

A STUDY OF THE IMPACT OF RELATIONAL
BENEFITS AND RELATIONSHIP MARKETING ON
PURCHASE INTENTION IN THE LODGING
INDUSTRY

By

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CHAPTER I

INTRODUCTION

Marketing and Relationship Marketing

Kotler and Armstrong (1999) defined marketing as a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others. Shoemaker and Shaw (2008) define marketing as identifying evolving consumer preferences; then capitalizing on them through the creation, promotion, and delivery of products and services that satisfy the corresponding demand. This is done by solving customers' problems and giving them what they want and what they need at the time and place of their choosing and at the price they are willing and able to pay. Not only has research demonstrated that a marketing orientation promotes company performance (e.g. Rust, Moorman, and Dickson, 2002), but service firms have increasingly turned away from short-term, transaction-based marketing in favor of customer-centered approaches.

The increasingly competitive global marketplace has compelled organizations to transform themselves in the way they conceptualize and conduct business. As one of the largest industries in the service sector, hospitality firms must gain a broader understanding of the essentials that are required if they are to thrive and survive in the rapidly evolving and competitive global market. Service organizations are shifting their focus from “transactional exchange” to “relational exchange” for expanding equally satisfying relationship with customers (Jain and Jain, 2005). In transactional marketing, competition and self interest are the drivers of value conception. During the competition, buyers can be presented a choice, and this choice of sellers/suppliers encourages the marketers to generate a higher value offering for its self-interest. Independence of choice among marketers creates a more efficient system for distributing marketing value in transactional marketing. This process provides more freedom to the marketers to choose their transactional partners on the basis of protecting their own self-interests at each decision point. This result in lower cost purchases through bargaining and bidding. On other hand, when producers and consumers directly deal with each other, there is a greater potential for emotional bonding that transcends economic exchange. In that process, producers and customers can understand each other’s needs and develop a willingness to cooperate with each other; therefore, the process becomes more relationship oriented.

What is relationship marketing? Relationship marketing is a form of marketing developed from direct response marketing campaigns conducted in the 1970s and 1980s which emphasizes customer retention and satisfaction, rather than a dominant focus on point-of-sale transactions (Kotler, 1999). Relationship marketing is one of the oldest

approaches to marketing, yet one of the least understood (Zineldin and Philipson, 2007). The concept of relationship marketing was introduced by Berry (1983), who defined relationship marketing, as “attracting, maintaining, and enhancing customer relationship” (pg.25). Another definition was proposed by Gronroos (1991) to further include “establishing relationships with customers and other parties at a profit by mutual exchange and fulfillment of promises” (p.8). Morgan and Hunt (1994) define relationship marketing as “... all marketing activities directed toward establishing, developing, and maintaining successful relational exchange ... adequately conceptualizing relationship marketing requires a definition that accommodate all forms of relational exchange”. Relationship marketing differs from other forms of marketing in that it recognizes the long term value to the firm of keeping customers, as opposed to direct marketing, which focuses upon acquisition of new clients by targeting key demographics based upon prospective client lists.

Previous research (Crosby, Evans, and Cowles, 1990; Peterson, 1995) in relationship marketing has focused on the benefit of customer loyalty, but mostly from the perspective of the firm. Morgan and Hunt (1994) continued to explore when, how and why to engage in relational exchanges from the firm’s perspective as well. Therefore, the benefits to service providers of having developed strong relationship with their customers, and as a result to loyal customer base, are well documented. Loyal customers can lead to increased revenue, sales, and profit for the firm (Aaker, 1992; Reichheld, 1993), and loyal customers are more likely to purchase additional goods or services from the firm in the future. Although positives outcome for the firm are clear, in order to create a long term relationship, both the firm and the customer must benefit. Customers

who have developed a relationship with a service provider expect to receive satisfactory delivery of the core service. However, customers likely receive other benefits, separate from the core service performance, as a result of the development of long-term relationship with a service provider. Those benefits, labeled as relational benefits, motivate customers to engage in relationship marketing with a service provider. Also, by being a “regular customer” and developing a relationship with a service provider, it allows the provider to better understand the customer’s tastes and preferences; ensure better treatment; and encourages more interest in the consumer’s satisfaction (Zeithaml, 1981).

One of the greatest challenges facing hotels today is the increasingly competitiveness in the industry. Competition within the industry will provide customers with more choices, greater value for money, and increased levels of service. Furthermore, there is little to distinguish one hotel’s products and services from others. As a result, it has become crucial for hotel organizations to gain a competitive advantage by adopting various strategies. Relational benefits approach has been widely used in other fields such as marketing research, retail industry, and some chain restaurants but not in the hotel industry. Thus, this study examines how relational benefits and relationship marketing will affect customer’s purchase intention in the hotel industry.

Scope of the study

This study mainly focuses on the lodging industry in the United States. The target populations of the study are the business travelers in the United States. An online survey will be used to collect the data. The questionnaire will be developed based on the previous literature review. The respondents will evaluate their experience based on their last stayed at this particular hotel chain. There are a lot of demographic questions that can be used in the research but only gender, age group, marital status, education, and annual household income will be used in this research.

Descriptive statistics, Confirmatory Factor Analysis (CFA) and Structural Equation Modeling (SEM) will be used to analyze the collected data. CFA will be used to confirm the factor structure of each construct and SEM will be used to test the proposed model.

Purpose of the study

The purpose of this study is to examine the impact of relational benefits and relationship marketing on purchase intention in the lodging industry. This study will have practical implications on how hospitality marketers, especially in chain hotels, can manage relational benefits, customer satisfaction, brand reputation, and commitment, in order to increase consumer purchase intentions in the future.

Objectives of the study

The objectives of this study are:

1. To identify which relational benefits are most important in determining customer satisfaction in the lodging industry.
2. To examine the influence of customer satisfaction on corporate reputation in the lodging industry.
3. To investigate the influence of corporate reputation on trust and identification in the lodging industry.
4. To explore the influence of trust and identification on commitment in the lodging industry.
5. To examine trust as antecedents of customer identification in the lodging industry.
6. To investigate the influences of commitment on purchase intention in the lodging industry.
7. To examine the relationship between business travelers' demographic profiles on relational benefits dimensions, satisfaction, corporate reputation, trust, identification, commitment, and purchase intention.

Significance of the study

Theoretical Contribution

This research makes a theoretical contribution by adding a new dimension of relational benefits and its different effects on customer satisfaction and corporate reputation. This research integrates the research streams of relational benefits and relationship marketing in developing a more comprehensive and effective model to better predicts purchase intention. By exploring the underlying mechanism of how corporate reputation influences customer behavioral intention (e.g. purchase intention), this research creates a better understanding of how corporate reputation contributes to competitive advantage by building relational benefits.

Practical Contribution

In terms of practical contribution, it is suggest that each relational benefits construct has different effects on customer satisfaction in hotel industry. Confidence benefits and special treatment benefits are highly recommend in increasing satisfaction, and managers can consider focusing more on it. Corporate reputation is also very critical especially in such a competitive business. Positive corporate reputation usually has a positive impact of financial performance and it can benefit the firm in the long-run. Most of the customers will highly associate themselves with reputable and trustworthy organizations. Trust, on other hand, is proven to have an influence on customer commitment in a relationship. Once the customer satisfied with their purchase with a reputable firm, they will trust and commit to a relationship, and therefore, there will be a repeat purchase in the future. Satisfying and maintaining existing customers cost less

comparing to acquire or attract new customers. This implies that managers in the chain hotels should providing excellent service, keep their promises to the customers, and carefully manage important relational resources in order to uphold a good reputation in the market. This study also recommends that managers should try to build a closer relationship with their customers if their customers prefer to build a close relationship with them. Building strong relationships between a hotel and its customers can help the hotel increase customer loyalty and commitment to the hotel.

Definition of concepts

For the purpose of this study, the following concepts are defined as follows:

- **Marketing:** A social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others (Kotler & Armstrong, 1999).
- **Relationship marketing:** ...to establish, maintain, and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfillment of promises (Grönroos, 1990).
- **Confidence benefits:** Feeling of reduced anxiety, trust, and confidence in the provider.
- **Social benefits:** Comprise a sense of belonging, recognition, feeling of familiarity, friendship, and social support (Berry, 1983; Czepiel, 1990; Price & Arnould, 1999).

- **Special treatment benefits:** Special treatment benefits associated with economic and customization advantages for customers (Gwinner et al., 1998).
 - *Economic benefits:* Involve economic considerations that relates to price discounts for those customers who have developed a long-term relationship with the service provider (Gwinner et al., 1998).
 - *Customization benefits:* The service providers may tailor their service to meet particular needs and preference to their regular customers.

- **Satisfaction:** The accumulated experience of a customer’s purchase and consumption experiences.

- **Corporate reputation:** An overall evaluation of the extent to which a firm is substantially “good” or “bad” (Keh & Xie, 2009; Weiss, Anderson & MacInnis, 1999; Robert & Dowling, 2002).

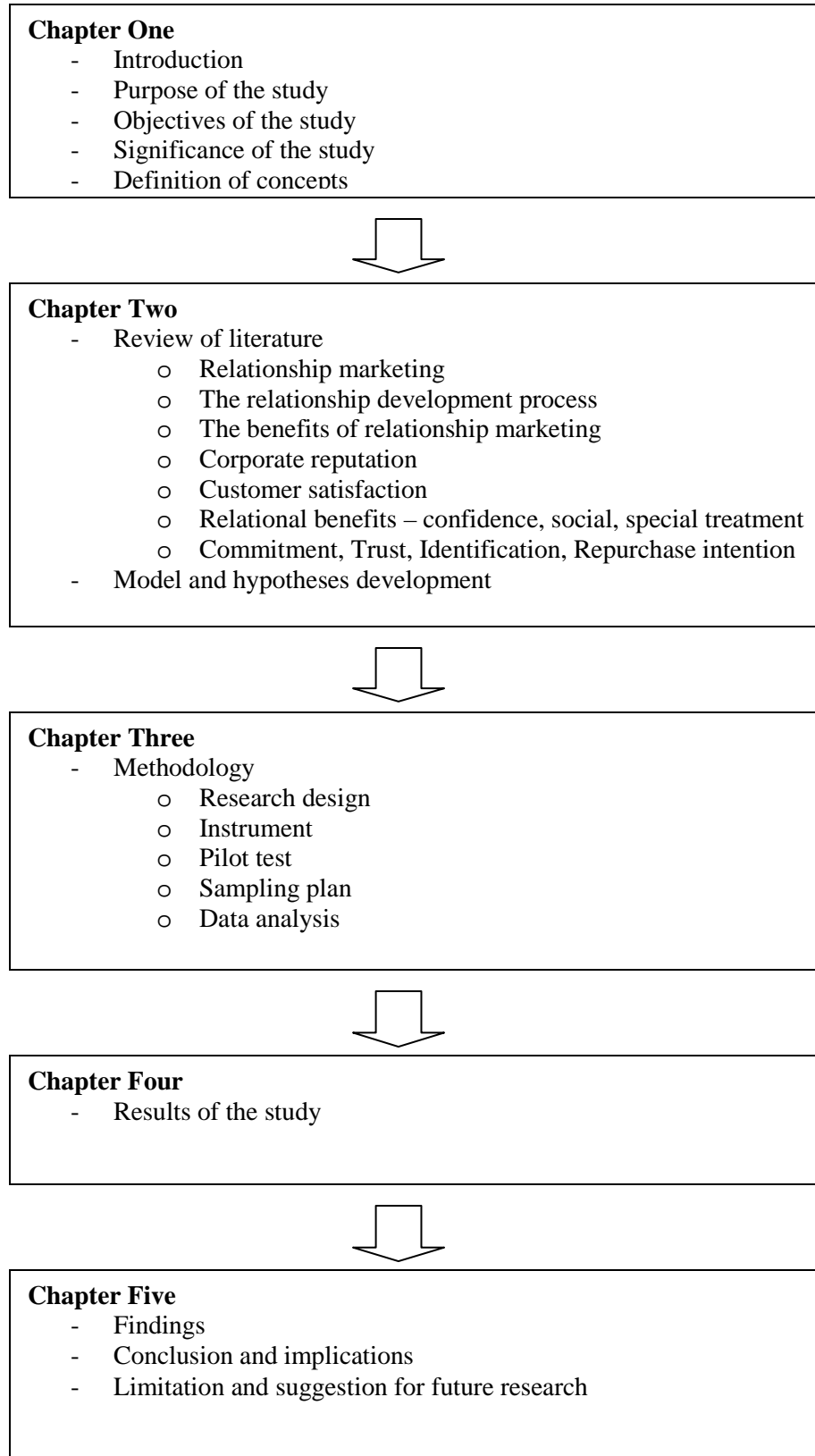
- **Trust:** A willingness to rely on an exchange partner in whom one has confidence (Moorman, Deshpandé, & Zaltman, 1993).

- **Identification:** The degree of overlap of self-schema and organizational schema (Brown, T. J., Barry, T. E., Dacin, P. A., & Grunst, R. F., 2005).

- **Commitment:** An exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it (Morgan & Hunt, 1994, p. 23).

- **Purchase intention:** The likelihood that a consumer will buy a particular product resulting from the interaction of his or her need for it, attitude towards it and perceptions of it and of the company which produces it.

Figure 1. Organization of the study



CHAPTER II

REVIEW OF LITERATURE

Relationship Marketing

Marketing is facing a new paradigm (Grönroos, 1994). Service organizations are shifting their focus from “transactional exchange” to “relational exchange” for expanding reciprocally satisfying relationship with customers (Jain and Jain, 2005). In relationship marketing, the focus is shifting from the activity of attracting new customers to activities which concern having customers and taking care of them (Ravald & Grönroos, 1996). Therefore, customer is the center of relationship marketing. The idea of relationship marketing is to create customer loyalty, so that a steady, mutually profitable and long-term relationship is developed (Ravald & Grönroos, 1996).

The phrase “relationship marketing” was first introduced by Berry in 1983. Relationship marketing can be defined as “attracting, maintaining and – in multi-service organizations – enhancing customer relationship” (pg.25). Berry (1995) stressed that rather than viewing attracting new customers as part of the marketing, a firm or company should strengthen the relationship with their customers and create customer retention.

Many scholars provide their own definitions (e.g., Berry, 1983; Buttle, 1996; Grönroos, 1994, 2004; Morgan & Hunt, 1994) of relationship marketing. Regrettably, there is no common definition of relationship marketing. Table 1 shows the various definitions of relationship marketing. Among all the definitions, Grönroos (2004) definition's is one of the most cited definitions.

Table 1. Definition of relationship marketing

Authors	Definitions
Berry (1983)	Attracting, maintaining, and – in multi-service organizations – enhancing customer relationships.
Grönroos (1990)	Marketing is to establish, maintain, and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfillment of promises.
Berry and Parasuraman (1991)	Relationship marketing concerns attracting, developing, and retaining customer relationships.
Gummesson (1994, p.2)	Relationship marketing emphasizes a long-term interactive relationship between the provider and the customer, and long-term profitability.
Sheth (1994)	The understanding, explanation, and management of the ongoing collaborative business relationship between suppliers and customers.
Evans and Laskin (1994)	...the process whereby a firm builds long term alliances with both prospective and current customers so that both buyer and seller work towards a common set of specified goals.
Morgan and Hunt (1994)	All marketing activities directed toward establishing, developing and maintaining successful relational exchanges.
Sheth and Parvatiyar (1995)	Attempts to involve and integrate customers, suppliers, and other infrastructural partners into a firm's developmental and marketing activities.
Buttle (1996)	Relationship marketing is concerned with the development and maintenance of mutually beneficial relationships with strategically significant markets.

Understanding relationship marketing requires distinguishing between the discrete transaction and relational exchange. Discrete transactional exchanges, the most minimal form of relationship, are money exchanges for an easily measured commodity. According to Webster (1992), a discrete transactional exchange is relatively challenging as both the buyer and the seller attempt to achieve the best economic position. Relational exchange is characterized by multiple transactions over time, and each transaction is a part of the past and anticipated future (MacNeil, 1980). Table 2 summarized the comparison between discrete transactions and relational exchange proposed by Dwyer, Schurr, and Oh (1987).

Table 2. A comparison of discrete transactions and relational exchange

Contractual Elements	Discrete Transactions	Relational Exchange
Situational Characteristics		
Timing of exchange (commencement, duration, and termination of exchange)	Distinct beginning, short duration, and sharp ending by performance	Commencement traces to previous agreements; exchange is longer in duration, reflecting an ongoing process
Number of parties (entitles taking part in some aspect of the exchange process)	Two parties	Often more than two parties involved in the process and governance of exchange
Obligations (three aspects: sources of content, sources of obligation, and specificity)	Content comes from offers and simple claims, obligations come from beliefs and customs (external enforcement), standardized obligations	Content and sources of obligations are promises made in the relation plus customs and laws; obligations are customized, detailed, and administered within the relation
Expectations for relations (especially concerned with conflicts of interest, the prospect of unity, and potential trouble)	Conflicts of interest (goals) and little unity are expected, but no future trouble is anticipated because cash payment upon instantaneous performance precludes future interdependence	Anticipated conflicts of interest and future trouble are counterbalanced by trust and efforts at unity
Process Characteristics		
Primary personal relation (social interaction and communication)	Minimal personal relationships; ritual-like communications predominate	Important personal, noneconomic satisfaction derived; both formal and informal communications are used
Contractual solidarity (regulation of exchange behavior to ensure performance)	Governed by social norms, rules, etiquette, and prospects for self-gain	Increased emphasis on legal and self-regulations; psychological satisfaction cause internal adjustments
Transferability (the ability to transfer rights, obligations, and satisfaction to other parties)	Complete transferability; it matters not who fulfills contractual obligation	Limited transferability; exchange is heavily dependent on the identity of the parties

Cooperation (especially joint efforts at performance and planning)	No joint efforts	Joint efforts related to both performance and planning over time; adjustment over time is endemic
Planning (the process and mechanisms for coping with change and conflicts)	Primary focus on the substance of exchange; no future is anticipated	Significant focus on the process of exchange; detailed planning for the future exchange within new environments and to satisfy changing goals; tacit and explicit assumptions abound
Measurement and specificity (calculation and reckoning of exchange)	Little attention to measurement and specifications; performance is obvious	Significant attention to measuring, specifying, and quantify all aspects of performance, including psychic and future benefits
Power (the ability to impose one's will on others)	Power may be exercised when promises are made until promises are executed	Increased interdependence increases the importance of judicious applications of power in the exchange
Division of benefits and burdens (the extend of sharing of benefits and burdens)	Sharp division of benefits and burdens into parcels; exclusive allocation to parties)	Likely to include some sharing of benefits and burdens and adjustments to both shared and parceled benefits and burdens over time

Source: Dwyer et al. (1987) adapted from Macneil (1978, 1980)

The Relationship Development Process

Relationship marketing can also be viewed as the marriage of buyer and seller.

