUSTRALIA

Queensland Government

15 June 2010

Department of
Education, Training and the Arts

To Whom it may Concern

The Office of Higher Education in the Queensland Department of Education and Training is the key strategic link between the Queensland Government and the state's higher education sector.

The Queensland Government has a strong interest in progressing the research capacity of the state's universities and in developing research skills – this is evidenced by the government's Smart Futures funding scheme which, amongst other things, provides Innovation Skills fellowships and PhD scholarships to stimulate cutting-edge research projects and attract top-quality scientists to Queensland to utilise the state's world-class research facilities.

The research proposed by QUT doctoral candidate Syed Muhammad Fazal e Hasan, together with Associate Professor Ian Lings and Dr Larry Neale of QUT, on what research scholarships do for Australian higher education providers is, therefore, of strategic interest to the Office of Higher Education. The research has the potential to provide support to higher education policy and decision makers in:

- Measuring and assessing the impact of scholarships in developing trust, satisfaction and affective commitment with Australian higher education providers.

- Developing recommendations for the effective administration of scholarships, in particular the communication of scholarship benefits to students.

- Identify the effective mechanisms for allocation and distribution of scholarships.

- Designing scholarship structures (i.e. what are the effective components of scholarships?)

- Investigating the reasons for a gap between objectives and outcomes of scholarships

I support the research team's efforts to seek assistance and collaboration from relevant parties.

Yours sincerely

Ian Kimber
Executive Director
Office of Higher Education

7.2 APPENDIX 2- LETTER OF SUPPORT FROM RESEARCH DIRECTOR, SCHOOL OF BUSINESS, QUEENSLAND UNIVERSITY OF TECHNOLOGY

QUT

Queensland University of Technology
Faculty of Business

2 George Street GPO Box 2434
Brisbane Qld 4001 Australia
Phone +61 7 3138 2050 Fax +61 7 3138 1055
Email bus@qut.com
www.bus.qut.com

25 August 2010

To Whom It May Concern

Herewith, I confirm that the project entitled "What do scholarships do for higher education/scholarship providers?" to be conducted by Mr Syed Fazal E Hasan in partial completion of the requirements of his PhD has been reviewed by the Faculty of Business, and QUT Ethics committee. Mr Hasan has the support of the Faculty to undertake this research.

The ethics approval details are given below:

Approval Number: 1000000664

Clearance Until: 23/08/2013

Ethics Category: Human

Dr Stephen Cox
Director, Higher Degree Research Studies
Faculty of Business, Queensland University of Technology

Australia's first **business school**
with triple international accreditation

EFMD
EQUIS   Accredited by
Association

7.3 APPENDIX 3- LETTER OF SUPPORT FROM NATIONAL UNIVERSITY, PAKISTAN

NATIONAL UNIVERSITY
of Computer & Emerging Sciences

Block-B, Faisal Town, Lahore, Pakistan
Tel: (042) 111 128 128 Fax: +92 42 516 5232
E-Mail: info.lhr@nu.edu.pk www.nu.edu.pk

To Whom It May Concern

This letter establishes the intent of FAST Business School, National University of Computer and Emerging Sciences (FAST-NU), Lahore Campus to collaborate with Queensland University of Technology on a research project titled "What do scholarships do for research organizations/ higher education providers?" On its part, FAST-NU Lahore will encourage its graduate students, with and without scholarships, to participate in surveys designed by the QUT doctoral candidate Syed Mohammad Fazal e Hasan working under the supervision of Associate Professor Ian Lings and Dr. Larry Neale.

There is no financial or any other liability on behalf of the FAST-NU in relation to this research project. However, the results of the study will be shared among the partner institutions and are expected to provide insights into the role that scholarships play in eliciting long-term attachment of the scholarship holders to their sponsors.

Dr. Arshad Hussain
Director
National University of Computer & Emerging Sciences
'B' Block, Faisal Town, Lahore, Pakistan

26th October 2010

7.4 APPENDIX 4- LETTER OF SUPPORT FROM DIRECTOR, COMSATS UNIVERSITY, PAKISTAN

COMSATS Institute of Information Technology
COMSATS Road, OFF G.T. Road, Sahiwal

Dated: June 28, 2010

Syed Muhammad Fazal e Hasan
Doctoral Candidate
Queensland University of Technology
Australia

Subject: Letter of Support for Research Collaboration

Dear Fazal e Hasan

It is delighted to be a part of a comparative study on "what do scholarships do for higher education providers?" It is assured that cooperative support will be extended to conduct this research, and access can be provided to the list of scholars of CIIT availing scholarships for higher education abroad.

CIIT has already established strong linkages with many high ranked international universities throughout the world (list available online at: http://www.ciit.edu.pk/About%20CIIT/Achievements.aspx). We would like to establish a meaningful collaboration and sign an MOU with the institutions of higher learning (like QUT) in Australia.

Best Wishes

Prof. Dr. Mahmood A. Bodla
Director
COMSATS Institute of Information Technology (CIIT)
Sahiwal, Pakistan

7.5 APPENDIX 5- LETTER OF SUPPORT FROM DIRECTOR, UNIVERSITY OF THE PUNJAB

DIRECTORATE OF EXTERNAL LINKAGES
UNIVERSITY OF THE PUNJAB

Maria Isabel Maldonado
Director

Quaid-e-Azam (new) Campus, Lahore-54590, Pakistan
Ph: +92-42-9231820, Fax: +92-42-9230362
E-mail: directorel@pu.edu.pk, Web: www.pu.edu.pk/del

D/235/DEL
08-06-2010

Syed Muhammad Fazal e Hasan
Doctoral Candidate
Queensland University of Technology
Australia

Subject: **Research Collaboration**

Dear Mr. Fazal e Hasan,

Thank you very much for your letter and for the opportunity to participate in the scholarship research.

University of the Punjab would indeed like to participate in the comparative study on "what do scholarships do for higher education provider?"

Please let us know how to proceed for participation.

Best regards,

Maria I. Maldonado
Director
Director
Directorate of Linkages
University of the Punjab
Lahore

7.6 APPENDIX 6-ORIGINAL SCALES FROM WHICH SCALES FOR THE STUDY WERE ADOPTED

7.6.1 Perceived relationship marketing investments

(De Wulf, et al., 2001)
1. This store makes greater efforts for regular customers than for non-regular customers.
2. This store offers better service to regular customers than to non-regular customers.
3. This store does more for regular customers than for non-regular customers.
4. This store takes the time to personally get to know regular customers.
5. This store often holds personal conversations with regular customers.
6. This store often inquires about the personal welfare of regular customers.
7. This store rewards regular customers for their patronage.
8. This store offers regular customers something extra because they keep buying there.
9. This store offers discounts to regular customers for their patronage.
10. This store makes efforts to increase regular customers' loyalty.
11. This store makes various efforts to improve its tie with regular customers.
12. This store really cares about keeping regular customers.

7.6.2 Benevolence

(Nirmalya Kumar, et al., 1995b)
1. Though circumstances change, we believe that the supplier will be ready and willing to offer us assistance and support.
2. When making important decisions, the supplier is concemed about our welfare.
3. When we share our problems with the supplier, we know that it will respond with understanding.
4. In the future, we can count on the supplier to consider how its decisions and actions will affect us.
5. When it comes lo things that are important to us, we can depend on the supplier's support.

7.6.3 Cynicism

(Schein, 1967)
1. The good manager is willing to make decisions which will hurt others.
2. Managers are not always sincere in their dealings with other people.
3. The good businessman is basically a cold, calculating kind of person.
4. Most corporations do not have clear objectives which can serve as guides to executive decisions.
5. Industry's basic idea is to drive you as hard as it can and give you as little as possible.
6. Many employers think only of their profits and care little for their employees' welfare.
7. It is the tough, driving, impersonal man who really gets ahead in industry.
8. Many managers are suspicious of their business associates.

(Hathaway & McKinley, 1951)
1. I think good people would lie to get ahead (Hathaway & McKinley, 1951)
2. Most people would use somewhat unfair means to gain profit or an advantage rather than to lose it
3. I think nearly everyone would tell a lie to keep out of trouble
4. Most people are honest chiefly through fear of being caught
5. Most people inwardly dislike putting them self out to help other people

7.6.4 Customers' gratitude

(McCullough, et al., 2002 known as GQ6)
1. I have so much in life to be thankful for.
2. If I had to list everything that I felt grateful for, it would be a very long list.
3. When I look at the world, I don't see much to be grateful for.
4. I am grateful to a wide variety of people.
5. As I get older I find myself more able to appreciate the people, events, and situations that have been part of my life history.
6. Long amounts of time can go by before I feel grateful to something or someone.

7.6.5 Customers' gratitude-based reciprocal behaviours

(McCullough, et al., 2002)
1. We have bought products based on our gratitude for their extra effort.
2. We have given more business to this [Target] because we owed it to them.
3. This [Target] has received opportunities to sell additional products as payback for past efforts.

Watkins et al., 2003, known as GRAT (Watkins, et al., 2003, known as GRAT)
4. I feel deeply appreciative for the things others have done for me in my life
5. Although I think it's important to feel good about your accomplishments, I think that it's also important to remember how others have contributed to my accomplishments
6. I could not have gotten where I am today without the help of many people
7. I am basically very thankful for the parenting that was provided to me
8. Sometimes I think " why am I so privileged so as to be born in to the situation I was born in to
9. I am very thankful for the friends and family
10. Many people have given me valuable wisdom throughout my life that has been important to my success
11. One of my favourite times of the year is thanks giving
12. Part of really enjoying something good is being thankful for that thing
13. I have gotten where I am today because of my own hard work, despite the lack of any help or support.
14. I feel grateful for the education that I received.
15. After eating I often pause and think, "What a wonderful meal".

7.6.6 **Customer trust**

(De Wulf, et al., 2001)
1. This store gives me a feeling of trust.
2. I have trust in this store.
3. This store gives me a trustworthy impression.

(Larzelere & Huston, 1980)
1. My partner is primarily interested in his (her) own welfare.
2. There are times when my partner cannot be trusted.
3. My partner is perfectly honest and truthful with me.
4. I feel that I can trust my partner completely.
5. My partner is truly sincere in his (her) promises.
6. I feel that my partner does not show me enough consideration.
7. My partner treats me fairly and justly.
8. I feel that my partner can be counted on to help me.

7.6.7 **Overall satisfaction**

(De Wulf, et al., 2001)
1. I am happy with the efforts this store is making towards regular customers like me.
2. I am satisfied with the relationship I have with this store.

(Eggert & Ulaga, 2002)

1. It is a pleasure to have a purchasing relationship with the supplier.
2. The supplier always tries his best
3. We are very satisfied with our supplier.

(Ganesan, 1994)

1. **Satisfaction with the Salesperson**.
Please indicate your feelings with respect to your relationship with your sales associate at (company name).

Pleased   Displeased
     1 2 3 4 5 6 7
Unhappy   Happy
     1 2 3 4 5 6 7
Disgusted   Contented
     1 2 3 4 5 6 7
Frustrating   Enjoyable
     1 2 3 4 5 6 7

2. Satisfaction with the Company

Please indicate your feelings with respect to shopping at (company name).

Pleased   Displeased
   1 2 3 4 5 6 7

Unhappy   Happy
   1 2 3 4 5 6 7

Disgusted   Contented
   1 2 3 4 5 6 7

Frustrating   Enjoyable
   1 2 3 4 5 6 7

7.6.8 Affective commitment

(De Wulf, et al., 2001)
1. I am willing 'to go the extra mile" to remain a customer of this store,
2. I feel loyal towards this store.
3. Even if this store would be more difficult to reach, I would still keep buying there.

7.6.9 Customer purchase intentions

(Palmatier, et al., 2009)
1. I would be very likely to buy something today from [Target].
2. I would come back to this [Target].
3. I would likely buy from this [Target] in the future.

(Eggert & Ulaga, 2002)

1. Next time we will buy again from our current supplier.
2. In the foreseeable future we will consider our current supplier as part of our evoked set.
3. We intend to continue the purchasing relationship with our supplier.

7.6.10 Customer word of mouth intentions

(Harrison-Walker, 2001)
1. Since I have been with this service organization, I have mentioned the name of this service organization very rarely. (R)
2. I mention this service organization to others quite frequently.
3. I rarely have occasion to mention the name of this organisation to others.
4. I've told more people about this service organization than I've told about most other service organizations.
5. I seldom miss an opportunity to tell others about this service organization.
6. I've told very few people about this service organization.
7. When I tell others about this service organization, I tend to talk about the organization in great detail.
8. I seldom do more than mention the name of this service organisation to others.
9. Once I get talking about this service organization, it's hard for me to stop. I have only good things to say about this service organization.

10. Although I use this service organization, I tell others that I do not recommend it.
11. In general, I do not speak favourably about this service organization.
12. I am proud to tell others that I use this service organization.