Levitt (1983, p. 111) stated that

... the sale merely consummates the courtship. Then the marriage begins. How good the marriage is depends on how well the relationship is managed by the seller.

Levitt's (1983) marriage analogy is fitting in the relationship management to the seller

(only one "spouse"). In fact, research analyzing the interpersonal attractions and the

interdependence relationships between husband and wives provides an appropriate framework for describing the evolution of buyer-seller relations. The benefits of companionship, intimacy, parenting, personal growth, shared household maintenance, and social support will not function efficiently without the husband-wife relationships. Buyer-seller relationship involves similar benefits and costs. The former include reduced uncertainty, managed dependence, exchange efficiency and social satisfactions from the associations (Dwyer et al. 1987).

In order to have a strong relationship between the firm and the customer, it must be mutually beneficial (Czepiel, 1990). Frequent, honest, and open communication will help to improve and create a strong relationship as well. Relationship marketing is built on the foundation of trust (Crosby, Evans, & Cowles, 1990; Parasuraman, Berry, & Zeithaml, 1990; Morgan & Hunt, 1994). Trust is “a willingness to rely on an exchange partner in whom one has confidence” (Moorman, Deshpandé, & Zaltman, 1993). Without trust, interdependence between two parties cannot be accomplished.

According to Dwyer et al. (1987), relationship develops through five general phases, identified as (1) awareness, (2) exploration, (3) expansion, (4) commitment, and (5) dissolution. The author described each phases as:

1. **Awareness** – Party A’s recognition that party B is a feasible exchange partner. Situational proximity between the parties facilitates awareness. Interaction between parties has not transpired in phase 1.
2. **Exploration** – The search and trial phase in relational exchange. Potential exchange partners first consider obligations, benefits and burdens, and the possibility of exchange. The exploration phase may be very brief or it may

include an extended period of testing and evaluation. The exploration phase is conceptualized in five subprocesses: (1) attraction, (2) communication and bargaining, (3) development and exercise of power, (4) norm development, and (5) expectation development. Attraction results from the degree to which buyer and seller achieved, based on their interaction with each other. Communication and bargaining is the process where buyers and sellers rearrange their mutual distribution of obligation, benefits, and burdens. Power is considered as the ability to achieve intended affects or goals (Dahl, 1957). The one has the power usually is in control. According to Lipset (1975), norms are “expected patterns of behavior”. By adopting norms and establishing standards of conduct, it helps the buyers and sellers to set the ground rules for future exchange. During expectation development, trust is an important concept in understanding expectations for cooperation and planning in a relational contract.

3. ***Expansion*** – The continual increase in benefits obtained by exchange partners and to their increasing interdependency. The five subprocesses introduced in the exploration phase also operate in the expansion phase. The critical distinction is that the rudiments of trust and joint satisfactions established in the exploration stage now lead to increased risk taking within the dyad. As a result, the range of depth of mutual dependency increases.
4. ***Commitment*** – An implicit or explicit pledge of relational continuity between exchange partners. At this most advanced phase of buyer-seller interdependency the exchange partners have achieved a level of satisfaction from the exchange process that virtually precludes other primary exchange partners who could

provide similar benefits. Customer loyalty is achieved at this stage. Three measurable criteria of commitments are inputs, durability, and consistency.

5. *Dissolution* – At this phase, the possibility of withdrawal or disengagement has been implicit throughout the relationship development framework.

The Benefits of Relationship Marketing

Relationship marketing benefits the customer as well as the firm. Sheth and Paratiyar (1995, p. 256) propose:

That consumers engage in relational market behavior to achieve greater efficiency in their decision making, to reduce the task of information processing, to achieve more cognitive consistency in their decisions, and to reduce the perceived risks associated with future choice.

Consumers will only engage in relational exchange with trustworthy partners. According to Hunt, Arnett, and Madhavaram (2006), customers who engage in relational exchange experiences decrease their search cost, and risk-reducing benefits with a given supplier. Relationship marketing also allows the service providers to become more familiar with the customer's requirements and needs. Familiarity with the customers, combined with social bonding built over a series of service encounters, help in the customization which results in better satisfying the customers' needs and preferences.

From the firm's perspective, engaging in relational exchange can help decreasing customer-defection rate. Reichheld and Sasser's (1990) study showed that a firm could improve profits from 25 percent to 85 percent by reducing customer defections by just 5 percent. Compared to acquiring new customers, costs associated with maintaining

existing customers are generally lower (Rust, Moorman, & Dickson, 2002). In addition, loyal customers help to generate revenue for many more years.

Corporate Reputation

Corporate reputation has attracted interest from a wide range of academic disciplines. It is also a growing focus for business and media attention. Some of the existing studies treat corporate reputation as a uni-dimensional construct (Ganesan, 1994; Doney & Cannon, 1997) but Fombrun, Gardberg, and Sever (2000) and Davies, Chun, Da Silva, and Roper(2002) recognize its multi-dimensional nature. Fombrun et al. (2000, p. 243) define corporate reputation as a “collective assessment of a company’s ability to provide valued outcomes to a representative group of stakeholders”. The concept of corporate reputation has been studied by researchers in the fields of economics, strategic, marketing, accounting, organizational behavior, and sociology. Fombrun, Gordberg, and Sever (2000) have defined corporate reputation from the perspective of seven distinct academic subject areas. To economists, reputation is a trait or signal. Strategists view reputation as both assets and mobility barriers (Caves & Potter, 1977). To marketers, reputations are perceptual assets with the power to attract loyal customers (Rindova, Williamsin, Petkove, & Sever, 2005). Table 3 summarizes the definitions from all subject areas. The study of Walsh, Mitchell, Jackson, and Beatty (2009) indicated that there is a similar diversity in definitions of the concept of corporate reputation and its measurement. Most authors that put forth a definition of corporate reputation seem to agree that corporate reputation is a collective phenomenon as their definitions revolve around a given group’s (e.g. stakeholders) ability to recognize and correctly understand

‘what a firm stands for’ (e.g. Rose and Thomsen, 2004; Weiss, Anderson, and MacInnis, 1999). Table 4 summarizes the definitions of corporate reputation and studies. From institutional theory, corporate reputation can be viewed as a global impression reflecting the perception of a collective stakeholder group – customers, employees, and investors (Deephouse, 2000; Fombrun & Shanley, 1990). Consistent with the institutional theory, this study views corporate reputation as an overall evaluation of the extent to which a firm is substantially “good” or “bad” from the perspective of the stakeholders (Keh & Xie, 2009; Weiss, Anderson & MacInnis, 1999; Robert & Dowling, 2002).

Table 3. Definitions of corporate reputation

Discipline	Definition
Economics	Reputations are traits or signals that describe a company’s probable behavior in a particular situation.
Strategy	Reputations are intangible assets that are difficult for rivals to imitate, acquire, or substitute, and so create mobility barriers that provide their owners with a sustained competitive advantage.
Accounting	Reputation is one of many types of intangible assets that are difficult to measure but create value for companies.
Marketing	Reputation describes the corporate association that individuals establish with the company name.
Communications	Reputations are corporate traits that develop from relationships companies establish with their multiple constituents.
Organization theory	Reputations are cognitive representations of companies that develop as stakeholders make sense of corporate activities
Sociology	Reputational ranking are social constructions emanating from the relationship firms establish with stakeholders in their shared institutional environment.

Source: Fombrun, Gardberg, and Sever (2000)

Table 4: Definitions of corporate reputation and studies

Author(s)	Definition	Study
Herbig and Milewicz (1993), p. 18	'Reputation is an aggregate composite of all previous transactions over the life of the entity, a historical notion, and requires consistency of an entity's actions over a prolonged time'	Conceptual study
Fombrun (1996), p. 72	'(...) corporate reputation is a snapshot that reconciles images of a company held by all its constituencies'	Conceptual study
Weiss, Anderson, and MacInnis (1999), p. 75	'Thus (...) reputation reflects how well it has done in the eyes of the marketplace'	258 U.S. respondents (key informants), mail survey, five items ($\alpha = 0.86$; $\alpha = 0.80$) ^a
Fombrun, Gardberg, and Sever (2000), p. 243	'A reputation is therefore a collective assessment of a company's ability to provide valued outcomes to a representative group of stakeholders'	Measurement scale developed in the USA, focus groups and three pilot studies (n = 663; n = 2516; n = 8454), EFA, the α coefficient for the (final) 20-item scale was 0.84, the Cronbach alphas for the six subscales were not reported
Bromley (2000), p. 317	'(...) the way key external stakeholder groups or other interested parties conceptualize that organization'	Conceptual study
Bromley (2001), p. 317	'Reputation can be defined as a distribution of opinions (the overt expression of a collective image) about a person or other entity, in a stakeholder or internal group'	Conceptual study
Schultz, Mouritsen, and Gabrielsen (2001), p. 24	'Reputation combines everything that is knowable about a firm. As an empirical representation, it is a judgment of the firm made by a set of audiences on the basis of perceptions and assessments'	Conceptual study on the mechanics of reputation rankings drawing on secondary data

Gotsi and Wilson (2001), p. 29	‘A corporate reputation is a stakeholder’s overall evaluation of a company over time. This evaluation is based on the stakeholder’s direct experience with the company, any other form of communication and symbolism that provides information about the firm’s action and/or a comparison with the actions of other leading rivals’	Conceptual study
Rose and Thomsen (2004), p. 202	‘[corporate reputation] is identical to all stakeholders’ perception of a given firm, i.e. based on what they think they know about the firm, so a corporation’s reputation may simply reflect people’s perceptions’	Two types of data were used: image ratings from Danish business periodical and financial information from the Copenhagen Stock Exchange (of 62 items), CA, EFA, RA
Schwaiger (2004), p. 49	‘we conceptualize reputation as an attitudinal construct, where attitude denotes subjective, emotional, and cognitive mindsets’	The sample contained 300 German, American, and British respondents, respectively, that were asked to evaluate several German firms, CA, EFA, CFA, reputation was measured as a two dimensional construct ($\alpha = 0.76$; $\alpha = 0.78$)
Walsh and Beatty (007), p. 129	‘the customer’s overall evaluation of a firm based on his or her reactions to the firm’s goods, services, communication activities, interactions with the firm and/or its representatives (e.g. employees, management) and/or known corporate activities’	Five-dimensional measurement scale developed in the USA, depth interviews, expert judgment, pilot test (n = 504), scale validation (n = 698), EFA, CFA, the alpha coefficients for the five subscales ranged from 0.80 to 0.93

Source: Walsh, Mitchell, Jackson, and Beatty (2009)

Notes: CA, correlation analysis; CFA, confirmatory factor analysis; EFA, exploratory factor analysis; RA, regression analysis.

^aWeiss, Anderson, and MacInnis measure two types of reputation: (1) the manufacturer’s impression of how customers perceive its own reputation, and (2) the manufacturer’s impression of how customers perceive its representative’s reputation.

Past research shows that corporate reputation has a positive impact of financial performance (Fombrun, 1996; Roberts & Dowling, 1997). A positive corporate reputation can benefit the firm in many ways, such as (1) delaying opponent mobility in the industry, (2) charging higher price on customers, (3) attracting more quality investors from the stock market, (4) maintaining a high spirit among employees, (5) lowering employee turnover rate and enjoying a cost advantages due to less contracting and monitoring cost with suppliers, (6) supporting and improving new product introduction and recovery strategies in the event of a crisis (Benjamin & Podolny, 1999; Fombrun & Shanley, 1990; Fombrun, 1996; Rindova, Williamson, Petkova, & Sever, 2005).

Walsh et al. (2006) evaluated Fombrun et al. (2000) reputation quotient (RQ) that consists of six dimensions: emotional appeal; products and services; vision and leadership; workplace environment; and financial performance, in a study of corporate reputation in Germany. The original six dimensions failed to capture the corporate reputation construct in a Germany cultural setting. Therefore, Walsh et al. (2006) suggested additional four German dimensions – fairness, sympathy, transparency, and perceived customer orientation. Fombrun's et al. (2000) RQ is a good measurement tool for corporate reputation but it does not apply in varying cultural setting. Although corporate reputation has been regarded as multidimensional construct, with a various range of stakeholders, this study focuses strictly on customer based corporate reputation.

Customer Satisfaction

Customer satisfaction has been an intensively discussed subject areas of consumer and marketing research for more than two decades (Hennig-Thurau & Klee, 1997). It has been defined as one of the objectives of marketing activity, linking the processes of purchasing and consumption with post-purchase phenomena (Churchill & Suprenant, 1982).

According to Oliver's expectancy-disconfirmation theory (1980), customer satisfaction is understood as the customer's emotional or feeling reaction to the perceived difference between performance evaluation and expectation. Recently, customer satisfaction has gained new attention within the context of the paradigm shifts from transactional marketing to relationship marketing (Grönroos, 1994; Sheth & Paratiyar, 1994). Kotler (1994, p. 20) also mentioned that "The key to customer retention is customer satisfaction". Satisfied customers do not guarantee a returning business but dissatisfied customers will definitely not coming back. Therefore, this study aims to examine the relationship between relational benefits and satisfaction, and determine which relational benefits dimensions affect customer satisfaction the most.

Relational Benefits

In relational benefit approach, it is assumed that both parties in a relationship must benefit for it to continue in the long run. Relational benefits can be referred as the benefits that customers expected to receive as a result of having developed a long-term relationship with a service provider above and beyond the core services provided (Guttek et al., 1999; Gwinner, Gremler, & Bitner, 1998). Three types of relational benefits include confidence benefit, social benefits, and special treatment benefits.

Confidence benefits

Confidence benefits can be described as “feeling of reduced anxiety, trust, and confidence in the provider” (Gwinner et al., 1998). Customers grow ever more comfortable with their roles after multiple experiences with a service provider (Boyer & Hult, 2005). According to Morgan and Hunt (1994) and Bitner (1995), confidence benefits are derived from trust in the reliability and integrity of the service provider in delivering the core services. Gwinner et al. (1998) discovered that confidence benefits are the most important relational benefits in numerous types of services. Confidence benefits result in a reduction of uncertainty in the transaction and therefore increase the realistic expectations from the service provider (Yen & Gwinner, 2003). Returning customers may commit to a service provider in order to reduce anxiety concerning product evaluation (Sheth & Paratiyar, 1995).

Social benefits

Social benefits focus more on relationship rather than on the outcome of transaction (Goodwin, 1997; Goodwin & Gremler, 1996). Repeat purchase on a regular basis will allow the service provider to get to know their customer's preference and needs, and are started to develop friendship. Social benefits also comprise a sense of belonging, recognition, feeling of familiarity, friendship, and social support (Berry, 1983; Czepiel, 1990; Price & Arnould, 1999).

Special treatment benefits

Special treatment benefits are associated with economic and customization advantages for customers (Gwinner et al., 1998). Economic benefits involve economic considerations that relate to price discounts for those customers who have developed a long-term relationship with the service provider (Gwinner et al., 1998). According to Paratiyar and Sheth (2000), customers must recognize receiving value at a lower cost in order to engage in marketing relationship. Gwinner et al. (1998) also identified a nonmonetary benefit, time saving benefits, as a result of developing a relationship with the service provider other than monetary benefits.

For customization benefits, the service providers might tailor their service to meet particular needs and preferences of their regular customers. Customers may perceive this as a preferential treatment, extra attention or personal recognition, and special service that are not available to other customers and therefore, is very attractive to the customers. When customers feel that they have been recognized and given a special service by the service provider, it helps to create a strong emotional attachment to the service provider

and results in customer's repatronage (Lacey, Suh, & Morgan, 2007). Customization benefits are not easy to copy by the competitors because of its uniqueness that apply to individual customers. Hence, a customization benefit holds stronger potential for sustainable competitive advantage compared to economic-based special treatment benefits (Lacey et al., 2007).

Model 1. Corporate Reputation as a Relationship Development Outcome

Relational benefits and satisfaction

Confidence benefits and satisfaction

Customer satisfaction is always viewed as an important determinant of customer retention in the context of relationship marketing. Confidence benefits in an exchange have been found to have a critical impact on customer satisfaction in channel relationship between the firm and customers (Andaleeb, 1996). Satisfaction, therefore, represents a "focal consequence of working relationship" (Anderson & Narus, 1990, p. 46). More importantly, satisfaction is an evaluation that occurs consequent to a transaction (Bahia, Paulin, & Parrien, 2000; Spake et al., 2003). In order to satisfy the customers, service providers not only have to meet but exceed customers' expectations when providing a service. Expectations are thought to have a direct influence on customer satisfaction because customers tend to incorporate satisfaction level to match expectations levels to reduce conflict (Szymanski & Henard, 2001). Similarly, confidence benefits indicate confidence in what a customer will receive from the service provider based on previous satisfactory experiences. According to Gwinner et al. (2002), the greater level of confidence in the interaction will lower anxiety concerning the transaction and thus,

increase in customer satisfaction. Based on all the theoretical support mentioned above, it is expected that:

H1: Confidence benefits will positively influence customer satisfaction.

Social benefits and satisfaction

Social benefits illustrate the emotional aspects of relationship and focus on personal recognition of customers by the service provider and thus, development of friendship between the customers and the service provider (Yen & Gwinner, 2003). From the customer's perception, social benefits provide pleasure and comfort in the context of the relationship (Goodwin, 1994). Even though social benefits focus on relationship rather than on performance, the effect of social benefits on customer satisfaction should not be neglected. According to Reynolds and Beatty (1999), customers evaluate their level of satisfaction based on the service they receive. Close communication between the service providers and the customers will allow the service provider to understand their customers' need and therefore, serve them better and satisfy them.