7.6.11 **Perceived value**

(Eggert & Ulaga, 2002)

1. Compared to the price we pay, we get reasonable quality.
2. Compared to the quality we get, we pay a reasonable price.
3. The purchasing relationship delivers us superior net-value.

(Sweeney & Soutar, 2001)

Quality dimension

1. Has consistent quality
2. Is well made
3. Has an acceptable standard of quality
4. Would perform consistently

Emotional dimension

5. Is one that I would enjoy
6. Would make me want to use it
7. Is one that I feel relaxed about using
8. Would make me feel good
9. Would give me pleasure

Price dimension

10. Is reasonably priced
11. Offers value for money
12. Is a good product for the price
13. Would be economical

Social dimension

14. Would help me to feel acceptable
15. Would improve the way I am perceived
16. Would make a good impression on other people
17. Would give its owner social approval

7.6.12 **Customer involvement**

(Zaichkowsky, 1994)

1	**Unimportant 1 2 3 4 5 6 7 Important**
2	**Boring 1 2 3 4 5 6 7 Interesting**
3	**Irrelevant 1 2 3 4 5 6 7 Relevant**
4	**Exciting 1 2 3 4 5 6 7 unexciting**
I-5	**Means nothing 1 2 3 4 5 6 7 Means a lot me**
I-6	**Unappealing 1 2 3 4 5 6 7 Appealing**
I-7	**Fascinating 1 2 3 4 5 6 7 Mundane**
I-8	**Worthless 1 2 3 4 5 6 7 Valuable**
I-9	**Involving 1 2 3 4 5 6 7 Uninvolving**

Mittal (1989)

Q-1. In selecting many types and brand of this product available in the market would you say that:

I would not care at all as to which one I buy-- I would care a great deal to which one I buy
                1   2   3   4   5   6   7

Q-2. Do you think various types and brand of the product available in the market are equally good as the brand you always go for?
I would not care at all as to which one I buy-- I would care a great deal to which one I buy
                1   2   3   4   5   6   7

       All very alike   very different
                1   2   3   4   5   6   7

Q-3. How important would it be to you to make a right choice of this product?
   Not at all important   Extremely Important
                1   2   3   4   5   6   7

Q-4. In making your selection of this product, how concerned would you be about the outcome of your choice?
                Not at all concerned   Very much concerned
                1   2   3   4   5   6   7

7.6.13 **Long-term Relationship Intentions**

(S Ganesan, 1994)

1. We believe that over the long run our relationship with this resource will be profitable.
2. Maintaining a long-term relationship with this resource is important to us.
3. We focus on long-term goals in this relationship.

4. We are willing to make sacrifices to help this resource from time to time.
5. We are only concerned with our outcomes in this relationship.
6. We expect this resource to be working with us for a long time.
7. Any concessions we make to help out this resource will even out in the long run.

7.6.14 Control Variables

Guilt:

(Palmatier, et al., 2009)

I feel very guilty toward [target].

Norm of reciprocity:

(Palmatier, et al., 2009)

 I feel that there is a norm of reciprocity that guides our behaviour.

Happiness:

(Abdel-Khalek, 2006)

Do you feel happy toward life in general?

7.7 APPENDIX 7- ADAPTED SCALES WITH SOURCE STUDIES, DEFINITIONS OF CONSTRUCTS BY AUTHORS, INDUSTRIES THE STUDIES UNDERTAKEN IN, RELEVANT RESPONDENTS AND MODIFIED ITEMS FOR THE CURRENT STUDY

Perceived Relationship Marketing Investments

Adapted from De Wulf et al. (2001)
Definition of construct by De Wulf et al. (2001): The inputs (i.e. time, energy and other resources) to develop relationships with customer.
Industry: Retail
Respondents: Retail Customers

Proposed adapted from De Wulf et al. (2001) for the study:

The following questions relate to your perception of relationship marketing investments/benefits from your education provider.

Please indicate the extent to which you agree or disagree with the following statements, giving your personal feeling and not necessarily those that you think are politically correct.

A-1	My university makes extra efforts to provide me with solutions.	1 2 3 4 5 6 7
A-2	My university takes extra time to get to know me personally.	1 2 3 4 5 6 7
A-3	My university offers me something extra to keep me studying there.	1 2 3 4 5 6 7
A-4	My university makes significant investments to building a relationship with me.	1 2 3 4 5 6 7
A-5	My university works extra hard to improve its relationship with me.	1 2 3 4 5 6 7
A-6	My university devotes special time and effort to our mutual relationship.	1 2 3 4 5 6 7

Perceived Benevolence

Adapted scale from Kumar et al. (1995b)
Definition of Construct by Kumar et al. (1995b): The perception that the partner is interested in the firm's welfare and will not take unexpected actions that will negatively affect the firm.

Industry: Automobile

Respondents: Dealers

Proposed adapted scale from Kumar et al. (1995b) for the study:

The following questions relate to your perception of benevolence of your university. Please indicate the extent to which you agree or disagree with the following statements.

B-1	I believe that my university offers me assistance and support for my benefit.	1	2	3	4	5	6	7
B-2	When offering assistance and support, my university is mainly concerned about my welfare.	1	2	3	4	5	6	7
B-3	When it comes to things that are important to me, I can depend on my university's support.	1	2	3	4	5	6	7
B-4	My university always puts me first in any decisions and actions that are related to me.	1	2	3	4	5	6	7
B-5	My university responds to me with understanding when problems arise.	1	2	3	4	5	6	7
B-6	My university seriously considers of how its future decisions and actions will affect my career.	1	2	3	4	5	6	7

Customer Cynicism

Definition of construct by Schein (1967): A sub class of negative attitude of anger.

Industry selected by Schein (1967): Education

Respondents for the study of Schein (1967): Regular and Executive Students

Definition of construct by Hathaway and McKinley (1951): A belief in the untrustworthiness of others.

Industry selected by Hathaway and McKinley (1951): Medical/Clinical

Respondents for the study of Hathaway and McKinley (1951): Patients

Definition of construct by Van Dyne, Graham, and Dienesch, (1994): An attitude of distrust towards other's motives.

Industry selected by Van Dyne, Graham, and Dienesch, (1994): Organisational study (Service and manufacturing firms)

Respondents for the study of Van Dyne, Graham, and Dienesch, (1994): Employees and supervisors

Proposed adapted scale from Schein (1967) , Hathaway and McKinley (1951) and Van Dyne, Graham, and Dienesch, (1994) for the study.