Social benefits can also be expected to have a positive impact on customer satisfaction. Customer-employee relationship, a concept that is related to social benefits is also positively related to customer satisfaction (Gremler & Gwinner, 2000). Price and Arnould (1999) argue that there is a positive relationship between commercial friendship, which is similar to social benefits, and customer satisfaction. Based on the above arguments, it is hypothesized that:

H2: Social benefits will positively influence customer satisfaction.

Special treatment benefits and satisfaction

In special treatment benefits, customers may receive special treatments such as price discount, faster service, or special additional due to recognition by the service provider after long-term relationship development. Hennig-Thurau, Gwinner, and Gremler (2002) and Reynolds and Beatty (1999) stated that special treatments that are provided by the service provider might be viewed as part of the service performance. Customers who receive such special treatment benefits would be expected to have a positive impact on their satisfaction. Hence, the following hypothesis related to special treatment benefits is proposed.

H3: Special treatment benefits will positively influence customer satisfaction.

Satisfaction as an antecedent of corporate reputation

Customer satisfaction is an established concept in several sciences. Customer satisfaction is the accumulated experience of a customer's purchase and consumption experiences. Two factors that influence customer satisfaction are expectations and experienced service performance (Yi, 1989). From the customer's perspective, service quality, marketing mix, brand image and brand name of a company will have an influence on perceived service performance. Satisfied customers tend to maintain their consumption pattern of the same products or service, and therefore, customer satisfaction has become an important indicator of quality and future revenue. Davies et al. (2002) conducted a study in a retailing context and validated that positive corporate reputation and customer satisfaction are associated.

In marketing, awareness and image of brand and reputation influence the buyer's purchase decision. Good brand or reputation actually encourages purchase by simplifying decision rules (Andreassen, 1994). Hennig-Thurau et al. (2002) revealed that customers, who are satisfied with the performance of a company, are more likely to engage in positive word-of-mouth, and thus, reinforce the company's reputation. Accordingly, it is hypothesized that:

H4: Satisfaction will positively influence corporate reputation.

Figure 2. The proposed model 1

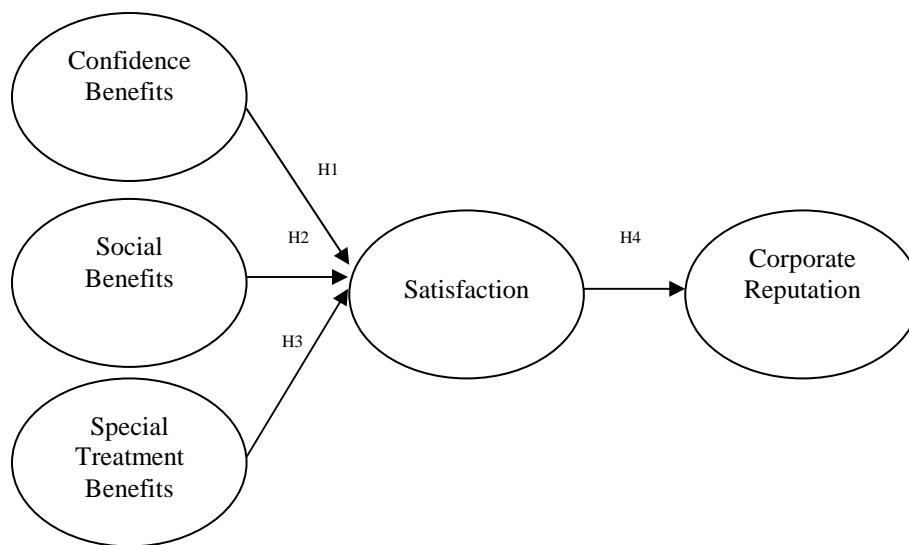


Figure 2. Model 1. Corporate reputation as a relationship development outcome

Figure 2 shows corporate reputation as an outcome of several antecedents.

Confidence benefits, social benefits, and special treatment benefits are hypothesized to have positive influence on satisfaction. Customer satisfaction, conversely, will have an influence on corporate reputation.

Model 2. Purchase Intention as a final outcome

Trust

Trust has been defined as “a willingness to rely on an exchange partner in whom one has confidence” (Moorman, Deshpandé, & Zaltman, 1993). On the other hand, Morgan and Hunt (1994) define trust as the perception of “confidence in the exchange partner’s reliability and integrity.” From the definitions above, Moorman, Zaltman, and Deshpande (1993) and Morgan and Hunt (1994) both highlight the importance of confidence and reliability in the conception of trust.

Trust has been recognized as a requirement to building customer relationship and as a prior state for the development of commitment (Morgan & Hunt, 1994; Garbarino & Johnson, 1999). Berry and Parasuraman (1991) stated that “effective services marketing depend on the management of trust because the customer typically must buy a service before experiencing it.” Doney and Cannon (1997) highlight how trust is only relevant in situations where there is some uncertainty. Trust reduces uncertainty in an environment in which consumers feel susceptible because they know they can rely on a trusted firm. In this study, trust is define as customer’s overall perception towards the ability (skills and competencies of the trustee), compassion (willingness to take other party’s interests into account when making a decision), integrity (honesty and fulfillment of promises) of the service provider (Mayer, Davis, Schoorman, 1995).

Corporate reputation and trust

In general, highly reputable companies are more likely to gain customer trust. From the economic and institutional perspective, Rindova et al. (2005) and Benjamin and Podolny (1999) mentioned that good corporate reputation can help in reducing stakeholder's uncertainty when they evaluate the firm. Developing a positive corporate reputation is not easy; it is based on superior performance over a long period of time. Morgan and Hunt (1994) stated in their research study that confidence is a critical component in creating trust. High corporate reputation will definitely strengthen customer's confidence and reduce their risk perception about the firm. Therefore, customers will always identify a highly reputable firm as trustworthy (Keh & Xie, 2009).

How do customers perceive companies with good reputation? According to Fombrun (1996) and Rindova et al. (2005), credibility, reliability, responsibility, trustworthy, perceived quality, and prominence are the interrelated aspects the good corporate reputation. A good reputation is particularly important to those customers that have no previous transaction with the firm before. A good reputation can be the indicator of the firm's competence and goodwill (Campbell, 1999). Aaker (2004) indicated that a corporate brand reputation is particularly effective in developing and enhancing customers' trust. The reputation of the firm is built through its credible actions. It is also fragile and easy to destroy because the impact of bad actions is much stronger than good actions (Herbig, Milewicz, & Golden, 1994). Accordingly, it is hypothesized that:

H5: Corporate reputation will positively influence trust.

Identification

Social identity theory

Social identity theory was developed by Tajfel and Turner (1979). Social identity theory addresses the ways in which people perceive and categorize themselves (Ashforth & Mael, 1989; Tajfel, 1981). According to social identity theory, individuals form self-conceptions that are based on two parts, personal identity, and social identity. Personal identity refers to unique, personal qualities such as beliefs, abilities and skills. The social identity includes all the qualities that occur from being part of a society, culture, family, groups, and clubs. For example, one may identify themselves as a protestant, male, football player, who is very popular with people at school.

Organizational identification can be defined as the sense of oneness individuals have with an organization and the degree to which individuals define themselves as organization members (Mael & Ashforth, 1992, p. 104). Because individuals tend to identify with organizations that share similar characteristics to themselves, organizations can increase employee organizational identification by emphasizing similarities between the organization and employees, and enhancing the organization's reputation. Bergami and Bagozzi (2000) defined organizational identification as “the degree of overlap between self-definition and organizational identity.” Brown et al. (2005) defined it as “the degree of overlap of self-schema and organizational schema.” This study adopts Brown et al. (2005) definition of identification.

According to Ashforth and Mael (1989) and Bhattacharya and Sen (2003), organizational identification can occur without formal membership. This is important because there is a possibility to apply organizational identification to consumer identification without membership status. For instance, a frequent customer identifies with a particular hotel without any formal membership. It is possible that customer can committed and develop loyalty to an organization without the membership but through identification.

Corporate reputation and identification

Dutton, Dukerich, and Harquail (1994) stated that customer identify themselves with an organization based on their own perceptions or perceived identity. Bhattacharya and Sen (2003) also indicated that the attractiveness of the corporate identity is a critical antecedent of customer identification. Customers always perceive highly reputable companies as being attractive. It is because companies with high reputation tend to have higher financial profitability, products and services, and regular media coverage. This will enhance their unique identity in the marketplace and adds to their identity attractiveness.

According to Bergami and Bagozzi (2000), a favorable reputation always indicates high prestige; corporate reputation is directly related to company's identity attractiveness. In social identity theory, buyers are willing to identify themselves with highly-regarded sellers, just like individual customers are willing to identify with reputable companies. Thus, it is proposed that:

H6: Corporate reputations will positively influence identification.

Commitment

Commitment, similar to trust, is viewed as an essential ingredient for successful long-term relationship (Dwyer et al., 1987; Hennig-Thurau et al., 2002; Moorman et al., 1992; Morgan & Hunt, 1994) and is the key to relationship quality – the overall evaluation of relationship strength and performance in satisfying needs (DeWulf, Odekerken-Schroder, & Iacobucci, 2002). Moorman et al. (1992) defined commitment as “an enduring desire to maintain a valued relationship” (p. 316) while Morgan and Hunt (1994) confirm the definition by defining it as “an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it” (p. 23). In other words, committed customers are motivated to maintain the relationship because they feel it is worth it.

Commitment can be divided into three dimensions, affective commitment, calculative or continuance commitment, and normative commitment (Allen & Meyer, 1990). Affective commitment involves dedication-based relationship maintenance (Bendapudi & Berry, 1977), feelings of emotional attachment to the identification with exchange partners (Fullerton, 2003). Affective commitment is based on the customer’s desire in maintaining the relationship. In contrast, calculative or continuance commitment involves constraint-based maintenance (Bendapudi & Berry, 1977), and beliefs about being bound to an exchange partner (Fullerton, 2003). Different from affective commitment, calculative commitment is based on the need to maintain it. Normative commitment is a commitment than based on a sense of obligation to a group or organization (Allen & Meyer, 1990). According to Fullerton (2005), normative commitment is less applicable in marketing because normative commitment is usually

highly correlated with affective commitment (O'Reilly, Chatman, & Caldwell, 1991) and its effects are weaker than those of affective commitment (Gruen, Summers, & Acito, 2000).

Commitment is a complex construct. Some of the scholars adopt it as a multidimensional construct (Gruen et al., 2000) but others prefer a unidimensional approach (Brown, Berry, Dacin, & Gunst, 2005; Morgan & Hunt, 1994). Brown et al. (2005) supported the unidimensional perspective because it can determine the causality of other constructs on commitment. For instance, Brown et al. (2005) argue that identification, which conceptually similar to affective commitment, is better treated as an antecedent rather than a dimension of commitment. The unidimension view on commitment not only enables us to see the possible causal relationship between commitment and antecedents (Brown et al., 2005) but also better understand the effects of commitment on relational outcomes from a holistic standpoint. As a result, this study adopts the unidimension view of commitment.

Trust and commitment

Moorman et al. (1992) indicate that trust in their service provider significantly influence customer commitment in a relationship. The positive relationship trust and commitment is well-documented in the marketing literature (Morgan & Hunt, 1994; Hennig-Thurau et al., 2002, Lacey, 2007). Commitment has been show to positively associate to repeat purchase intention and making recommendations (Musa, Pallister & Robson, 2005). The direct effect between trust and commitment will be tested in the research. This lead to the following hypotheses:

H7: Trust will positively influence commitment.

Trust and identification

Keh and Xie (2009) stated that mutual trust, between persons and between organizations, is the key feature in order to succeed in social exchange. Customers are more likely to identify with high reputation and trustworthy organization. Trustworthy organizations also shares the components of competent, compassion, and honest. If the customers identify with a reputable organization, they tend to represent a similar profile to them. In order to build a long-term relationship, trust is the key factor and it should also be the antecedent of identified relationship. Thus, it is proposed that:

H8: Trust will positively influence identification.

Identification and Commitment

Identification and commitment are two different construct, they are closely related but easily confused. It is because they both describe a strong linkage between the individual and the organization. The marketing literature indicates that identification is a key factor for building customer commitment (Fullerton, 2005). Brown et al. (2005) define commitment as an enduring desire to maintain a valued relationship, while identification is a cognitive assessment of the degree of overlap between the self and some organization or group. Studies on the interaction between employees and their organization evidently prove that organizational identity is the determinant of employment commitment. Hekman, Steensma, Bigley, and Hereford (2009) recently found that organizational identification improves professional employees' (e.g. physicians) performance quality and reduces professional employees' resistance to information technology. Hekman et al., (2009) also found that organizational identification makes employees more responsive to favorable organizational treatment and more forgiving of unfavorable organizational treatment. From customer's perspective, increased perceived identity overlap with a marketing organization would cause the individual to desire to a relationship with the organization (Brown et al., 2005). As a result, it is expect that customer identification can improve customer commitment. Therefore, it is hypothesize that:

H9: Identification will positively influence commitment.

Purchase Intention

Purchase intention is the likelihood that a consumer will buy a particular product resulting from the interaction of his or her need for it, attitude towards it and perceptions of it and of the company which produces it. According to Lacey (2007), increased purchase intention evaluates customer's intention to increase the magnitude of current purchasing activities from a particular firm over a specified time period. Reichheld and Sasser (1990) and Sheth and Parvitiyar (1995) mentioned that improving current customers' repurchase intentions is economically more profitable than constantly seeking new customers. Satisfaction may be the only judgment in predicting repurchase intention but to predict repurchases intention, other variables than satisfaction, such as relationship commitment, should be considered (Kim & Ok, 2009; Hellier, Geursen, Carr, & Rickard, 2003).

Although repeat purchase is an important issue for most of the marketers, repurchase behavior does not necessarily indicate a customer's motivation for purchase (Shoemaker & Lewis, 1999; Lee & Cunningham, 2001). According to Kandampully and Suhartanto (2003), even though repeat purchase is an important issue for most marketers, an understanding of loyalty based on purchase behavior alone is not sufficient. A customer might repurchase from the same service provider for any reasons other than their personal feelings toward the firm. For instance, in the hotel industry, a repeat customer might stay in a particular chain because:

- Indifference to the hotel chain
- The chain property being the only one acceptable to the traveler
- Familiarity

- The chain being considered the best of a poor set of available alternatives at the destination
- Avoidance of the inconvenience of switching
- Convenience of location

Therefore, in order to have a solid construct to measure loyalty, both behavioral (repeat purchase) and attitudinal (intention to repurchase and intention to recommend) dimensions need to be taken into consideration.

Commitment and Purchase Intention

Kim and Ok (2009) conducted a research in full service restaurant, and found that affective commitment had a significant influence on repurchase intention. Research (Ndubisi, 2006, Morgan and Hunt, 1994; Dwyer et al., 1987) has shown that commitment is another important determinant for predicting future purchase frequency. Russell's (2007) study showed that commitment positively influenced purchase intention. Committed customer not only expected to remain customer but to also increase their level of purchase. Therefore, it is hypothesize that:

H10: Commitment will positively influence purchase intention.

Figure 3. The proposed model 2

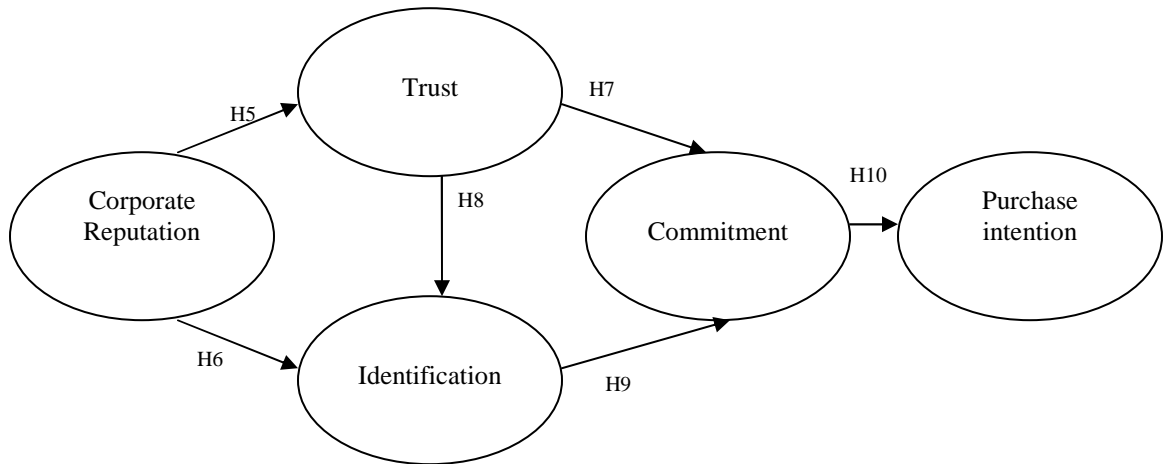
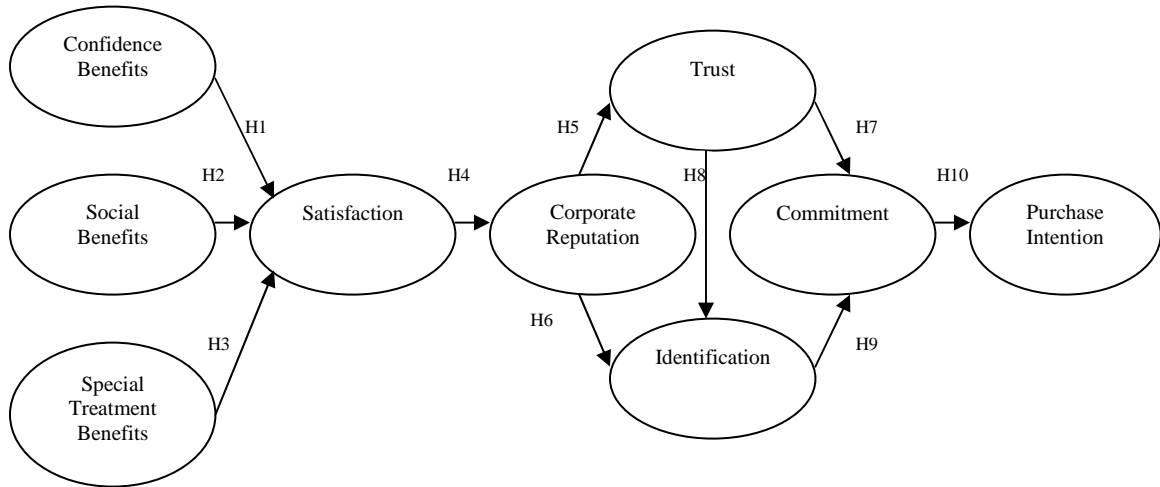


Figure 3. Model 2. Purchase intention as a final outcome

The conceptual framework for the proposed model is presented in Figure 3. Corporate reputation will have an influence on trust and identification. Trust is expected to have a positive influence on identification and commitment, and identification will influence commitment. Commitment is hypothesized to have an influence on purchase intention.