Amended Scale (proposed) for the study:

The following questions relate to your cynical trait/attitude towards your university. Please indicate the extent to which you agree or disagree with the following statements

University targeted Cynicism

C-1	I believe that the university offers me assistance and support for their benefit rather than mine.	1	2	3	4	5	6	7
C-2	My university is not always sincere in its dealings with me.	1	2	3	4	5	6	7
C-3	The university is willing to give me something only because it will help them gain profits.	1	2	3	4	5	6	7
C-4	The university only thinks of itself and cares little for its students' welfare.	1	2	3	4	5	6	7
C-5	Whatever I get from my university is part of a 'Game" that would ultimately benefit the university.	1	2	3	4	5	6	7
C-6	In general my university does not try to be helpful to its students most of the time.	1	2	3	4	5	6	7
C-7	In general my university tries to be fair with me.	1	2	3	4	5	6	7
C-8	In general I need to be too careful in dealing with my university.	1	2	3	4	5	6	7

Personal Cynicism scale adapted by Van Dyne, Graham, and Dienesch, (1994).

PC-1	In general people try to be helpful most of the time.	1	2	3	4	5	6	7
PC-2	In general people look out for themselves most of the time.	1	2	3	4	5	6	7
PC-3	In general most people try to be fair.	1	2	3	4	5	6	7
PC-4	In general most people take advantage of you.	1	2	3	4	5	6	7
PC-5	In general most people can't be trusted.	1	2	3	4	5	6	7
PC-6	In general one should be too careful in dealing with people.	1	2	3	4	5	6	7

Customer Gratitude

Definition by McCullough et al. (2002) of construct: Generalized tendency to recognize and respond with grateful emotion to the roles of other people's benevolence in the positive experiences and outcomes that one obtains.
Industry: Education
Respondents: Undergraduate Students
Definition by Watkins et al. (2003): Feelings of thankfulness for favours received.
Industry: Education
Respondents: Undergraduate Students

Proposed amended scale from McCullough et al. (2002) and Watkins et al. (2003)for the study:

The following questions relate to your feeling of gratitude to your university. Please indicate the extent to which you agree or disagree with the following statements.

D-1	I am very appreciative of the things the university provides me.	1	2	3	4	5	6	7
D-2	I think that it's important to remember how the university contributes to my accomplishments.	1	2	3	4	5	6	7
D-3	I could not have got where I am today without the help of my university.	1	2	3	4	5	6	7
D-4	I am very thankful for the benefits that my university provides me.	1	2	3	4	5	6	7
D-5	My university gives me the benefits that are important to me.	1	2	3	4	5	6	7
D-6	I have got where I am today because of my own hard work, despite the lack of any help or support.	1	2	3	4	5	6	7
D-7	I feel grateful to my university.	1	2	3	4	5	6	7
D-8	I feel thankful to my university.	1	2	3	4	5	6	7
D-9	I feel appreciative of my university.	1	2	3	4	5	6	7

Trust

Adapted from De Wulf et al. (2001)

Definition of construct by De Wulf et al. (2001): Consumer's confidence in a retailer's reliability and integrity.

Industry: Retail
Respondents: Retail Customers

Adapted from Laeequddin, Sahay, Sahay, and Waheed (2010)

Definition of construct by Laeequddin, Sahay, Sahay, and Waheed (2010): Trust is a threshold level of a supply chain member's (trustor's) risk bearing capacity related to trustee

Conceptual review of Trust measures for supply chain members.

Adapted from Dimitriadis and Kyrezis (2010)

Definition of construct by Dimitriadis and Kyrezis (2010): One's beliefs that the other party has one or more characteristics beneficial to oneself.
Industry: Banking
Respondents: Retail Bank Customers

Proposed adapted Scale De Wulf et al. (2001), Laeequddin, Sahay, Sahay, and Waheed (2010) and Dimitriadis and Kyrezis (2010) for the study:

The following questions relate to your trust in your university. Please indicate the extent to which you agree or disagree with the following statements.

E-1	I have trustworthy relationship with my university.	1	2	3	4	5	6	7
E-2	I have trust in my university.	1	2	3	4	5	6	7
E-3	My university is trustworthy.	1	2	3	4	5	6	7
E-4	I trust that my university puts my educational needs above all other considerations when treating my education problems.	1	2	3	4	5	6	7
E-5	I am confident that I could rely on my university.	1	2	3	4	5	6	7
E-6	My university is sometimes unreliable.	1	2	3	4	5	6	7
E-7	I have confidence in my university's integrity.	1	2	3	4	5	6	7

E-8	My university keeps promises it makes.	1	2	3	4	5	6	7
E-9	I believe that my university's dealings are characterised by integrity.	1	2	3	4	5	6	7

Overall Satisfaction

Adapted from De Wulf et al. (2001) and Eggert and Ulaga (2002)

Definition of construct by De Wulf et al. (2001): Consumer's affective state resulting from an overall appraisal of his or her relationship with a retailer

Industry selected by De Wulf et al. (2001): Retail

Respondents for the study of De Wulf et al. (2001) : Retail Customers

Definition of construct by Eggert and Ulaga (2002): An affective evaluative response towards brand or organisation.

Industry selected by Eggert and Ulaga (2002): Industrial Supplier of Computer accessories

Respondents for the study of Eggert and Ulaga (2002): Purchase Managers

Definition of construct by Cook, Hepworth, Wall, and Warr, (1981): The degree of satisfaction with the work, co-workers and supervision, promotional opportunities, pay, progress and organisation growth.

Book: Conceptual review of Employee attitude surveys; Quality of work life; Job satisfaction; Work ethic; Psychology, Industrial and Methodology
Respondents: Employees of organisation

Proposed scale Adapted from De Wulf et al. (2001), Eggert and Ulaga (2002) and Cook, Hepworth, Wall, and Warr, (1981) for the proposed study:

The following questions relate to your overall satisfaction with your university. Please indicate the extent to which you agree or disagree with the following statements.

F-1	I am satisfied with my university.	1	2	3	4	5	6	7
F-2	I am happy with the efforts that my university makes towards me.	1	2	3	4	5	6	7
F-3	It is a pleasure to deal with my university.							

		1	2	3	4	5	6	7
F-4	My university always does its best to solve my problems.	1	2	3	4	5	6	7
F-5	I am very happy with my university.	1	2	3	4	5	6	7
F-6	I am very satisfied with the support and assistance that I receive from my university.	1	2	3	4	5	6	7
F-7	All in all, I am satisfied with my study experience at my university.	1	2	3	4	5	6	7
F-8	Considering everything, I believe that my university has to put a lot more efforts to make me satisfied.	1	2	3	4	5	6	7

Affective Commitment

Adapted from De Wulf et al. (2001)

Definition of construct De Wulf et al. (2001): Consumer's enduring desire to continue a relationship with a retailer accompanied by this consumer's willingness to make efforts at maintaining it

Industry: Retail
Respondents: Retail Customers
Adapted from Meyer and Allen (1997)

Definition of construct by Meyer and Allen (1997): An attitude or an orientation towards the organisation which links or attaches the identity of person to the organisation (definition borrowed by Sheldon, (1971))

Book (Theory, research and application)
Respondents: Employees of Organisation

Proposed scale for the study adapted from De Wulf et al. (2001) and Meyer and Allen (1997):

The following questions relate to your affective commitment to your university. Please indicate the extent to which you agree or disagree with the following statements.

G-1	I am willing 'to go the extra mile" to join the alumni of my university.	1	2	3	4	5	6	7
G-2	I am loyal towards my university.	1	2	3	4	5	6	7
G-3	Even if my university would be more difficult to							

	travel to, I would still prefer studying there.	1	2	3	4	5	6	7
G-4	I am committed to continue my relationship with my university.	1	2	3	4	5	6	7
G-5	I really feel as if my university's achievements and problems are my own.	1	2	3	4	5	6	7
G-6	I do not feel emotionally attached to my university.	1	2	3	4	5	6	7
G-7	I feel my university as part of my family.	1	2	3	4	5	6	7
G-8	My university has a great deal of personal meaning for me.	1	2	3	4	5	6	7
G-9	I do not feel a strong sense of belonging to my university.	1	2	3	4	5	6	7

Customer Word of Mouth Intentions

Definition of construct by Harrison-Walker (2001): Relating pleasant, vivid, or novel experiences; recommendations to others; and even conspicuous display

Industry: Veterinary Industry
Respondents: Customers to Veterinary Services (Doctor)

Proposed scale for the study adapted from Harrison-Walker (2001):

The following questions relate to your positive/negative word of mouth intentions to your university. Please indicate the extent to which you agree or disagree with the following statements.

H-1	I frequently mention my university to other people.	1	2	3	4	5	6	7
H-2	I rarely have occasion to mention my university to others.	1	2	3	4	5	6	7
H-3	I seldom miss an opportunity to tell others about my university.	1	2	3	4	5	6	7
H-4	When I tell others about my university, I tend to talk it in a great detail.	1	2	3	4	5	6	7
H-5	I have only good things to say about my university.	1	2	3	4	5	6	7
H-6	In general, I do not speak favourably about my university.	1	2	3	4	5	6	7
H-7	I am proud to tell others about my university.	1	2	3	4	5	6	7

Customer Involvement

Definition of construct by Mittal (1989): The extent of interest and concern that a consumer bring to bear upon a purchase decision task

Paper type: Conceptual (Scale development and validation)
Industry: Retail
Respondents: Students and non student consumer of Beer, Camera, and Jeans

Definition of construct by Zaichkowsky (1994): A person's perceived affective and cognitive relevance of the brand, stimulus and/or advertisement based on inherent needs, values and interest.

Paper type: Conceptual (Scale development and validation)
Industry: Consumer
Respondents: Undergraduate business students as an audience of convenience goods brands (Pepsi Cola radio advertisement, Edy's Ice cream TV advertisement and Lean Machine Print advertisement)

Proposed scale for the study adapted from Mittal (1989) and Zaichkowsky (1994):

The following questions relate to your personal involvement to the relationship with your university. Please indicate the extent to which your relationship with your university is:

I-1	Unimportant Important
	1 2 3 4 5 6 7
I-2	Irrelevant Relevant
	1 2 3 4 5 6 7
I-3	Non-beneficial Beneficial
	1 2 3 4 5 6 7
I-4	Means Means Nothing a lot to me to me
	1 2 3 4 5 6 7
I-5	Un-appealing Appealing
	1 2 3 4 5 6 7
I-6	Fascinating Mundane

	1	2	3	4	5	6	7	
I-7	Worthless						Valuable	
	1	2	3	4	5	6	7	
I-8	Involving						Uninvolving	
	1	2	3	4	5	6	7	
I-9	Not needed						Needed	
	1	2	3	4	5	6	7	

Long-term Relationship Intentions

Definition of construct by Ganesan (1994): Intentions of a customer to build long-term relationship with a firm.

Industry: Retail

Industry: Retail buyers and their vendors from six regional department store chains

Respondents: Managers of retailers and their vendors

Proposed scale for the study adapted from Ganesan (1994):

The following questions relate to your long-term relationship intentions to your university. Please indicate the extent to which you agree or disagree with the following statements.

J-1	I really intend to have a positive long-term relationship with my university.	1	2	3	4	5	6	7
J-2	I believe that in the long run my relationship with my university will be beneficial for me.	1	2	3	4	5	6	7
J-3	I believe that over long run my relationship with my university will be effective.	1	2	3	4	5	6	7
J-4	My relationship with my university has long-term potential.	1	2	3	4	5	6	7

Perceived Value of the Relationship:

Definition by Hogan (2001): Perceived net worth of the tangible and intangible benefits to be derived over the long-term relationship with the exchange partner.

Industry: Manufacturing

Respondents: Purchase Managers

Proposed scale for the study adapted from Ulaga and Eggert (2006):

The following questions relate to your perception of value of the relationship with your university. Please indicate the extent to which you agree or disagree with the following statements.

K-1	I expect more benefits to enjoy from my university because of our mutual long-term relationships.	1	2	3	4	5	6	7
K-2	My relationship with my university is very valuable for me.	1	2	3	4	5	6	7
K-3	My relationship with my university creates more value for me when comparing all costs and benefits in the relationship.	1	2	3	4	5	6	7
K-4	I derive value from the relationship that I have with my university.	1	2	3	4	5	6	7
K-5	My relationship with my university causes many benefits to my life.	1	2	3	4	5	6	7

Control Variables

Guilt:

Scale Adapted from Palmatier et al. (2009)

Definition by Palmatier et al. (2009): A person's unpleasant emotional state associated with possible objections to his or her actions, inaction, circumstances, or intentions (Dahl, Honea, & Manchanda, 2005).

Industry: Retail

Respondents: Managers

Proposed scale for the study adapted from Palmatier et al. (2009):

Con-1G-1	I feel very guilty when I do not return favours that I receive from my university.	1	2	3	4	5	6	7
Con-1G-2	I feel guilty when I don't reciprocate the benefit to my university.	1	2	3	4	5	6	7
Con-1G-3	I don't feel any guilt if I do not reciprocate benefits that I receive from my university	1	2	3	4	5	6	7

Norm of reciprocity:

Definition by Palmatier et al. (2009): Psychological normative pressure to reciprocate the benefit.