Figure 4. The completed conceptual model of the study



The completed conceptual model is presented in Figure 4. The objectives and hypotheses are summarized in Table 5.

Table 5: Summary of Objectives and Hypotheses of the Study

Objectives	Hypotheses
1. To identify which relational benefits are most important in determining customer satisfaction in the lodging industry.	H1: Confidence benefits will positively influence customer satisfaction. H2: Social benefits will positively influence customer satisfaction. H3: Special treatment benefits will positively influence customer satisfaction.
2. To examine the influence of customer satisfaction on corporate reputation in the lodging industry.	H4: Satisfaction will positively influences corporate reputation.
3. To investigate the influence of corporate reputation on trust and identification in the lodging industry.	H5: Corporate reputation will positively influence trust. H6: Corporate reputations will positively influence identification.
4. To explore the influence of trust and identification on commitment in the lodging industry.	H7: Trust will positively influence commitment. H9: Identification will positively influence commitment.
5. To examine trust as antecedents of customer identification in the lodging industry.	H8: Trust will positively influence identification.
6. To investigate the influences of commitment on purchase intention in the lodging industry.	H10: Commitment will positively influence purchase intention

CHAPTER III

METHODOLOGY

This chapter describes the research design, sampling, and data collection procedures, the instruments and the variables measured, and the statistical methods use for the data analysis.

Research Design

The focus of this study was to investigate the impact of relational benefits and relationship marketing on purchase intention in the U.S. hotel chain. The study was conducted using both descriptive and causal research design. Descriptive research determines and describes the way things are. Descriptive research also involves collecting data to test hypotheses or to answer questions about people's opinion on some topic or issue (Gay, Mills, & Airasian, 2006). The causal research is emphasis on determining cause-effect relationships (Churchill and Brown, 2004, p.91). This method was used to examine the structure relationship among satisfaction, brand reputation, commitment, and purchase intention.

Instrument

A self-administrated questionnaire was used to collect data. Following Gwinner et al. (1998)'s study, the respondents were asked if they have a hotel chain they use frequently. This allowed us to identify respondents who are engaged in an ongoing relationship with a particular hotel chain. For those respondents that do not identify any particular chain hotel were screened out of the survey.

The questionnaire comprised of three sections. Section I collected information about chain hotels experience. This included their last stayed at the chain hotel, frequency of visit, and length of patronage.

Section II asked about respondents' opinion about the hotel chain. The questionnaire is developed based on previous literature. Specifically, scales for confidence benefits (three items) were adapted from Gwinner et al. (1998). An adaptation of Hennig-Thurau et al. (2002) relational benefits scale was used for two constructs – social benefits (four items) and special treatment benefits (five items). The satisfaction construct (four items) was adapted from Morgan and Hunt (1994). The corporate reputation (three items) was adapted from Weiss et al. (1999). Trust was measured by using four items, adapted from Morgan and Hunt (1994). Identification was measured by verbal and visual scale (two items), adapted from Bergami and Bagozzi (2000). The commitment construct (four items) was adapted from Hennig-Thurau et al. (2002). Finally, repurchase intention (three items) was adapted from Hellier et al. (2003). Overall, a total of thirty two items were included in this section.

All items except identification (two items) were measured on a seven-point Likert-type scale, ranging from one (extremely disagree) to seven (extremely agree). Verbal identification was rated on a seven-point Likert-type scale, ranging from one (not at all) to seven (very much), with moderate as a mid-point. Visual identification was measured with scales that had eight levels of overlap that corresponded to the level of identification between respondent and the chain hotels.

Section III was designed to collect respondent's demographic information such as gender, age group, marital status, education level, and annual household income.

Table 6: Summary of Instruments of this study

Scales	Adapted from
Confidence benefits (3 items)	Gwinner et al., 1998
Social benefits (4 items)	Hennig-Thurau et al., 2002
Special treatment benefits (5 items)	Hennig-Thurau et al., 2002
Satisfaction (4 items)	Morgan and Hunt, 1994
Corporate reputation (3 items)	Weiss et al., 1999
Trust (4 items)	Morgan and Hunt, 1994
Identification (2 items)	Bergami and Bagozzi, 2000
Commitment (4 items)	Hennig-Thurau et al., 2002
Purchase intention (3 items)	Hellier et al., 2003

Pilot Test

The instrument was pilot tested with 35 conveniently selected Hospitality graduate and undergraduate students to examine the validity and reliability of the constructs. The reliability of the scales was tested by calculating their coefficient alpha (Cronbach's alphas) to determine the degree of internal consistency between the multiple measurements. According to Nunnally and Bernstein (1994), the rationale for the assessment is that the individual item in each scale should all be measuring the same construct and as a result, be highly intercorrelated. Nunnally and Bernstein (1994) suggested that Cronbach's alpha should meet the recommended significance of 0.70 or higher. Table 7 gives a summary of the reliability of the different constructs in the instrument. The Cronbach's alphas of the different constructs range from 0.517 to 0.932, with the "confidence benefit" dimension and "identification" dimension failing to meet the 0.70 level.

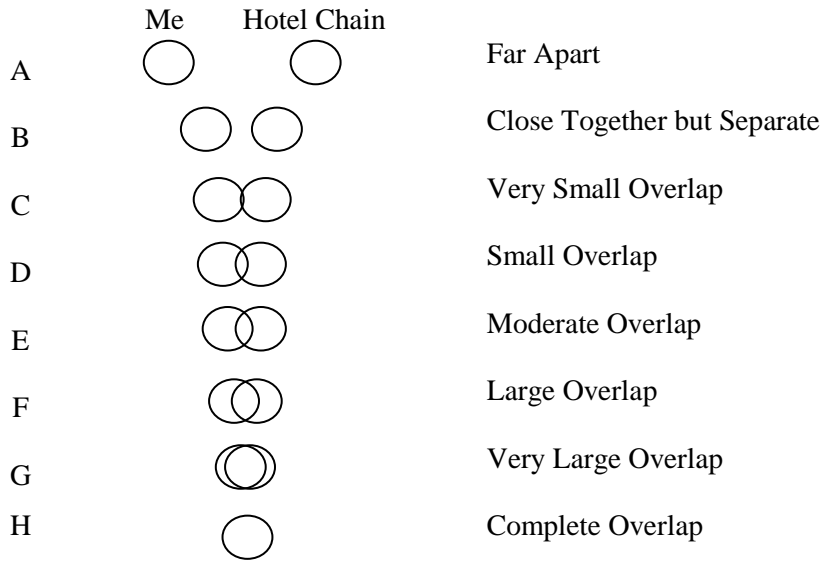
Table 7. Reliability of the dimensions measured with the instrument

Dimensions	Cronbach's alpha
Relational Benefits	
<i>Confidence Benefits</i>	0.517
I believe there is less risk that something will go wrong by purchasing from this chain hotel (RB1).	
I have less anxiety when I do business with this chain hotel (RB2).	
I know what to expect when I visit this chain hotel (RB3).	
<i>Social Benefits</i>	0.876
I am recognized by certain employees (RB4).	
I enjoy certain social aspects of the relationship with this chain hotel (RB5).	
I have developed a friendship with this chain hotel (RB6).	
Most employees know my name (RB7).	
<i>Special Treatment Benefits</i>	0.924
I get faster service than most customers get (RB8).	
I get better price than most customers get (RB9).	
I am usually placed on the priority list when there is a line (RB10).	
I get discounts or special deals than most customers do not get (RB11).	
I get better treatment than most customers (RB12).	
Satisfaction	
My choice to use this hotel was a wise choice (SA1).	0.919
I am always delighted with this chain hotel's service (SA2).	
Overall, I am satisfied with this chain hotel (SA3).	
I think I did the right thing when I decided to use this chain hotel (SA4).	
Corporate Reputation	0.932
This chain hotel is a highly-regarded company (CR1).	
This chain hotel is a successful company (CR2).	
This chain hotel has a good reputation (CR3).	
Trust	0.915
I feel that this chain hotel is very honest and truthful (TR1).	
I feel that this chain hotel has high integrity (TR2).	
This chain hotel can be trusted completely (TR3).	
This chain hotel can be counted on to do what is right (TR4).	

Identification

0.579

Some people suggest that customers want to be associated with companies that reflect the attributes and values of the customers themselves. Imagine that one of the circles in each row represents your own personal identity and the other circle at the right represents the chain hotel’s identity. Please indicate which one case (A, B, C, D, E, F, G, or H) best describes the level of overlap between you and the chain hotel’s identities. Circle only **ONE** letter on the following scale (ID1).



Please indicate to what degree your self-image overlaps with this chain hotel’s image (ID2).

Commitment

0.894

- I am committed to my relationship with this chain hotel (COM1).
- My relationship with this chain hotel is very important to me (COM2).
- My relationship with this chain hotel is something that I really care about (COM3).
- My relationship with this chain hotel is worth my effort to maintain (COM4).

Purchase Intention

0.834

- I will keep staying at this chain hotel in the future (PI1).
 - I will consider this chain hotel my first choice if I travel in the future (PI2).
 - I will stay at this chain hotel at least at current frequency in the future (PI3).
-

Sampling Plan

Target population

The population of the study was the frequent customers of hotel chains in the United States. The target population of this study was all business travelers in the United States, listed in a public available email database. The target population is defined based on the reason that business travelers travel more frequent compare with others and there is a high chance for them to stay at the same hotels if they committed to a particular chain.

Sample and sample sizes

A convenience sampling will be used to draw the samples. Confidence interval approach will be used to determine the sample size (Burns and Bush, 1995). The formula for obtaining $\pm 5\%$ accuracy at the 95% confidence level is:

$$n = \frac{z^2 (pq)}{e^2}$$

where n = sample size

z = standard error associated with chosen level of confidence (95%)

p = estimated variability in the population 50/50*

q = (100 – p)

e = acceptable error $\pm 5\%$

$$n = \frac{1.96^2 (50 \times 50)}{5^2}$$

$$= \frac{3.84 (2500)}{25}$$

$$= \frac{9600}{25}$$

$$= 384 \text{ or } 400 \text{ sample respondents}$$

*Note: * The amount of variability in the population is estimated to be 50%, which is widely used in social sciences research. From a practical standpoint, most researchers will opt for the 50% level of p because it is the worst possible case, but it does not dramatically affect the sample size (Burns and Bush, 1995).*

This study employed a multivariate data analysis approach, Structural Equation Modeling (SEM) in analyzing the data. Although there are no absolute standards in the literature about the relation between sample size and path model complexity, the following recommendations are offered: a desirable goal is to have the ratio of the number of cases to the number of free parameters be 20:1; a 10:1 ratio (Kline, 2005). Furthermore, Heir, Black, Babin, Anderson, and Tatham (2006) suggested five considerations affecting the required sample size for SEM as follows: 1) multivariate distribution of the data, 2) estimation technique, 3) model complexity, 4) amount of missing data, and 5) amount of average error variance among the reflective indicators (Heir et al., 2006). In addition, Hair et al. (2006) also suggested the sample size justification is based on the model complexity and basic measurement model characteristics. When the number of factors is larger than six, some of which use fewer than three measured items as indicators, and multiple low communalities are present, sample size requirements may exceed 500 (Hair et al., 2006, p. 742). As shown in Table 8, the model consisted of nine constructs, with thirty-two questions. With the criteria of 10:1 ratio, the estimated usable sample size would be 320.

Table 8: Number of item for each construct

Construct measured	Number of items
Confidence benefits	3
Social benefits	4
Special treatment benefits	5
Satisfaction	4
Corporate reputation	3
Trust	4
Identification	2
Commitment	4
Purchase intention	3
Total	32

Data Collection

According to Marketing Consulting Database (October 2005), the top 10 U.S hotel chains are InterContinental, Cendant, Marriot, Accor, Choice, Hilton Corporation, Best Western, Starwood, Carlson, and Global Hyatt. The U.S. hotel chains are selected in this study for several reasons. First, they are one of the fastest growing chains in the hotel industry and it comprises of mid-price to luxury hotels. Second, loyalty programs are widely used in this segment as a customer retention strategy. Third, satisfaction has a significant influence on customer loyalty and commitment on hotel chains (Kandampully & Suhartanto, 2003). Lastly, fierce competitions among the chain hotels segments make them difficult to differentiate themselves from their rivals. Thus, relational benefits and relationship marketing can provide a strong foundation for differentiation (Gwinner et al., 1998; Hennig-Thurau et al., 2002).

An online survey was administrated to collect data. The advantages of online survey are: (1) low costs, (2) short response time, (3) easy implementation, and (4) geographically unlimited sample (Lee, 2005). The questionnaire was posted on a designated website (i.e., surveymonkey.com) and an email message including a hyperlink to the survey website was sent to selected participants asking for their participation in the survey.

A convenience sampling was employed to draw samples. A total number of 410,625 email addresses listed in the database were used to collect data. Among 410,625 messages sent, 210,240 were undeliverable, signifying an undeliverable rate of 51.2%. As a result, 200,385 messages were delivered, and a total of 421 responses were received with 0.2% response rate.

Data Analysis

Descriptive Statistics

Descriptive statistic was used classify respondents' gender (male or female), age group (18-27, 28-37, 38-47, 48 and above), marital status (single or married), education (less than high school degree, high school degree, diploma, college graduate, or graduate degree), and annual household income (Under \$20,000, \$20,000 to \$39,999, \$40,000 to \$59,999, \$60,000 to \$79,999, \$80,000 to \$99,999, and \$100,000 or greater)

Confirmatory Factor Analysis

Confirmatory factor analysis was performed to confirm the factor structure of the relational benefits – confidence benefits, social benefits, and special treatment benefits, satisfaction, corporate reputation, trust, identification, commitment, and purchase intention. The CFA procedure investigates the model’s goodness of fit, the magnitude of the individual relationships, and the hypothesized paths. The overall fit of the structured model was checked by examining the χ^2 statistics, where a significant χ^2 statistic indicates an inadequate fit. However, this statistic is sensitive to sample size and model complexity, and other measures of fit that compensate for sample size will also consider, including the Goodness of Fit Index (GFI), Adjusted Goodness of Fit Index (AGFI), Normed Fit Index (NFI), Comparative Fit Index (CFI), Standardized Root Mean Square (SRMR), Root Mean Square Error of Approximation (RMSEA), and Normed χ^2 (χ^2 /df). The cutting values for each fit indices are presented in Table 9.

Table 9: Guidelines for measurement fit

Measures of fit	Fit guidelines
χ^2 and its p-value	p-value > 0.05
GFI	≥ 0.09
RMSEA	<0.05 to 0.08
SRMR	<0.05
NFI	≥ 0.9
CFI	≥ 0.9
AGFI	≥ 0.9
χ^2 /df	1 to 3

Additionally, the Composite Reliability (CR) and Average Variance Extracted (AVE) was assessed using the criteria recommended by previous researchers (Fornell & Larcker, 1981; Goldstain & Bagozzi, 1991; Hair, Black, Barry, Anderson, & Tatham, 1998). Both the CR and AVE represent the convergent validity of the measures with values between zero and one. The closer the value is to one, the better the variable acts as an indicator of the latent construct. When the AVE of a construct is less than 0.5, the validity of the construct is questionable, as this indicates that the variance that is due to measurement error is larger than the variance that is captured by the construct. The discriminant validity was examined by comparing the AVE values with the square of the correlations between each pair of constructs. The AVE values should exceed the squared correlations values (Fornell & Larcker, 1981).

Structural Equation Modeling

Structural Equation Modeling (SEM) was used to test the proposed model. SEM is a multivariate technique combining aspects of factor analysis and multiple regressions that enable the researcher to simultaneously examine a series of interrelated dependence relationship among the measure variables and latent constructs as well as between several latent constructs (Hair et al., 2006). The six stage model-building process for SEM that is presented in Figure 4 as suggested by Hair et al. (2006, p. 735 – 759) will be adopted. These six stages include the definition of the individual constructs, the development of the overall measurement model, the design of a study to produce empirical results, the assessment of the measurement model validity, the specification of the structural model, and the assessment of the structural model validity (Hair et al., 2006, p.734).

Stage 1: Defining the individual constructs.

According to Hair et al. (2006), Structural Equation Modeling (SEM) is based on causal relationships in which a change in one variable is assumed to result in a change in another variable. The indicators for each constructs were identified from previous literature and all the measurement scales had been tested with reliability and validity. The proposed model contained three exogenous variables, which including confidence benefits (ζ_1), social benefits (ζ_2), and special treatment benefits (ζ_3). The proposal model contained six endogenous variables, which including satisfaction (η_1), corporate reputation (η_2), trust (η_3), identification (η_4), commitment (η_5), and purchase intention (η_6).

Stage 2: Develop and specify the measurement model.

The indicators (items) were identified based on previous literature for each constructs. According to Hair et al (2006), there should be a minimum of three indicators for each latent construct. In this study, the three exogenous variables, confidence benefits (ζ_1), social benefits (ζ_2), and special treatment benefits (ζ_3) had three indicators, four indicators, and five indicators, accordingly. For the six endogenous variables, satisfaction (η_1), trust (η_3), and commitment (η_5) had four indicators. Corporate reputation (η_2) and purchase intention (η_6) had three indicators. Identification (η_4) had two indicators.

Stage 3: Design a study to produce empirical results.

Issues related to research design need to be finalized and decisions on the type of data matrix to be used and estimation procedure need to be considered at this stage. Similar to most of the multivariate techniques, SEM makes similar assumptions about the independence of observations, the random sampling of respondents, and the linearity of all relations. The covariance matrix has the advantage in providing valid comparisons between different populations. According to Hair et al. (2006), variance-covariance matrix is more suitable if the objective of the research is to perform a theory test and validate causal relationships, which deemed to be more appropriate for this study.

Stage 4: Assess the validity of the measurement model.

The validity of the measurement model was assessed by the goodness-of-fit indices. Three types of fit-indices, including absolute-fit-indices, and incremental-indices, were examined in this study. Absolute fit indices are used to directly measure how well the proposed model reproduces the observed data. Incremental fit indices evaluate how well the proposed model fits relative to an alternative baseline model. The fit indices recommended by previous researchers (e.g. Hair et al., 2006; Kline, 2006) are summarized in Table 10.

Table 10: Summary of fit indices

Fit measures		Acceptable range
Absolute fit measure	Likelihood ratio Chi-square to the degree of freedom	Acceptable level between 0.05 to 0.20. A large value Chi-square indicates a poor fit and a small value indicates a good fit of the model to the data.
	Goodness-of-fit (GFI)	Range from 0 to 1. Higher value indicates a better fit.
	Root mean square residual (RMR) Standardized root mean square (SRMR)	The closer the value to zero indicates a better fit. The acceptable level for RMR is 0.08 and 0.05 for SRMR.
	Root-mean-square error of approximation (RMSEA)	Range between 0.05 to 0.08 is acceptable.
Incremental fit measures	Normed fit indices (NFI)	The range should exceed the minimum level of 0.90.
Parsimonious fit measures	Adjusted goodness-of-fit index (AGFI)	Value between 0 to 1.
	Normed Chi-square (χ^2/df)	Value between 1 to 5.

Stage 5: Specify the structural model.

The structural model must be specified by assigning relationships from one construct to another based on the proposed model (Hair et al., 2006). The reason of specifying the structural model was to clarify the relationships among the constructs. The path diagrams of the finalized measurement and structural model are shown in Figure 5.

Stage 6: Assess the validity of the structural model.

At this stage, the validity of the structural model and its and the hypothesized theoretical relationships were evaluated. All model fit indices, including the χ^2/df , RMSEA, SRMR, CFI, IFI and NFI were assessed. A comparison between the overall fit of the structural model with the measurement model was made. Hair et al. (2006) suggested that the closer the structural model goodness-of-fit comes to that of the measurement model, the better the structural model fit.

Figure 5: The six-stage of structural equation modeling (adapted from Hair et al., 2006, p. 759)

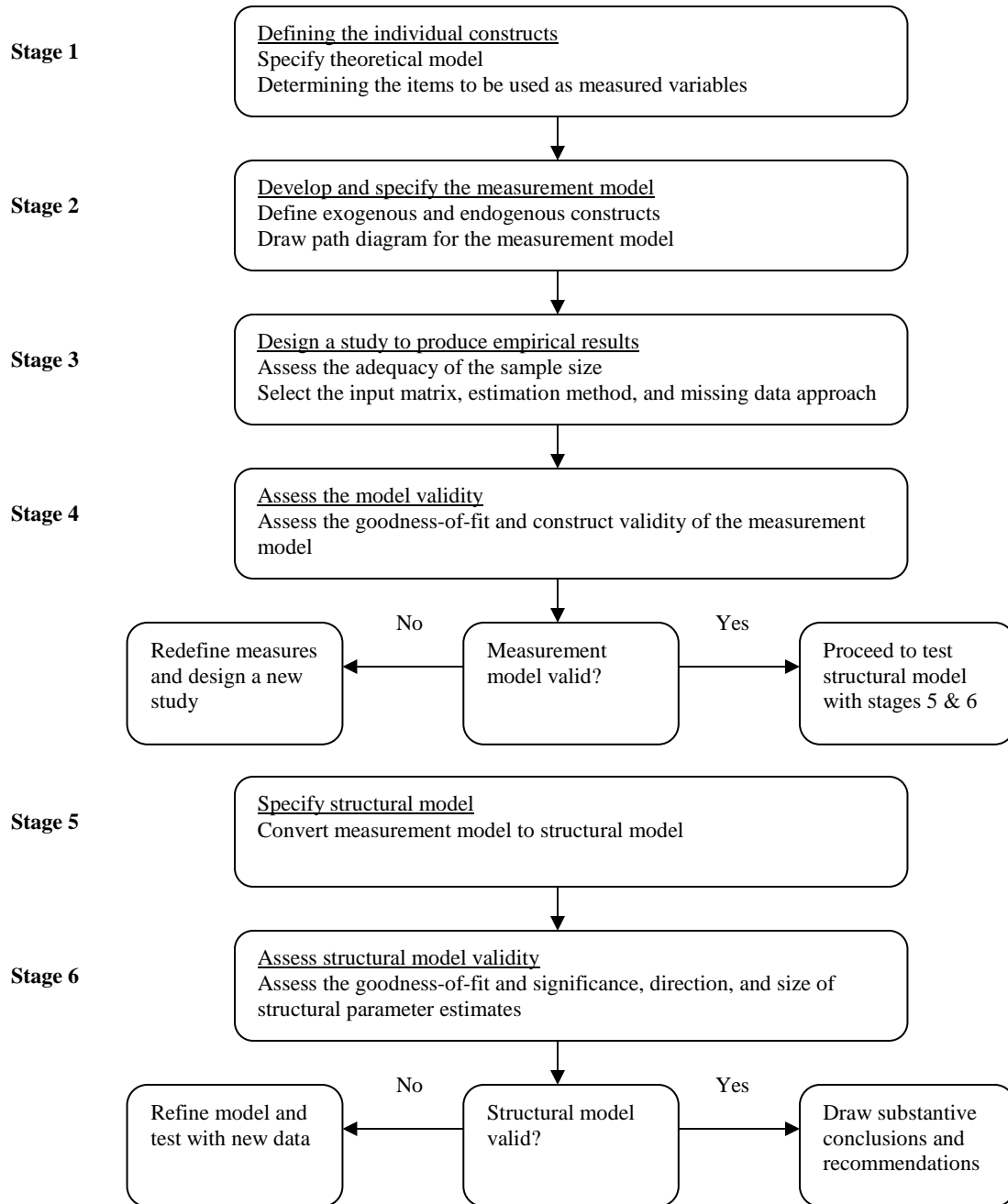
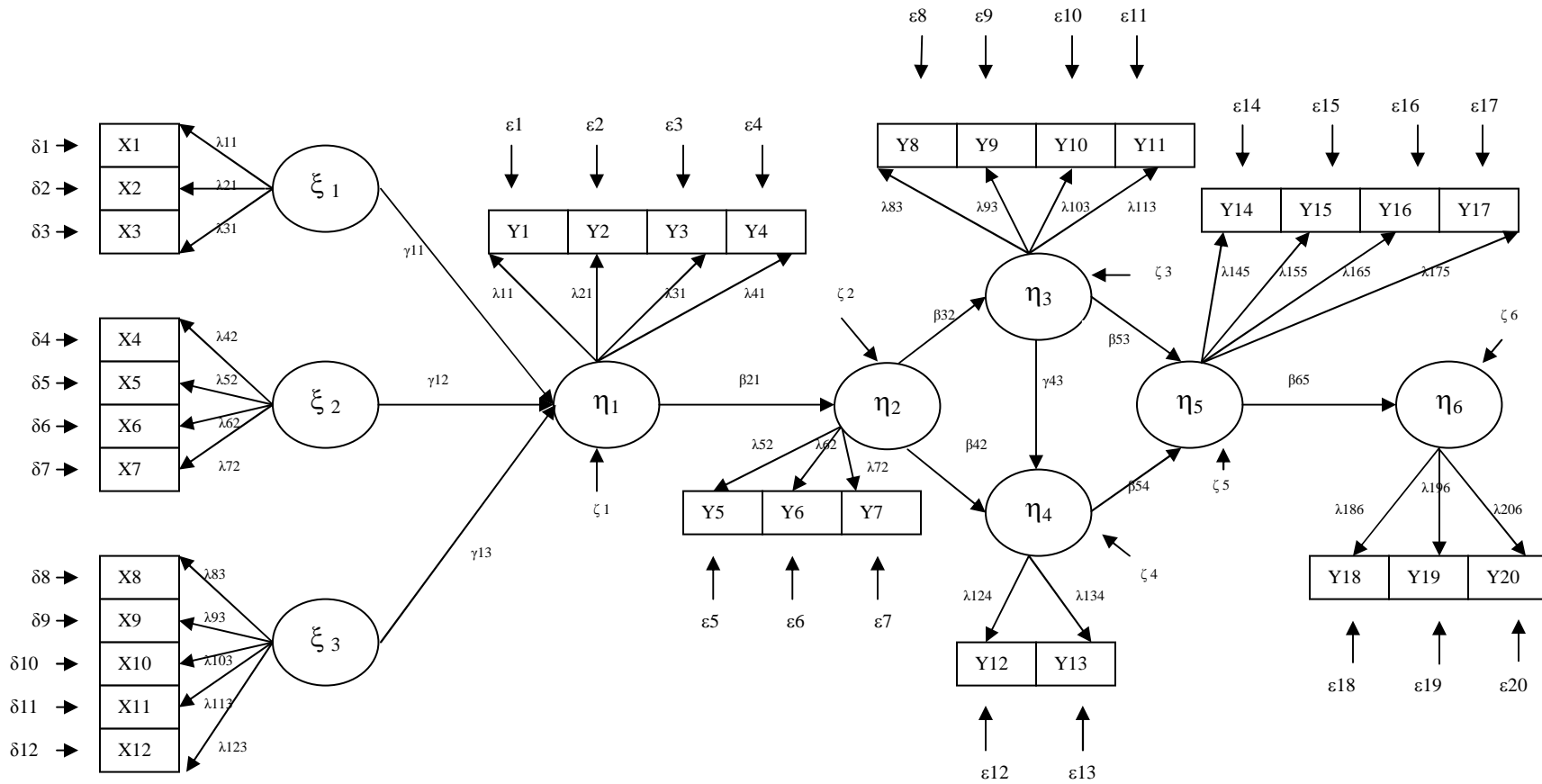


Figure 6: Path diagram for the measurement model and structural model

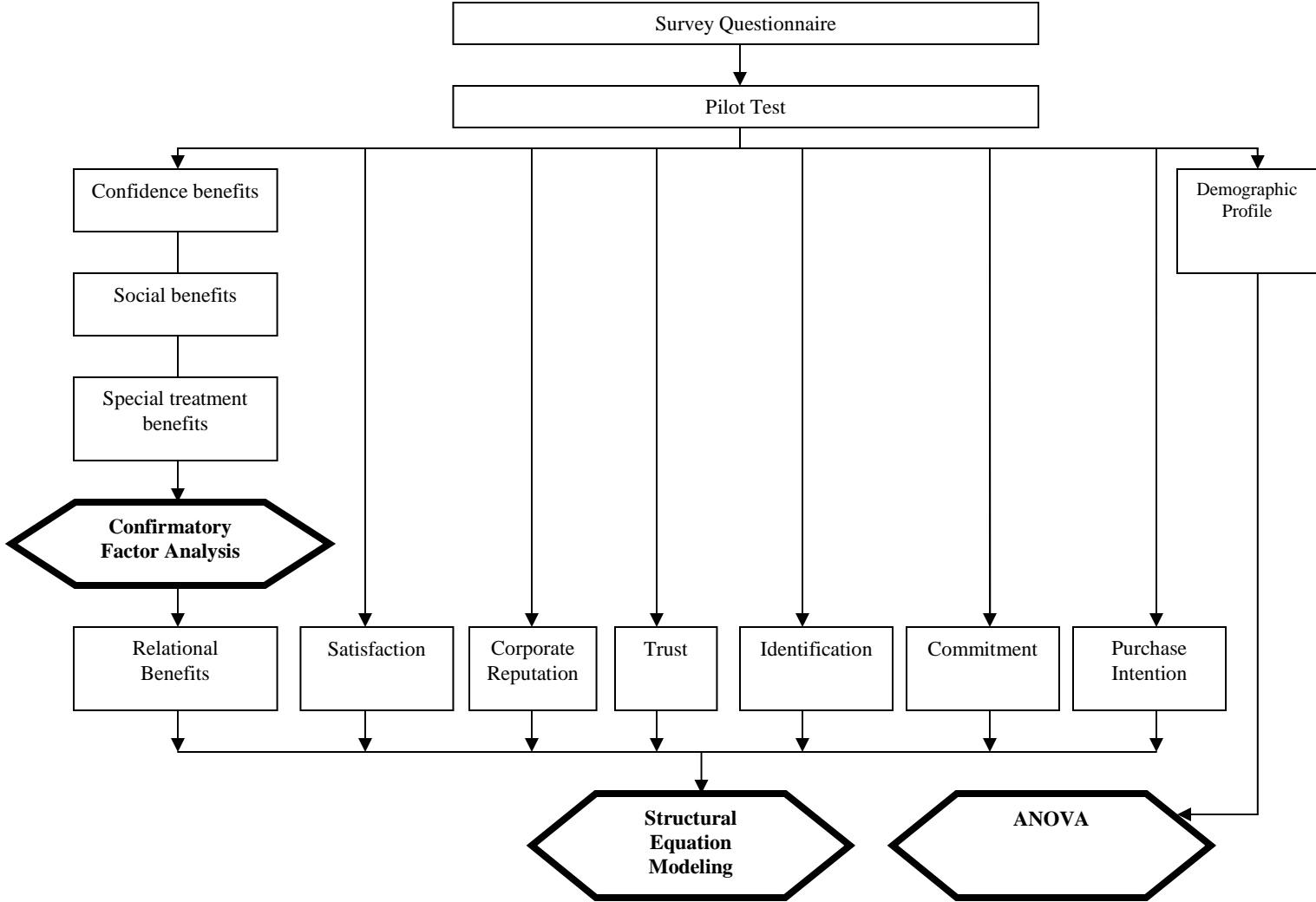


η_1 Satisfaction
 η_2 Corporate reputation
 η_3 Trust
 η_4 Identification
 η_5 Commitment
 η_6 Purchase intention

LEDGEND:
 ξ_1 Confidence benefits
 ξ_2 Social benefits
 ξ_3 Special treatment benefits

$X1 \dots n$ exogenous indicators
 $Y1 \dots n$ endogenous indicators

Figure 7: Research Framework



CHAPTER IV

FINDINGS

This chapter presents the findings of the study that comprises four sections. The first section presents the results and a brief discussion of the demographic characteristics of the respondents. The second section reports the results of the confirmatory factor analyses. The third section presents the process of hypothesized model testing, model modification, and identification of the final model. The final section summarizes the results of the comparisons of the different groups of respondents based on their demographic characteristics.

Demographic Profiles of the Respondents

Among 421 responses received, 93 responses were deleted for excessive missing data. Missing values were replaced via mean substitution, which was appropriate with small numbers of missing values in the dataset (Hair et al., 2006). A total of 328 responses were used for data analysis. Detailed sample characteristics are shown in Table 11. Of the 328 respondents, 54.9% were male and 44.8% were female. Approximately 61% of respondents were 48 years or older. More than 60% of the respondents were married (64%).

The majority of the respondents received some college or higher level of education. Over 40% of the respondents had an annual household income which range from \$20,000 to \$79,999 (47.3%). In terms of the length of patronage, 93% indicated that they have visited a particular chain hotel more than one year; among them, 56.4% had more than 4 years of patronage. In addition, approximately 60% of respondents visit their particular chain hotel at least one to three times per year (63.7%). These facts indicated that the initial filtering instruction was effective to approach the hotel customers.

Table11. Demographic and hotel characteristics of respondents (N = 328)

Variable	Frequency	Percentage
Gender		
Male	180	54.9%
Female	147	44.8%
Age		
18-27 years old	13	4.0%
28-37 years old	43	13.1%
38-47 years old	69	21%
48 and above	201	61.3%
Marital Status		
Single	115	35.1%
Married	210	64%
Education		
Less than high school degree	0	0
High school degree	42	12.8%
Diploma	52	15.9%
College graduate	114	34.8%
Graduate degree	114	34.8%
Annual household income		
Under \$20,000	21	6.4%
\$20,000 - \$39,999	35	10.7%
\$40,000 - \$59,999	63	19.2%
\$60,000 - \$79,999	57	17.4%
\$80,000 - \$99,999	31	9.5%
\$100,000 or greater	107	32.6%
The length of patronage		
Less than a year	23	7.0%
1 – 2 years	33	10.1%
2 – 3 years	44	13.4%
3 – 4 years	43	13.1%
More than 4 years	185	56.4%
Frequency of visit		
1 – 3 times per year	209	63.7%
3 – 5 times per year	69	21%
5 – 7 times per year	21	6.4%
7 – 9 times per year	28	8.5%

Relational Benefits Dimension

Of the three relational benefits dimensions, confidence benefits had the highest rating (mean = 5.45 out of 7), followed by social benefits (mean = 3.29), and special treatment benefits (mean = 3.09). Table 12 shows the result of the mean and standard deviation. Confidence benefits were also found to have significant influence on customer satisfaction.

Table 12. Business travelers' perceptions of relational benefits dimension

Relational Benefits Dimensions	Mean (scale of 1 to 7)	Standard Deviation
<i>Confidence Benefits</i>	5.45	1.33
I believe there is less risk that something will go wrong by purchasing from this chain hotel.	5.26	1.384
I have less anxiety when I do business with this chain hotel.	5.33	1.382
I know what to expect when I visit this chain hotel.	5.77	1.223
<i>Social Benefits</i>	3.29	1.88
I am recognized by certain employees.	3.16	2.027
I enjoy certain social aspects of the relationship with this chain hotel.	3.98	1.810
I have developed a friendship with this chain hotel.	3.55	1.932
Most employees know my name.	2.48	1.733
<i>Special Treatment Benefits</i>	3.09	1.85
I get faster service than most customers get.	2.96	1.792
I get better price than most customers get.	3.27	1.814
I am usually placed on the priority list when there is a line.	2.94	1.888
I get discounts or special deals than most customers do not get.	3.24	1.929
I get better treatment than most customers.	3.05	1.820

Mean Score for the Endogenous Variables

Overall, the respondents were satisfied with their hotel stay and experiences, and had a mean satisfaction score of 5.60 out of 7. The mean score for the endogenous variables in the structural model are shown in Table 13.