Industry: Retail

Respondents: Managers

Scale Adapted from Wu et al. (2006)

Definition by Wu et al. (2006): The reciprocity norm usually refers to a set of socially accepted rules regarding a transaction in which a party extending a resource to another party obligates the latter to return the favour.

Industry: Higher education

Respondents: Students

Proposed scale for the study adapted from Palmatier et al.(2009) and Wu et al. (2006):

Con-2N-1	If I do my best and perform well, my university will provide me with assistance and support for my growth.	1	2	3	4	5	6	7
Con-2N-2	As long as I show my concern for the welfare of my university, the university remains concerned for my welfare in return.	1	2	3	4	5	6	7
Con-2N-3	There is a balance in the give and take between me and my university.	1	2	3	4	5	6	7
Con-2N-4	Overall my university and I provide each other with equal benefits.	1	2	3	4	5	6	7
Con-2N-5	The benefits my university and I provide and receive each other even out over time.	1	2	3	4	5	6	7

Happiness:

Adapted from Abdel-Khalek, (2006)

Definition by Abdel-Khalek, (2006): The degree to which one judges the quality of one's life favourably.

Industry: Education (Students and employees)

Respondents: Secondary School student, Undergraduate students, and Government employees

Con-3H-1	I feel very happy when my university extends benefit to me.	1	2	3	4	5	6	7
Con-3H-2	I feel pleased when my university extends some favours to me.	1	2	3	4	5	6	7
Con-3H-3	It's true that I am happy since I am studying in my university	1	2	3	4	5	6	7

QUT	**PARTICIPANT INFORMATION for QUT RESEARCH PROJECT**
	A survey of student perception and feelings in the Higher Education Sector
	Research Team Contacts

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7.8   APPENDIX 8- QUESTIONNAIRE USED IN THE STUDY

A survey of student perception and feelings in the Higher Education Sector

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School of Advertising, Marketing and Public Relations
QUEENSLAND UNIVERSITY OF TECHNOLOGY

Description

I am a PhD student in the School of Advertising, Marketing and Public Relations at Queensland University of Technology (QUT), Australia. Associate Professor Ian Lings is my supervisor for this project. The project has been approved by the QUT Human Research Ethics Committee.

This research project is being conducted to fulfil the requirements of my PhD degree. This study is designed to explore your attitudes towards your university. The purpose of this project is to obtain your views of the benefits that the university or other body offer you, your feelings toward the institution that offers you these benefits and the things you intend to do in the future. I invite you to participate in and contribute to this research project. The findings of this study are likely to be disseminated in conferences and published in journals and could be used as policy guidelines for education providers and managers.

Participation

Your participation in this project is voluntary. If you do agree to participate, you can withdraw from participation without comment or penalty. Your decision to participate will in no way impact upon your current or future relationship with QUT. Your participation will involve an anonymous questionnaire and will take approximately 20 minutes to complete. If you agree to participate, please complete the questionnaire and return it directly to me. Participation in this research is entirely voluntary and anonymous and your individual responses will not be traceable back to you.

Expected benefits

It is expected that this project will not directly benefit you. However, if you wish to receive a copy of the report, please send me a separate email.

Risks

There are no risks beyond normal day-to-day living associated with your participation in this project.

Confidentiality

All comments and individual responses will be anonymous and will be treated confidentially. Your name is not required in any of the responses. Your email address will be deleted immediately and not be accessible or subsequently used by any one.

Consent to Participate

Completion and submission of the questionnaire will be considered as an indication of your consent to participate in this project.

Questions / further information about the project

You also may direct any questions, in relation to the project and your participation to me at the email address above.

Concerns / complaints regarding the conduct of the project

QUT is committed to researcher integrity and the ethical conduct of research projects. However, if you do have any concerns or complaints about the ethical conduct of the project you may contact the QUT Research Ethics Unit on +61 7 3138 5123 or email: ethicscontact@qut.edu.au. The Research Ethics Unit is not connected with the research project and can facilitate a resolution to your concern in an impartial manner.

Thank you for helping with this research project. Please keep this sheet for your information.

SECTION 1	The following questions relate to your perception of and feelings for your university. Please indicate the extent to which you agree or disagree with the following statements, giving your personal feelings and not necessarily those that you think are politically correct.

Your perception of and feelings for your university	Strongly Disagree						Strongly Agree
My university always puts me first in any decisions and actions that are related to me.	1	2	3	4	5	6	7
My university takes extra time to get to know me personally.	1	2	3	4	5	6	7
My university is not always sincere in its dealings with me.	1	2	3	4	5	6	7
My university makes significant investments in building a relationship with me.	1	2	3	4	5	6	7
My university is willing to give me something only because it will help them gain profits.	1	2	3	4	5	6	7
Overall my university and I provide each other with equal benefits.	1	2	3	4	5	6	7
In general my university does not try to be helpful to its students.	1	2	3	4	5	6	7
When offering assistance and support, my university is mainly concerned about my welfare.	1	2	3	4	5	6	7
When it comes to things that are important to me, I can depend on my university's support.	1	2	3	4	5	6	7
My university makes extra efforts to provide me with solutions.	1	2	3	4	5	6	7
I am very appreciative of the things the university provides me.	1	2	3	4	5	6	7
I have a trustworthy relationship with my university.	1	2	3	4	5	6	7
The university offers me assistance and support for their benefit rather than mine.	1	2	3	4	5	6	7
My university offers me something extra to keep me studying here.	1	2	3	4	5	6	7
I have got where I am today because of my own hard work, despite the lack of any help or support.	1	2	3	4	5	6	7
Whatever I get from my university is part of a 'Game' that would ultimately benefit the university.	1	2	3	4	5	6	7

Your perception of and feelings for your university	Strongly Disagree						Strongly Agree
My university offers me assistance and support for my benefit.	1	2	3	4	5	6	7
I feel appreciative of my university.	1	2	3	4	5	6	7
I need to be cautious in dealing with my university.	1	2	3	4	5	6	7
My university understands when problems arise.	1	2	3	4	5	6	7
My university is trustworthy.	1	2	3	4	5	6	7
I could not have got where I am today without the help of my university.	1	2	3	4	5	6	7
I am very thankful for the benefits that my university provides me.	1	2	3	4	5	6	7