Table 13. Mean scores for the endogenous variables in the structural model

Factor	Mean Score (measured on a scale of 1 to 7, except for visual identification, which was measured on a scale of 1 to 8)	Standard Deviation
<i>Satisfaction</i>	5.60	1.20
My choice to use this chain hotel was a wise choice.	5.59	1.193
I am always delighted with this chain hotel's service.	5.45	1.238
Overall, I am satisfied with this chain hotel.	5.70	1.159
I think I did the right thing when I decided to use this chain hotel.	5.66	1.215
<i>Corporate Reputation</i>	5.48	1.13
This chain hotel is a highly-regarded company.	5.57	1.197
This chain hotel is a successful company.	5.71	1.091
This chain hotel has a good reputation.	5.16	1.109
<i>Trust</i>	5.45	1.25
I feel that this chain hotel is very honest and truthful.	5.53	1.219
I feel that this chain hotel has high integrity.	5.54	1.211
This chain hotel can be trusted completely.	5.31	1.297
This chain hotel can be counted on to do what is right.	5.42	1.251
<i>Identification</i>	3.98	1.78
Visual identification	4.04	1.926
Verbal identification	3.92	1.634
<i>Commitment</i>	3.96	1.8
I am committed to my relationship with this chain hotel.	4.17	1.710
My relationship with this chain hotel is very important to me.	3.90	1.798
My relationship with this chain hotel is something that I really care about.	3.77	1.864
My relationship with this chain hotel is worth my effort to maintain.	4.00	1.828
<i>Purchase Intention</i>	5.29	1.45
I will keep staying at this chain hotel in the future.	5.33	1.373
I will consider this chain hotel my first choice if I travel in the future.	5.25	1.481
I will stay at this chain hotel at least at current frequency in the future.	5.29	1.485

Comparison of the Factors of Male and Female Respondents

Table 14 presented the results in testing the differences in factors based on gender difference. There were 180 male respondents and 147 female respondents who participated in this study. The results revealed that there were significant differences in “I believe there is less risk that something will go wrong by purchasing from this chain hotel” and “I know what to expect when I visit this chain hotel” under confidence benefits. There was a significant difference in “this chain hotel has a good reputation” in corporate reputation. Results in table 14 indicated that significant differences existed between gender difference of the business travelers in social benefits, special treatment benefits, trust, identification, and commitment.

Table 14. Comparison of the factors of male and female respondents

Factors	F-Value	P
<i>Confidence Benefits</i>		
I believe there is less risk that something will go wrong by purchasing from this chain hotel.	9.70	.002*
I have less anxiety when I do business with this chain hotel.	4.445	.036
I know what to expect when I visit this chain hotel.	8.083	.005*
<i>Social Benefits</i>		
I am recognized by certain employees.	19.192	.000*
I enjoy certain social aspects of the relationship with this chain hotel.	10.365	.001*
I have developed a friendship with this chain hotel.	15.631	.000*
Most employees know my name.	9.145	.003*
<i>Special Treatment Benefits</i>		
I get faster service than most customers get.	25.531	.000*
I get better price than most customers get.	23.504	.000*
I am usually placed on the priority list when there is a line.	17.522	.000*
I get discounts or special deals than most customers do not get.	17.030	.000*
I get better treatment than most customers.	24.342	.000*
<i>Satisfaction</i>		
My choice to use this chain hotel was a wise choice.	4.760	.030
I am always delighted with this chain hotel’s service.	2.946	.087
Overall, I am satisfied with this chain hotel.	2.509	.114
I think I did the right thing when I decided to use this chain hotel.	1.315	.252

Corporate Reputation		
This chain hotel is a highly-regarded company.	5.936	.015
This chain hotel is a successful company.	4.504	.035
This chain hotel has a good reputation.	6.910	.009*
Trust		
I feel that this chain hotel is very honest and truthful.	7.222	.008*
I feel that this chain hotel has high integrity.	7.784	.006*
This chain hotel can be trusted completely.	7.320	.007*
This chain hotel can be counted on to do what is right.	8.556	.004*
Identification		
Visual identification	22.840	.000*
Verbal identification	12.358	.001*
Commitment		
I am committed to my relationship with this chain hotel.	9.030	.003*
My relationship with this chain hotel is very important to me.	7.385	.007*
My relationship with this chain hotel is something that I really care about.	7.743	.006*
My relationship with this chain hotel is worth my effort to maintain.	10.259	.001*
Purchase Intention		
I will keep staying at this chain hotel in the future.	3.795	.052
I will consider this chain hotel my first choice if I travel in the future.	5.421	.021
I will stay at this chain hotel at least at current frequency in the future.	1.984	.160

*Significant at $p \leq 0.01$

Confirmatory Factor Analysis of the Measurement Model

Confirmatory factor analysis (CFA) was conducted to assess the measurement model. For CFA, a total of 32 items were used: confidence benefits (3 items), social benefits (4 items), special treatment benefits (5 items), satisfaction (4 items), corporate reputation (3 items), trust (4 items), identification (2 items), commitment (4 items), and purchase intention (3 items). Because there was no reason to expect uncorrelated relationships among variables, the factors were allowed to correlate as well (Hair et al., 2006). Structural equation modeling accommodates either a covariance matrix or a correlation matrix with standard deviations. For purposes of CFA, a covariance matrix was employed. LISREL program (version 8.8) was utilized to estimate the measurement model.

Three types of overall model fit measures were evaluated: absolute fit indices, and incremental fit indices, and parsimony fit indices. Absolute fit indices include Chi-square test, root mean square error of approximation (RMSEA), goodness-of-fit indices (GFI), and standardized root mean square residual (SRMR). Chi-square test is used to examine whether the relationship exists between two nonmetric measures. RMSEA better represent how well a model fits a population, not just a sample used for estimation. The GFI is an indicator of the relative amount of variance and covariance that is jointly accounted for by the mode. Higher GFI values indicating better fit. Incremental fit indices include the comparative fit index (CFI) and normed fit index (NFI). Parsimony fit indices provide information about which model in a set of competing models is the best relative to its complexity. The recommended level for the normed Chi-square (χ^2/df) is

between 1.0 and 5.0, and the AGIF is between 0 and 1, with a value closer to 1 indicating a better model fit.

Table 15 shows the results of the analysis. The fit indices show the overall fit of the measurement model to be mediocre, as the χ^2 is approximately two times the degree of freedom and the RMSEA is between 0.05 and 0.08.

Table 15. Comparison of the fit indices of the measurement model

χ^2 with degree of freedom	762.81 (p=0.00) with 428 df	Fit guidelines
GFI	0.87	>0.9
RMSEA	0.049	<0.05 to 0.08
SRMR	0.043	<0.05
NFI	0.98	>0.9
CFI	0.99	>0.9
AGFI	0.84	>0.9
χ^2 / df	1.8	1 to 3

Source: Reisinger & Turner, 1999; Hair et al., 2006; Diamantopoulos & Siguaw, 2000; Brentler, 1990; Kline, 2006.

Assessment of the Measurement Model

An assessment of a measurement model involves an evaluation of the relationship between the latent variables and their indicators (Hair et al., 2006; Diamantopoulos & Siguaw, 2000). The validity of the measures indicates the extent to which an indicator usually measures what it is supposed to measure, while the reliability refers to the consistency of the measurement. The loadings of the indicators were evaluated and the results from the LISREL outputs showed all the indicator loadings to be statistically significant for the hypothesized constructs (Hair et al., 2006; Kline, 2006). The squared multiple correlations (SMCs) indicate how well the y-and x-variables measure the latent construct, the largest amount of variances that is accounted for by the constructs, and the extent to which the individual variables are free from the measurement error. The value of SMC ranges from 0 to 1. The value that is closer to one implying a better indicator of the latent construct (Reisinger & Turner, 1999). Table 16 shows the SMCs to range from 0.58 to 0.79 for the exogenous variables; and from 0.53 to 0.89 for the endogenous variables, which indicates a moderate to high reliability.

In addition to accessing the reliability of the individual indicators, the composite reliability and average variance extracted for each latent construct were also calculated using the formula below:

Composite reliability (CR):

$$\rho_c = (\Sigma\lambda)^2 / [(\Sigma\lambda)^2 + \Sigma(\theta)], \text{ and}$$

average variance extracted (AVE):

$$\rho_v = (\Sigma\lambda^2) / [\Sigma\lambda^2 + \Sigma(\theta)],$$

where:

ρ_c = the composite reliability

ρ_v = the average variance extracted

λ = the indicator loadings

θ = the indicator error variances

Σ = the summation of the indicators of the latent variable

The composite reliability values of each construct ranged from 0.87 to 0.97, all of which exceeded the cutting value of 0.60 (Diamantopoulos & Siguaw, 2000). The average variance extracted values of each construct ranged from 0.76 to 0.95. The loadings, SMC, CR and AVE values are summarized in Table 16.

Table 16. LISREL results for the measurement model

	Standard Loadings	SMC (R ²)	CR	AVE
Exogenous Variable				
Relational Benefits				
<i>Confidence benefits</i>			0.91	0.76
I believe there is less risk that something will go wrong by purchasing from this chain hotel (RB1).	0.77	0.59		
I have less anxiety when I do business with this chain hotel (RB2).	0.84	0.71		
I know what to expect when I visit this chain hotel (RB3).	0.79	0.63		
<i>Social benefits</i>			0.94	0.80
I am recognized by certain employees (RB4).	0.85	0.72		
I enjoy certain social aspects of the relationship with this chain hotel (RB5).	0.76	0.58		
I have developed a friendship with this chain hotel (RB6).	0.83	0.68		
Most employees know my name (RB7).	0.87	0.76		
<i>Special treatment benefits</i>			0.96	0.83
I get faster service than most customers get (RB8).	0.89	0.79		
I get better price than most customers get (RB9).	0.83	0.68		
I am usually placed on the priority list when there is a line (RB10).	0.87	0.76		
I get discounts or special deals than most customers do not get (RB11).	0.80	0.64		
I get better treatment than most customers (RB12).	0.86	0.74		
Endogenous variables				
<i>Satisfaction</i>			0.97	0.90
My choice to use this hotel was a wise choice (SA1).	0.87	0.76		
I am always delighted with this chain hotel's service (SA2).	0.89	0.80		
Overall, I am satisfied with this chain hotel (SA3).	0.92	0.84		
I think I did the right thing when I decided to use this chain hotel (SA4).	0.94	0.89		
<i>Corporate Reputation</i>			0.97	0.92
This chain hotel is a highly-regarded company (CR1).	0.91	0.82		
This chain hotel is a successful company (CR2).	0.92	0.85		
This chain hotel has a good reputation (CR3).	0.94	0.89		

<i>Trust</i>			0.98	0.91
I feel that this chain hotel is very honest and truthful (TR1).	0.92	0.85		
I feel that this chain hotel has high integrity (TR2).	0.93	0.87		
This chain hotel can be trusted completely (TR3).	0.91	0.82		
This chain hotel can be counted on to do what is right (TR4).	0.91	0.83		
<i>Identification</i>			0.87	0.77
Visual identification	0.73	0.53		
Verbal identification	0.88	0.78		
<i>Commitment</i>			0.97	0.90
I am committed to my relationship with this chain hotel (COM1).	0.87	0.75		
My relationship with this chain hotel is very important to me (COM2).	0.92	0.85		
My relationship with this chain hotel is something that I really care about (COM3).	0.93	0.87		
My relationship with this chain hotel is worth my effort to maintain (COM4).	0.92	0.85		
<i>Purchase Intention</i>			0.96	0.95
I will keep staying at this chain hotel in the future (PI1).	0.90	0.80		
I will consider this chain hotel my first choice if I travel in the future (PI2).	0.90	0.81		
I will stay at this chain hotel at least at current frequency in the future (PI3).	0.89	0.79		

Table 17. The phi matrix of the measurement model

	1	2	3	4	5	6	7	8	9
1. Confidence benefits	1.00								
2. Social benefits	0.50	1.00							
3. Special treatment benefits	0.43	0.87	1.00						
4. Satisfaction	0.81	0.44	0.36	1.00					
5. Corporate reputation	0.77	0.39	0.34	0.82	1.00				
6. Trust	0.82	0.49	0.44	0.88	0.85	1.00			
7. Identification	0.53	0.54	0.50	0.55	0.49	0.58	1.00		
8. Commitment	0.57	0.69	0.64	0.61	0.53	0.62	0.74	1.00	
9. Purchase intention	0.77	0.51	0.50	0.82	0.70	0.76	0.62	0.76	1.00

N=328. All phi-values are statistically significant at $p < .05$.

Structural Model

As a satisfactory measurement model was obtained, the structural model could be tested then. The purpose of evaluating the structural model was to determine whether the theoretical relationships specified are supported by the data. The structural relationships among the constructs were evaluated based on the defined constructs and confirmatory factor analysis evaluation.

The loading estimates of the structural model were examined to ensure that the loading estimates had not changed significantly from the CFA model. Table 18 shows that only minor changes occurred in the standard loadings and error variances. The value of changes was less than 0.02, which indicates parameter stability among the measured items in the structural model.

Table 18. LISREL results for the structural model

	Standard Loadings	SMC (R ²)	CR	AVE
Exogenous Variable				
Relational Benefits				
<i>Confidence benefits</i>			0.91	0.77
I believe there is less risk that something will go wrong by purchasing from this chain hotel (RB1).	0.77	0.60		
I have less anxiety when I do business with this chain hotel (RB2).	0.85	0.72		
I know what to expect when I visit this chain hotel (RB3).	0.78	0.61		
<i>Social benefits</i>			0.94	0.80
I am recognized by certain employees (RB4).	0.85	0.74		
I enjoy certain social aspects of the relationship with this chain hotel (RB5).	0.75	0.57		
I have developed a friendship with this chain hotel (RB6).	0.82	0.67		
Most employees know my name (RB7).	0.88	0.77		
<i>Special treatment benefits</i>			0.96	0.83
I get faster service than most customers get (RB8).	0.89	0.79		
I get better price than most customers get (RB9).	0.83	0.69		
I am usually placed on the priority list when there is a line (RB10).	0.87	0.76		
I get discounts or special deals than most customers do not get (RB11).	0.80	0.64		
I get better treatment than most customers (RB12).	0.86	0.74		
Endogenous variables				
<i>Satisfaction</i>			0.97	0.89
My choice to use this hotel was a wise choice (SA1).	0.87	0.76		
I am always delighted with this chain hotel's service (SA2).	0.89	0.79		
Overall, I am satisfied with this chain hotel (SA3).	0.91	0.83		
I think I did the right thing when I decided to use this chain hotel (SA4).	0.94	0.89		
<i>Corporate Reputation</i>			0.97	0.91
This chain hotel is a highly-regarded company (CR1).	0.90	0.82		
This chain hotel is a successful company (CR2).	0.91	0.83		
This chain hotel has a good reputation (CR3).	0.94	0.88		

<i>Trust</i>			0.98	0.91
I feel that this chain hotel is very honest and truthful (TR1).	0.92	0.84		
I feel that this chain hotel has high integrity (TR2).	0.94	0.87		
This chain hotel can be trusted completely (TR3).	0.91	0.82		
This chain hotel can be counted on to do what is right (TR4).	0.91	0.84		
<i>Identification</i>			0.87	0.77
Visual identification	0.73	0.54		
Verbal identification	0.88	0.77		
<i>Commitment</i>			0.97	0.90
I am committed to my relationship with this chain hotel (COM1).	0.87	0.76		
My relationship with this chain hotel is very important to me (COM2).	0.92	0.84		
My relationship with this chain hotel is something that I really care about (COM3).	0.93	0.86		
My relationship with this chain hotel is worth my effort to maintain (COM4).	0.92	0.85		
<i>Purchase Intention</i>			0.96	0.95
I will keep staying at this chain hotel in the future (PI1).	0.90	0.80		
I will consider this chain hotel my first choice if I travel in the future (PI2).	0.90	0.81		
I will stay at this chain hotel at least at current frequency in the future (PI3).	0.89	0.80		

Table 19. The phi matrix of the structural model

	1	2	3	4	5	6	7	8	9
1.Confidence benefits	1.00								
2.Social benefits	.49	1.00							
3.Special treatment benefits	.43	.88	1.00						
4.Satisfaction	.82	.44	.37	1.00					
5.Corporate reputation	.71	.38	.32	.86	1.00				
6.Trust	.62	.34	.28	.76	.88	1.00			
7.Identification	.37	.20	.17	.45	.52	.59	1.00		
8.Commitment	.40	.22	.18	.49	.57	.64	.75	1.00	
9.Purchase intention	.31	.17	.14	.38	.44	.50	.58	.78	1.00

N = 328. All phi-values are statistically significant at $p < .05$

The overall structural model fit was examined. Table 20 showed that most of the fit indices fell within the range of the suggested thresholds but the GFI for both measurement and structural model were slightly less than the fit guidelines.

Table 20. Comparison of the fit indices of the measurement and structural models

χ^2 with degree of freedom	Measurement Model 762.81 ($p=0.00$) with 428 df	Structural Model 1196.20 ($p=0.0$) with 451 df	Fit guidelines
GFI	0.87	0.82	>0.9
RMSEA	0.049	0.070	<0.05 to 0.08
SRMR	0.043	0.16	<0.10
NFI	0.98	0.97	≥ 0.9
CFI	0.99	0.98	≥ 0.9
AGFI	0.84	0.79	>0.9
χ^2 / df	1.8	2.65	1 to 3

Source: Reisinger & Turner, 1999; Hair et al., 2006; Diamantopoulos & Siguaw, 2000; Brentler; 1990; Kline, 2006.