My university gives me the benefits that are important to me.	1	2	3	4	5	6	7
I am proud to tell others about my university.	1	2	3	4	5	6	7
I feel grateful to my university.	1	2	3	4	5	6	7
All in all, I am satisfied with my study experience at my university.	1	2	3	4	5	6	7
I am confident that I can rely on my university.	1	2	3	4	5	6	7
My university seriously considers how its future decisions and actions will affect my career.	1	2	3	4	5	6	7
I have trust in my university.	1	2	3	4	5	6	7
It is a pleasure to deal with my university.	1	2	3	4	5	6	7
My university puts my educational needs above all other considerations when treating my education problems.	1	2	3	4	5	6	7
I am satisfied with my university.	1	2	3	4	5	6	7
My university is sometimes unreliable.	1	2	3	4	5	6	7
My university keeps the promises it makes.	1	2	3	4	5	6	7
Considering everything, I believe that my university has to put in a lot more effort to make me satisfied.	1	2	3	4	5	6	7
I feel thankful to my university.	1	2	3	4	5	6	7
My university tries to be fair with me.	1	2	3	4	5	6	7
I am happy with the efforts that my university makes for me.	1	2	3	4	5	6	7

Your perception of and feelings for your university	Strongly Disagree				Strongly Agree		
It's important to remember how the university contributes to my accomplishments.	1	2	3	4	5	6	7
My university devotes special time and effort to our mutual relationship.	1	2	3	4	5	6	7
I am very happy with my university.	1	2	3	4	5	6	7
I am very satisfied with the support and assistance that I receive from my university.	1	2	3	4	5	6	7
My university's dealings are characterised by integrity.	1	2	3	4	5	6	7
My university works extra hard to improve its relationship with me.	1	2	3	4	5	6	7
My relationship with my university is very valuable for me.	1	2	3	4	5	6	7
I seldom miss an opportunity to tell others about my university.	1	2	3	4	5	6	7
When I tell others about my university, I tend to talk about it in great detail.	1	2	3	4	5	6	7
I am committed to continue my relationship with my university.	1	2	3	4	5	6	7
Over the long run my relationship with my university will be effective.	1	2	3	4	5	6	7
I have confidence in my university's integrity.	1	2	3	4	5	6	7
I feel my university is like part of my family.	1	2	3	4	5	6	7
I frequently mention my university to other people.	1	2	3	4	5	6	7
As long as I show concern for the welfare of my university, the university remains concerned for my welfare in return.	1	2	3	4	5	6	7
I do not feel a strong sense of belonging to my university.	1	2	3	4	5	6	7
My relationship with my university creates more value for me than it costs.	1	2	3	4	5	6	7
I have only good things to say about my university.	1	2	3	4	5	6	7
I do not feel emotionally attached to my university.	1	2	3	4	5	6	7

	Strongly Disagree						Strongly Agree
The benefits my university and I provide and receive from each other even out over time.	1	2	3	4	5	6	7

Your perception of and feelings for your university	Strongly Disagree						Strongly Agree
In the long run my relationship with my university will be beneficial for me.	1	2	3	4	5	6	7
My relationship with my university gives many benefits to my life.	1	2	3	4	5	6	7
My relationship with my university has long-term potential.	1	2	3	4	5	6	7
If I do my best and perform well, my university will provide me with assistance and support for my growth.	1	2	3	4	5	6	7
I am willing 'to go the extra mile' to join the alumni of my university.	1	2	3	4	5	6	7
There is a balance in the give and take between me and my university.	1	2	3	4	5	6	7
I really feel as if my university's achievements and problems are my own.	1	2	3	4	5	6	7
I really intend to have a positive long-term relationship with my university.	1	2	3	4	5	6	7
My university has a great deal of personal meaning for me.	1	2	3	4	5	6	7
I expect to enjoy more benefits from my university because of a long-term relationship.	1	2	3	4	5	6	7
I rarely have occasion to mention my university to others.	1	2	3	4	5	6	7
Even if my university were more difficult to travel to, I would still prefer studying there.	1	2	3	4	5	6	7
I get value from the relationship that I have with my university.	1	2	3	4	5	6	7
My university always does its best to solve my problems.	1	2	3	4	5	6	7

(PTO:

SECTION 2 on next page)

SECTION 2	**The following questions relate to your perception of and feelings for your university. Circle the number in each line that best represents your opinion.**

For me, my relationship with the university is:

Unimportant	1	2	3	4	5	6	7	Important
Non beneficial	1	2	3	4	5	6	7	Beneficial
Nothing to me	1	2	3	4	5	6	7	A lot to me

Un-appealing	1	2	3	4	5	6	7		Appealing
Mundane	1	2	3	4	5	6	7		Fascinating
Worthless	1	2	3	4	5	6	7		Valuable
Uninvolving	1	2	3	4	5	6	7		Involving
Not needed	1	2	3	4	5	6	7		Needed

When I think of my relationship with the university I feel:

	Not at all		A little					A lot
Pleasure	0	1	2	3	4	5	6	7
Appreciation	0	1	2	3	4	5	6	7
Pride	0	1	2	3	4	5	6	7
Guilt	0	1	2	3	4	5	6	7
Happiness	0	1	2	3	4	5	6	7

SECTION 3	The following questions relate to your opinion about other people in general. Please indicate the extent to which you agree or disagree with the statements.

	Strongly Disagree					Strongly Agree	
People try to be helpful most of the time.	1	2	3	4	5	6	7
People look out for themselves most of the time.	1	2	3	4	5	6	7
Most people try to be fair.	1	2	3	4	5	6	7

Your perception of and feelings for your university

	Strongly Disagree					Strongly Agree	
Most people take advantage of you.	1	2	3	4	5	6	7
Most people can't be trusted.	1	2	3	4	5	6	7
One should be cautious in dealing with other people.	1	2	3	4	5	6	7

The following questions relate to general information about you. Please provide information or cross (×) the relevant option/box where appropriate.