Model Modification

The initial model was modified based on the modification indices that were suggested by the LISREL outputs. Each modification involved the additional of one more path as suggested by the modification indices. Table 21 shows the fit statistics for the initial and modified model. Model 2 was modified from the initial model by adding a path from “satisfaction” to “trust”.

The results for this model showed the newly added path to be significant with a decrease in the χ^2 of 103.11, which is greater than the critical value of χ^2 with one degree of freedom (3.84). All of the other fit indices showed improvement.

In conclusion, Model 2 was found to be the preferred model, with all of the fit statistics being acceptable. The substantial decrease in the Chi-square, GFI, RMSEA, and SRMR, shown in Table 21, suggested that Model 2 represented a significantly improvement in the model fit over the initial model.

Table 21. Fit statistics for the structural models

Model	χ^2	Prob.	df	χ^2/df	RMR	SRMR	RMSEA	CFI	GFI	AGFI
M1	1196.20	0.0	451	2.65	1.79	0.16	0.07	0.98	0.82	0.79
M2	1093.09	0.0	450	2.43	1.61	0.14	0.065	0.99	0.83	0.80

M1: Initial model.

M2: Initial model plus a path from “satisfaction” to “trust.”

Testing of the Hypotheses

The individual parameters were examined after the overall structural model was evaluated. All the hypotheses were tested by evaluating the relationships between endogenous and exogenous variables. Table 22 presents the standardized coefficients and t-values of all of the hypothesized paths in the model. The standardized coefficient shows the resulting change in an endogenous variable from a unit change in an exogenous variable, with all of the other exogenous variables being held constant. The sign of the coefficient indicated whether the two variables were moving in the same or opposite direction, and the t-value indicated whether the corresponding path coefficient was significantly different from zero. Coefficients with t-values above +1.96 or below -1.96 were considered as statistically significant. Seven out of ten paths reached statistical significance, and only three paths were not significant.

Hypothesis 1: Confidence benefits positively influence satisfaction.

This hypothesis speculates the positive relationship between confidence benefits and customers' satisfaction. This hypothesized relationship was supported. Confidence benefits were found to have a positive influence on satisfaction, with $\gamma_{1,1} = 0.79$ (t=13.31).

Hypothesis 2: Social benefits positively influence satisfaction.

This hypothesis posits that there is a positive relationship between social benefits and satisfaction. The results indicated that this hypothesis was not supported, with $\gamma_{1,2} = 0.13$ (t=1.21).

Hypothesis 3: Special treatment benefits positively influence satisfaction.

Hypothesis 3 proposed that special treatment benefits will have a positive influence on satisfaction. The results showed that special treatment benefits did not have a significant influence on satisfaction. Therefore, hypothesis 3 was not supported, with $\gamma_{1,3} = -0.07$ ($t=-0.68$).

Hypothesis 4: Satisfaction positively influences corporate reputation.

Hypothesis 4 was supported, as satisfaction was found to have a positive influence on corporate reputation in the U.S. lodging industry, with $\beta_{2,1} = 0.83$ ($t=17.59$).

Hypothesis 5: Corporate reputation positively influences trust.

This hypothesis was supported, as the corporate reputation was found to have a positive influence on trust, with $\beta_{3,2} = 0.35$ ($t=6.42$).

Hypothesis 6: Corporate reputation positively influences identification.

Hypothesis 6 was not supported, with $\beta_{4,2} = -0.02$ ($t= -0.22$). Corporate reputation did not have a significant influence on identification.

Hypothesis 7: Trust positively influences commitment.

Hypothesis 7 states that trust have a positive influence on commitment, and the result was supported, with $\beta_{5,3} = 0.32$ ($t=5.68$).

Hypothesis 8: Trust positively influences identification.

Hypothesis 8 was supported with $\gamma_{4,3} = 0.61$ ($t=5.11$). Trust was found to have a positive influence on identification.

Hypothesis 9: Identification positively influences commitment.

This hypothesis speculates the positive relationship between identification and commitment. This hypothesized relationship was supported. Identification was found to have a positive influence on commitment, with $\beta_{5,4} = 0.56$ ($t=8.35$).

Hypothesis 10. Commitment positively influences purchase intention.

Hypothesis 10 was supported, as commitment was found to have a positive influence on purchase intention, with $\beta_{6,5} = 0.78$ ($t=15.49$).

Table 22. Summary of Hypothesized Path Testing

Hypothesized Path	Standard Coefficient	t-value	Result
H ₁ : Confidence Benefits → Satisfaction	0.79	13.31*	Supported
H ₂ : Social Benefits → Satisfaction	0.13	1.21	Not supported
H ₃ : Special Treatment Benefits → Satisfaction	-0.07	-0.68	Not supported
H ₄ : Satisfaction → Corporate Reputation	0.83	17.59*	Supported
H ₅ : Corporate Reputation → Trust	0.35	6.42*	Supported
H ₆ : Corporate Reputation → Identification	-0.02	-0.22	Not supported
H ₇ : Trust → Commitment	0.32	5.68*	Supported
H ₈ : Trust → Identification	0.61	5.11*	Supported
H ₉ : Identification → Commitment	0.56	8.35*	Supported
H ₁₀ : Commitment → Purchase Intention	0.78	15.49*	Supported
New path Satisfaction → Trust	0.61	10.51*	New

Model Fit Indices: $df=450$, $\chi^2=1093.09$, RMSEA=0.065, CFI=0.99, SRMR=0.14

* Indicates significance at the 0.05 level

The squared multiple correlation (R^2) for the structural equation were evaluated. Squared multiple correlation (R^2) specify the amount of variance in each endogenous latent variable that is accounted for by the independent latent variables. The R^2 for the five endogenous variables ranged 0.35 to 0.84. Overall, the model had an R^2 of 0.60, which indicates that the three relational benefits components explained 60% of the variance in the purchase intention.

Figure 8: the standardized structural path coefficients in the structural model.

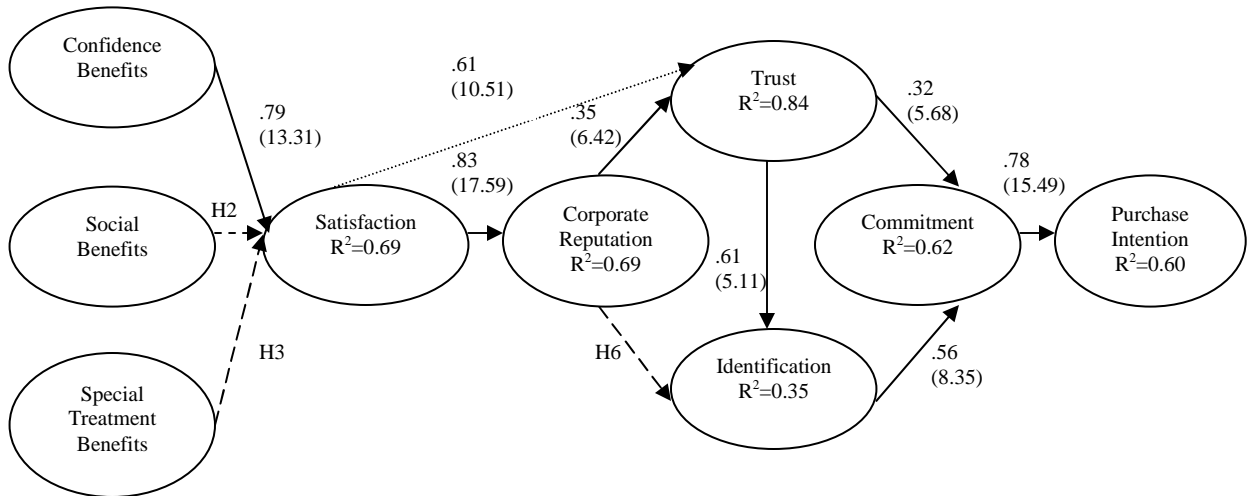


Figure 9: Initial structural model

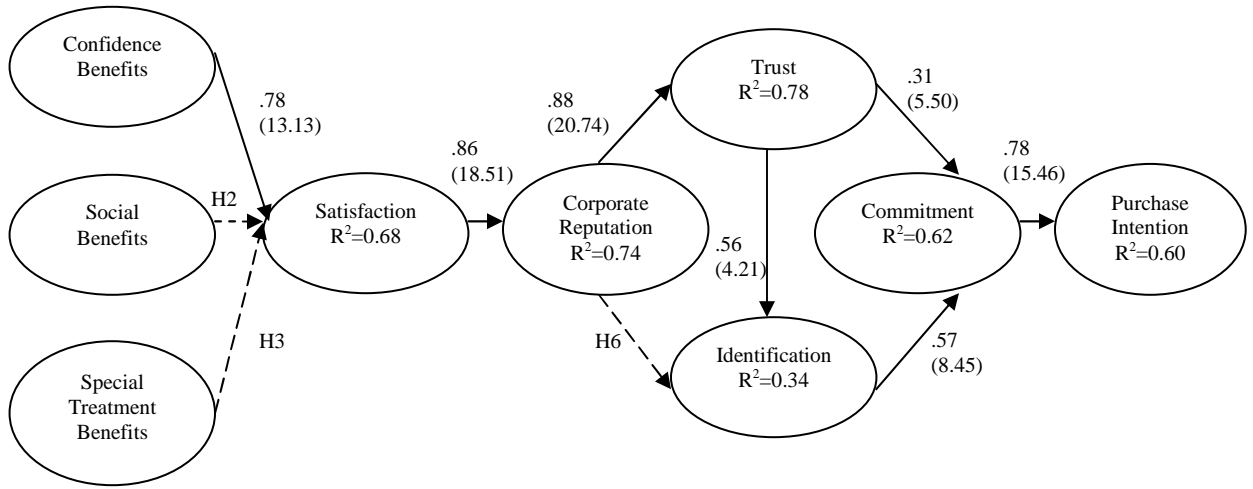
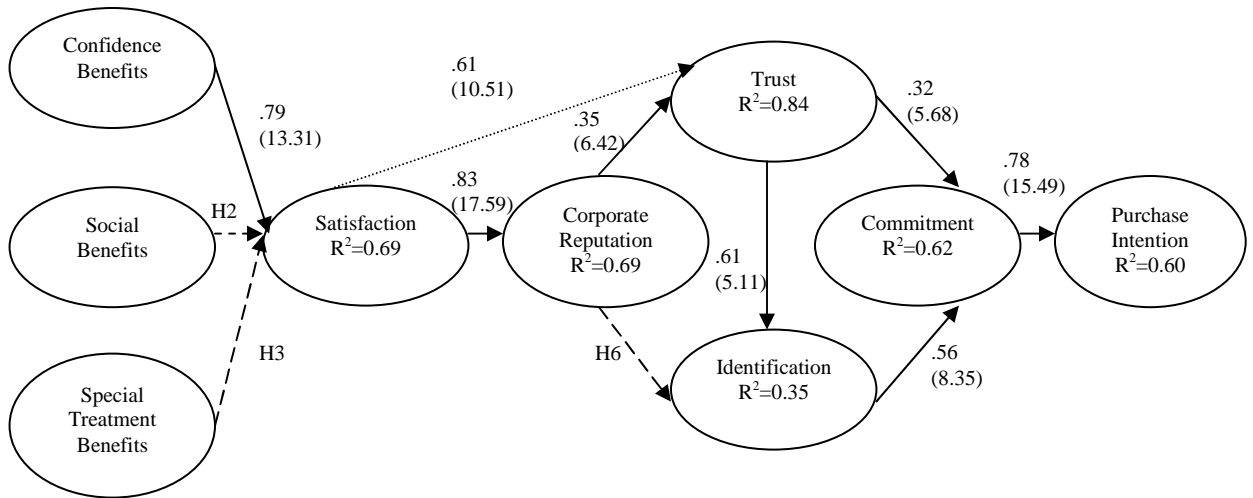


Figure 10: Final structural model



→ Significant paths - - - → Non-significant paths
 → New path (model Modification)

CHAPTER V

DISCUSSIONS AND CONCLUSION

This chapter summarizes the results of the study; discuss the theoretical and managerial implications of the findings, the limitations of the study, and future research.

Summary and Discussion of Findings

The objective of this study was to examine the impact of relational benefits and relationship marketing on purchase intention in the lodging industry. This study demonstrated that corporate reputation, an overall evaluation of the extent to which a firm is substantially “good” or “bad” (Keh & Xie, 2009), is significantly influenced by customer satisfaction. Furthermore, each type of relational benefits (except social benefits and special treatment benefits) has different effects on customer satisfaction and corporate reputation.

Of the three relational benefits dimensions, confidence benefits had the highest rating (mean = 5.45 out of 7). Results also indicated that significant differences existed between gender difference of the business travelers in social benefits, special treatment benefits, trust, identification, and commitment.

Consistent with previous research from Hennig-Thurau et al. (2002), confidence benefits had positive impact on customer satisfaction. Confidence benefits refer to the “feeling of reduced anxiety, trust, and confidence” in the service provider (Gwinner et al., 1998). The sense of reduced anxiety, trustworthiness of the service provider, and knowing what to expect from the service provider will help to grant an ongoing customers’ satisfaction from previous experience. Relationship marketing mainly involves two parties – customers and employees. In order to exceed your customers’ expectations, managers have to ensure that their employees are well-trained, so they can represent the organization, and help to answer/clarify customer’s question in a professional manner.

Social benefits are not a significant factor that increases customer satisfaction in the lodging industry. Social benefits comprise a sense of belonging, recognition, feeling of familiarity, friendship, and social support (Berry, 1983; Czepiel, 1990; Price & Arnould, 1999). Business travelers’ have their meeting/conferences in different cities, states, or countries. Even though they stay at the same hotel brand for each meeting/conference, it is not at the same location. Therefore, it is difficult for business travelers to establish a relationship/friendship with the hotel employees.

Special treatment benefits are not a significant factor that increases customer satisfaction as well. Special treatment benefits associated with economic and customization advantages for customers (Gwinner et al., 1998).

Economic benefits involve economic considerations that relates to price discounts for those customers who have developed a long-term relationship with the service provider (Gwinner et al., 1998). Although price is the primary motivator for developing a relationship in the airline industry and book club (Gwinner et al., 1998), their effects were not powerful enough to lock customers into the relationship in the lodging industry. The ease of online intermediary, such as Priceline, Travelocity, Expedia and etc, provide more opportunities for customer to shop around and compare prices before making the reservation. Price discount can be easily copied by the competitors and it may cover true relationships with the customers (Hennig-Thurau et al., 2002).

In customization benefits, the service providers may tailor their service to meet particular needs and preferences of their regular customers. Business travelers might be loyal to a particular hotel brand, but they stay at different locations when they travel. It is really hard for the hotel employees to tailor their service in order to meet business travelers' needs and preferences.

According to Selvi (2007), the main reason for relationship marketing is to attain customer loyalty by forming long term and mutually beneficial relationship between the organization and its customers. Colgate and Danaher's (2000) study revealed that the proper use of relationship marketing strategies actually increased levels of customer satisfaction and loyalty. Liang, Weng, and Farquhar (2009) found that customer perceptions positively affect financial performance. Customers purchase financial services with dissimilar benefits, all of which come with corresponding attributes, and hence result in different levels of customer satisfaction and behavioral sequence, which is important in reinforcing customers' trust, commitment, repurchase intentions and

corporate financial performance. Consistent with their research, this study found that customer satisfaction had a significant impact on trust. Higher satisfaction will lead to higher trust and therefore, it is critical for the hotel operators to provide and maintain an excellent service at all time in order to increase their purchase level in the future.

The link between satisfaction and loyalty is well established, but the one between satisfaction and corporate reputation has received minimal attention (Bontis et al., 2007). In this study, satisfaction was found to have a significant impact on corporate reputation. Service quality, marketing mix, brand image and brand name of a company will have an influence on perceived service performance. Satisfied customers tend to maintain their consumption pattern of the same products or services, therefore lead to repeat purchases. Walsh et al. (2008) and Walsh et al. (2006) showed that customer satisfaction and corporate reputation is strongly correlated. Consistent with previous research (Andreassen, 1994; Davies et al., 2002; Hennig-Thurau et al., 2002), brand image and reputation influences the buyer's purchase decision. A highly regarded, successful, and good reputation hotel actually encourages purchase by simplifying decision rules.

The relationship between trust and corporate reputation has been emphasized in marketing (Walsh et al., 2008; Bennett & Gabriel, 2001; Dooney & Cannon, 1997; Ganesan, 1994) but not in the lodging industry. This study has proven that corporate reputation had positive impact on trust. A highly regarded, successful, and well reputed company is more likely to gain customers' trust. According to Morgan and Hunt (1994), confidence is an important factor in creating relational trust. High reputation can, in fact, strengthen customers' confidence and reduce their anxiety when making judgment on service quality, products, and company's performance. Trustworthiness, credibility,

reliability, and responsibility are always interrelated to a reputable company. These can enhance customers' expectation of corporate competence in providing excellent service and products, especially in the lodging industry. Hence, highly regarded company can benefit from their reputable name, and should carefully manage essential relational resources resulting from having a good reputation.

Although corporate reputation is an important construct, there is no significant relationship between corporate reputation and identification. The result is somehow surprising. Previous research from Keh and Yeh (2009) had shown that corporate reputation has positive effect on customer identification. In this study, identification refers to the degree of overlap of self-schema and organizational schema (Brown et al., 2005). Previous literature (Ashforth & Mael, 1989; Bhattacharya & Sen, 2003) has mentioned that organizational identification can occur without formal membership. It might occur in other industry but not in the lodging industry. In the lodging industry it is impossible for a frequent customer identifies with a particular hotel without any formal membership. They have to have past experience with the hotel. Therefore, customers cannot commit and develop loyalty to an organization through identification.

Trust refers to a willingness to rely on an exchange partner in whom one has confidence (Moorman, Deshpandé, & Zaltman, 1993). Trust is an important indicator in almost all the industries. Trust is needed in order to build customer relationships and develop commitment. In the lodging industry, honesty, truthfulness, and high integrity are counted as part of trust. Fierce competition within the lodging industry causes price war, which can easily be copied by other competitors. In order to attract new customers

and retain the former customers, gaining their trust is the most important aspect before they can commit to a hotel brand.