What is your age?	_____ (Years)
What is your gender?	Male Female
What is your nationality?	Australian Pakistani Other (please specify): _____

Which religion do you identify with?	None Baha'i Buddhism Christianity Confucianism Hinduism Islam Jainism Judaism Shinto Sikhism Taoism Zoroastrianism Other (please specify): _____
Which university are you studying in?	Queensland University of Technology, Australia University of the Punjab, Pakistan COMSATS, Pakistan National University, Pakistan Other (please specify): _____
What degree are you enrolled in?	Graduate certificate Master by course work degree Bachelor degree DBA Master by research degree Other (please specify): MPhil PhD _____ Graduate diploma
Are you a scholarship student?	NO (If NO please go to SECTION 6) YES (If YES please proceed to next question)
For how long have you had your scholarship?	One semester Five semesters Two semesters Six semesters Three semesters More than six semesters Four semesters
Does your scholarship cover full tuition fee?	NO (If NO please go to SECTION 5) YES (If YES please proceed to next question)
SECTION 4	The following questions relate to your opinion about tuition fee waiver that you get from your university.
What is the *one year* value of tuition fee waiver in terms of Dollar or Rupees?	_____ or _____ $ Rs.
Do you think this tuition waiver is a lot of money?	Not much 1 2 3 4 5 6 7 A lot
SECTION 5	The following questions relate to your opinion about living allowance that you get from your university.
Does your scholarship cover living allowance?	NO (If NO please go to SECTION 6) YES (If YES please proceed to next question)
What is the *one month* value of living allowance in terms of Dollar or Rupees?	_____ or _____ $ Rs.

Do you think this living allowance is a lot of money?	Not much 1 2 3 4 5 6 7 A lot

(PTO: SECTION 6 on next page)

SECTION 6	**What benefits do you get from your university (Tick as many as apply) and to what extent they are beneficial for you?**
Scholarship	Not useful 1 2 3 4 5 6 7 Very beneficial
Competent faculty/supervision	Not useful 1 2 3 4 5 6 7 Very beneficial
Printing/scanning/ photocopying facilities	Not useful 1 2 3 4 5 6 7 Very beneficial
Personalised consultation from teachers/supervisors	Not useful 1 2 3 4 5 6 7 Very beneficial
Advanced and personalised administrative support	Not useful 1 2 3 4 5 6 7 Very beneficial
Advanced and personalised technical support	Not useful 1 2 3 4 5 6 7 Very beneficial
Workshops and seminars	Not useful 1 2 3 4 5 6 7 Very beneficial
Research funding	Not useful 1 2 3 4 5 6 7 Very beneficial
Travel grants	Not useful 1 2 3 4 5 6 7 Very beneficial
Library support	Not useful 1 2 3 4 5 6 7 Very beneficial
Good quality teaching/tutoring	Not useful 1 2 3 4 5 6 7 Very beneficial
Experimental Lab facilities	Not useful 1 2 3 4 5 6 7 Very beneficial
Computer and communication labs/services	Not useful 1 2 3 4 5 6 7 Very beneficial
Dedicated workspace with equipment e.g. your own desk and computer	Not useful 1 2 3 4 5 6 7 Very beneficial
Industry links	Not useful 1 2 3 4 5 6 7 Very beneficial
Opportunities to earn e.g. Tutoring, Research assistance etc.	Not useful 1 2 3 4 5 6 7 Very beneficial

Any other (please specify): _____	Not useful 1 2 3 4 5 6 7 Very beneficial

Not useful 1 2 3 4 5 6 7 Very beneficial

Comments:

If you have any comments regarding this questionnaire or the examined topics, please feel free to write below:

_____
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Thank you very much for your kind assistance in completing this questionnaire. Your contribution to this research is highly appreciated. Please email back this questionnaire to **s.fazalehasan@qut.edu.au** or print and insert the completed questionnaire into the returned mail envelope provided, and simply post it. If you would like me to send you the summary report of the final project, please provide your mailing address below:

Your name
(optional):_____

Your address
(optional):_____

Your email address: _____

7.9 APPENDIX 9-STANDARDISED ESTIMATES AND ITEMS USED

Constructs	Item label	λ	AVE	α	Adapted items used in the study
RMI	RMI_02	.443			My university makes significant investments in building a relationship with me.
RMI	RMI_04	.500			My university offers me something extra to keep me studying here.
RMI	RMI_05	.756	0.621	0.704	My university devotes special time and effort to our mutual relationship.
RMI	RMI_06	.786			My university works extra hard to improve its relationship with me.
CPB	BEN_01	.450			My university always puts me first in any decisions and actions that are related to me.
CPB	BEN_05	.639	0. 596	0.708	My university understands when problems arise.
CPB	BEN_06	.701			My university seriously considers how its future decisions and actions will affect my career.
CC	GCYN_02	.431			People look out for themselves most of the time.
CC	GCYN_05	.683	0. 450	0.682	Most people can't be trusted.
CC	GCYN_06	.639			One should be cautious in dealing with other people.
CG	GRAT_04	.527			I could not have got where I am today without the help of my university.
CG	GRAT_05	.873	0. 731	0.768	I am very thankful for the benefits that my university provides me.
CG	GRAT_06	.793			My university gives me the benefits that are important to me.
CT	TST_04	.884			My university is trustworthy.
CT	TST_03	.804	0.794 .	0.829	I have trust in my university.
CT	TST_01	.696			I have a trustworthy relationship with my university
COS	SAT_02	.836			It is a pleasure to deal with my university.
COS	SAT_07	.754	0. 755	0.801	I am very satisfied with the support and assistance that I receive from my university.
COS	SAT_08	.675			My university always does its best to solve my problems.
CAC	COM_01	.736			Even if my university were more difficult to travel to, I would still prefer studying there.
CAC	COM_02	.751	0. 708	0.744	I am committed to continue my relationship with my university.
CAC	COM_08	.639			I feel my university is like part of my family.
CWOMI	WOM_04	.622			I frequently mention my university to other people.
CWOMI	WOM_03	.739	0.650	0.681	When I tell others about my university, I tend to talk about it in great detail.
CWOMI	WOM_02	.589			I seldom miss an opportunity to tell others about my university.
CPVR	RSPVAL_01	.726			My relationship with my university is very valuable for me.
CPVR	RSPVAL_03	.761	0. 737	0.780	My relationship with my university gives many benefits to my life.
CPVR	RSPVAL_04	.725			I expect to enjoy more benefits from my university because of a long-term relationship.
CI	INV_04	.783			Worthless 1 2 3 4 5 6 7 Valuable
CI	INV_05	.809	0.759	0.799	Uninvolving 1 2 3 4 5 6 7 Involving
CI	INV_06	.685			Not needed 1 2 3 4 5 6 7 Needed

λ = item loading, AVE= average variance extracted, RMI= relationship marketing investments, CPB= customer-perceived benevolence, CC=customer cynicism, CG=Customer gratitude, CT=customer trust, COS=customer overall satisfaction, CAC=customer affective commitment, CWOMI= customer word of mouth intentions, CPVR=customer perceived value of relationship, CI= customer involvement