This research supports the notion that trust is positively influencing identification in the lodging industry. Comparing corporate reputation with trust, trust has a stronger effect on customer identification, which represents the bonding between customers and companies. The study also shows that customers who identifying themselves with the hotels are more likely to be committed into a relationship. While trust is the fundamental to buying-selling relationship, identification is more successful in retaining customers.

The result of the study further revealed that the more customer identify with a service organization, the more they are committed to the current relationship (Brown et al., 2005; Lacey, 2007; Morgan & Hunt, 1994). In order to increase customer identification, this study suggests that customers should receive confidence benefits and trust from the relationship. Even though customization benefits had no impact on customer satisfaction, it is important for the hotel managers to try to enhance personal identity from the continuous recognition of customers' status and therefore, increase the sense of belonging to that organization. Furthermore, according to Bendapudi and Berry (1997), identification cannot be achieved without trust in a partner.

The result of the study further demonstrates that purchase intention is influenced by customers' commitment. Committed customers are not only expected to remain as customers but to also increase purchase intention in the future. In the lodging industry, repeat purchase is, by far, the most important determinant in developing long-term relationship. All in all, the constructs are interrelated. Satisfied customers will generate

positive corporate reputation towards a company, and positive corporate reputation of that company will develop trust from their customers. Trust, will also have the power to strengthen the bonding between customers and hotels, and therefore, customers will commit to a relationship with the particular hotel. They will continue buying from the same hotel if the services provided by the hotel meet and exceed their expectation.

Managerial Implications

Confidence Benefits and Satisfaction

The results of this study can be used by hotel operators/managers to better understand the relational benefits dimensions that contribute to customer satisfaction on relationship development. Customers expect to be satisfied, and simply focusing on customer satisfaction is not sufficient. Confidence benefits are the strongest factor in raising customer satisfaction. Confidence benefits are mainly derived from satisfactory experiences over time. Managers should keep in mind that relationship marketing is a long-term process. Confidence benefits require consistency of provided excellent service throughout the relationship development process. Excellent services and products should not be great at one time transaction but should be consistent in the long run. The accumulated satisfactory and the consistency of providing excellent products and services will also reduce customers' anxiety, risk, and they will know what to expect from the hotel the next time they visit.

Social Benefits, Special Treatment Benefits and Satisfaction

The result of this study found that social benefits and special treatment benefits are not a strong indicator in increasing customer satisfaction. Social benefits focus more on sense of belonging, recognition, familiarity, friendship, and social support (Berry, 1983; Czepiel, 1990; Price & Arnould, 1999). Even though business travelers might be loyal to one hotel brand, they may stay at different locations for each meeting. It is difficult for the hotel employees to develop a friendship and familiarity with those business travelers. Special treatment benefits do not indicate any significant effects on business travelers' satisfaction. Special treatment benefits emphasis more on economic and customization advantages for customers (Gwinner et al., 1998). Companies will pay for business travelers' accommodation and department administrator usually responsible for the hotel booking, and therefore, price discounts might not be their consideration. It is also difficult for the employees to tailor their service to meet particular needs for business travelers if they are not considering "regular" customers even though they are loyal to one particular brand. It will be useful if the parent company and their sub-brand can share one database. The information of the customers that stay at the hotel previously can be entered into the system for record keeping purposes. They can stay at any of the hotel within the United States and the employees will still be able to keep track their preferences. This can help in building relationship marketing in the long term. From the relational benefits dimensions, hotel manages should allocate their resources to increase confidence benefits. Although these two dimensions were not significant, social benefits and special treatment should not be ignored. Hotel employees should deliver the highest

standard of the services to all customers. This will enhance their customer evaluation on the overall service quality provided by the hotel.

Trust, Identification, and Commitment

Trust, again, is another important indicator that should not be ignored. The result of this study revealed that trust positive influence customer identification and commitment. The reputation of the company is very important in the lodging industry. It takes years to create a good reputation but a second to destroy it. A good image company not only taking care of their own employees, but also have social responsibility and transparency to the public. To all the employees at different levels; in order to build the good image, everyone in the company has to work together to achieve it. Managers should help in delivering the vision to everyone in the company.

Commitment and Purchase Intention

The lodging industry can achieve relational outcomes, such as commitment and purchase intention, through relationship marketing practices. Relationship marketing is a two-way relationship – the customer and the service provider. Some customers prefer not to develop this relationship with their service provider, and only care about one time transaction – transactional marketing; while the others willing to commit. Committed customers are willingly to engage in the relationship. Due to their willingness to commit into the relationship, they are more loyal to the service provider, and generate more purchase in the future.

Limitations and Suggestions for Future Research

This study has a few limitations to report. First, the response rate for this study is low, which only 0.2%. The huge amount of junk mail that online users receive might be one of the reasons that cause the low response rate. Also, a large amount of undelivered mail does not even reach the online users. Nonresponse bias occurs when the group of nonrespondents differs systematically from respondents with respect to exposure or disease status. To minimize this bias, a high participation rate is necessary or a survey is made of nonresponders to determine whether or how they might differ with regard to the risk of disease or exposure. Incentives or follow-up contact would be useful to increase response rate for future research as well.

Although items for relational benefits were adopted from previous research, it is possible that items that are important to chain hotel customers may not have been included in this study. Qualitative research method, such as focus group or personal interviews can be including for future research in order to provide more in-depth understanding in relational benefits specific to the lodging industry.

The items to measure identification need more attention from researchers. There are only two items used in this study, and it seems that most of the respondents stopped their survey at this questions. Easier items might help to increase response rate in the future.

This study did not examine the loyalty program usage by the respondents. Companies that offer loyalty programs believe that their programs have a long-run positive effect on customer evaluations and behavior. Nevertheless, if loyalty reward programs increase relationship durations and usage levels, customers will be increasingly

exposed to the complete variety of service experience. This might include the experiences that may cause customers to switch to another service provider, which can produce negative results if pushed to an extreme. It may be interesting to examine the potential outcomes between loyalty program users and non-users.

This study only examined the relationship development from the customers' perspective. Mutual understanding is needed to make relationship development better. It will be really useful if we can look at the relationship development from the hotel operators' perspective. Different criteria might be needed to evaluate whether the relationship development with this particular customer is worth trying.

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APPENDICES

APPENDICES A

SURVEY COVER LETTER

Dear Participants:

Hello! I am Christy Y.N. Ng, a doctoral candidate in Hospitality Administration at Oklahoma State University. I would greatly appreciate your help with my Ph.D. dissertation, title: A study of the impact of relational benefits and relationship marketing on purchase intention in the lodging industry. As part of this study, I am requesting you to answer a few questions about your lodging stay preferences and experiences.

As a traveler, you may have received certain benefits such as employees' recognition of customers and/or customized service from your patronized hotel chain. The purpose of this research study is to examine the impact of relational benefits and relationship marketing on purchase intention in the lodging industry. Results of the research study will help hospitality marketers, especially in chain hotels, provide customers appropriate benefits to increase commitment and purchase intentions in the future.

Since I am only sending this survey to a limited group of people, your response is very valuable to the success of this research study. Please take 10 minutes to complete the survey. Your email address was selected randomly from a publicly available database. Your participation is greatly appreciated.

Your participation is completely voluntary. There are no known risks associated with this study that are greater than those you would find from daily life. There is no penalty for refusal to participate and you are free to withdraw from the survey at anytime without penalty. Your response will remain confidential. To participate in this study, you should be at least 18 years of age.

Any record and information collected will be stored securely and privately in the PI's office and any written results will discuss group findings and will not include any information that can identify the individual. Research records will be stored securely and only principal investigator responsible for research oversight will have access to the record. All the data will be stored for a period of one year, after the completion of the study (2012). Once the research is published, the data collected will be destroyed.

If you have any question regarding the survey, please contact the principal investigator, Christy Y. N. Ng, a doctoral candidate, in the School of Hotel and Restaurant Administration at Oklahoma State University (email: christy.ng@okstate.edu; phone: 405-743-6689). If you have questions about your rights as a research volunteer, you may contact Dr. Shelia Kennison, IRB Chair, 219 Cordell North, Stillwater, OK 74078, 405-744-3377 or irb@okstate.edu. Thank you for your valuable time.

Please click the link below to start the survey. By clicking on the link, you understand and are giving your consent to participate.

START THE SURVEY

Sincerely,

Christy Y. N. Ng
Ph.D. Candidate
School of Hotel and Restaurant Administration
Oklahoma State University
Phone: 405-743-6689
Email: christy.ng@okstate.edu
Fax: 405-744-6299



APPENDICES B

SURVEY QUESTIONNAIRE

Questionnaire

Do you have a particular hotel chain (e.g. InterContinental, Cendant, Marriot, Accor, Choice, Hilton Corporation, Best Western, Starwood, Carlson, and Global Hyatt) that you stay with frequently when you travel?

If **yes**, please continue the survey.

If **no**, please stop the survey. Thank you for your attention.

Section I. Experiences of chain hotels

Which hotel chains do you stay with most frequently?

- | | | | |
|--------------------|--|---|--|
| InterContinental | <input type="checkbox"/> Intercontinental® Hotels & Resorts | <input type="checkbox"/> Hotel Indigo™ | |
| | <input type="checkbox"/> Crowne Plaza® Hotels & Resorts | <input type="checkbox"/> Holiday Inn Express® | |
| | <input type="checkbox"/> Holiday Inn® Hotels & Resorts | <input type="checkbox"/> Staybridge Suites® | |
| | <input type="checkbox"/> Candlewood Suites® | | |
| Cendant | <input type="checkbox"/> Amerihost Inn | <input type="checkbox"/> Days Inn | <input type="checkbox"/> Howard Johnson |
| | <input type="checkbox"/> Knights Inn | <input type="checkbox"/> Super 8 Motels | <input type="checkbox"/> Travelodge |
| | <input type="checkbox"/> Wingate Inn | <input type="checkbox"/> Wyndham Hotels & Resorts | |
| | <input type="checkbox"/> Baymont Inn & Suites | | |
| Marriott | <input type="checkbox"/> Marriott Hotels & Resorts | <input type="checkbox"/> JW Marriott Hotels & Resorts | |
| | <input type="checkbox"/> Renaissance Hotels & Resorts | <input type="checkbox"/> Courtyard by Marriott | |
| | <input type="checkbox"/> Residence Inn by Marriott | <input type="checkbox"/> Fairfield Inn & Suites by Marriott | |
| | <input type="checkbox"/> Marriott Conference Centers | <input type="checkbox"/> TownePlace Suites by Marriott | |
| | <input type="checkbox"/> SpringHill Suites by Marriott | <input type="checkbox"/> Marriott Vacation Club | |
| | <input type="checkbox"/> The Ritz-Carlton Hotel Company, L.L.C | | |
| | <input type="checkbox"/> The Ritz-Carlton Destination Club | | |
| | <input type="checkbox"/> Marriott ExecuStay | <input type="checkbox"/> Marriott Executive Apartments | |
| | <input type="checkbox"/> Grand Residence by Marriott | | |
| Accor | <input type="checkbox"/> Sofitel | <input type="checkbox"/> Pullman | <input type="checkbox"/> MGallery |
| | <input type="checkbox"/> Grand Mercure | <input type="checkbox"/> Novotel | <input type="checkbox"/> Mercure |
| | <input type="checkbox"/> Suitehotel | <input type="checkbox"/> Adagio | <input type="checkbox"/> ibis |
| | <input type="checkbox"/> all seasons | <input type="checkbox"/> Etap Hotel/Formule 1 | |
| | <input type="checkbox"/> hotelF1 | <input type="checkbox"/> Motel6 | <input type="checkbox"/> Studio6 |
| | <input type="checkbox"/> Accor Thalassa | <input type="checkbox"/> Lenotre | |
| Choice | <input type="checkbox"/> Comfort Inn | <input type="checkbox"/> Comfort Suites | <input type="checkbox"/> Quality Inn |
| | <input type="checkbox"/> Sleep Inn | <input type="checkbox"/> Clarion | <input type="checkbox"/> Cambria Suites |
| | <input type="checkbox"/> Mainstay Suites | <input type="checkbox"/> Suburban Extended Stay Hotels | |
| | <input type="checkbox"/> Econo Lodge | <input type="checkbox"/> Rodeway Inn | |
| Hilton Corporation | <input type="checkbox"/> Waldorf Astoria Collection | <input type="checkbox"/> Conrad Hotels & Resorts | |
| | <input type="checkbox"/> Hilton Hotels | <input type="checkbox"/> Doubletree | <input type="checkbox"/> Embassy Suites Hotels |
| | <input type="checkbox"/> Hilton Garden Inn | <input type="checkbox"/> Hampton Hotels | <input type="checkbox"/> Homewood Suites by Hilton |
| | <input type="checkbox"/> Home 2 Suites by Hilton | <input type="checkbox"/> Hilton Grand Vacation | |

- Best Western Best Western Best Western Premier
- Starwood Le Meridien Four Points Westin Hotels & Resorts
 The Luxury Collection Hotels & Resorts a loft
 Sheraton Hotels & Resorts element by Westin
 ST REGIS W Hotels
- Carlson Regent Hotels & Resorts® Radisson Hotels & Resorts®
 Park Plaza® Hotels & Resorts Country Inns & Suites By CarlsonSM
 Park Inn®
- Global Hyatt Park Hyatt Andaz Grand Hyatt
 Hyatt Regency Hyatt Place Hyatt Summerfield Suites
 Hyatt Resorts Hyatt Vacation Club

Please answer the following questions about the hotel chain that **you stay with most frequently** when you travel.

1. When was your last stay with this chain hotel?
 - Between 1 – 3 months Between 3 – 5 months
 - Between 5 – 7 months Between 7 – 9 months
 - Other (please specify) _____

2. How long have you patronized this chain hotel?
 - Less than a year 1 -2 years 2 – 3 years
 - 3 – 4 years More than 4 years

3. How often do you visit this chain hotel?
 - 1 – 3 times per year 3 – 5 times per year
 - 5 – 7 times per year 7 – 9 times per year

Section II. Your opinion about the hotel chain

Please indicate your level of agreement or disagreement with the following statements concerning the chain hotel that **you particularly stay with frequently** when travelling.

1 = Extremely disagree, 2 = Strongly disagree, 3 = Somewhat disagree, 4 = Neither agree nor disagree, 5 = somewhat agree, 6 = strongly agree, 7 = Extremely agree

Relational Benefits

	Extremely Disagree					Extremely Agree	
1. I believe there is less risk that something will go wrong by purchasing from this chain hotel.	1	2	3	4	5	6	7
2. I have less anxiety when I do business with this chain hotel.	1	2	3	4	5	6	7
3. I know what to expect when I visit this chain hotel.	1	2	3	4	5	6	7
4. I am recognized by certain employees.	1	2	3	4	5	6	7
5. I enjoy certain social aspects of the relationship with this chain hotel.	1	2	3	4	5	6	7
6. I have developed a friendship with this chain hotel.	1	2	3	4	5	6	7
7. Most employees know my name.	1	2	3	4	5	6	7
8. I get faster service than most customers get.	1	2	3	4	5	6	7
9. I get better price than most customers get.	1	2	3	4	5	6	7
10. I am usually placed on the priority list when there is a line.	1	2	3	4	5	6	7
11. I get discounts or special deals than most customers do not get.	1	2	3	4	5	6	7
12. I get better treatment than most customers.	1	2	3	4	5	6	7

Satisfaction

	Extremely Disagree					Extremely Agree	
1. My choice to use this chain hotel was a wise choice.	1	2	3	4	5	6	7
2. I am always delighted with this chain hotel's service.	1	2	3	4	5	6	7
3. Overall, I am satisfied with this chain hotel.	1	2	3	4	5	6	7
4. I think I did the right thing when I decided to use this chain hotel.	1	2	3	4	5	6	7

Corporate Reputation

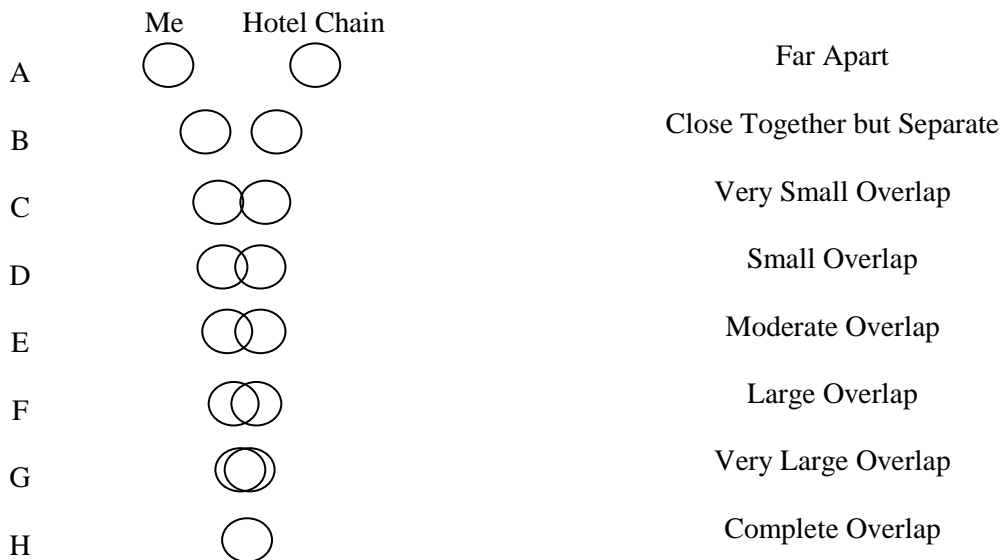
	Extremely Disagree						Extremely Agree
1. This chain hotel is a highly-regarded company.	1	2	3	4	5	6	7
2. This chain hotel is a successful company.	1	2	3	4	5	6	7
3. This chain hotel has a good reputation.	1	2	3	4	5	6	7

Trust

	Extremely Disagree						Extremely Agree
1. I feel that this chain hotel is very honest and truthful.	1	2	3	4	5	6	7
2. I feel that this chain hotel has high integrity.	1	2	3	4	5	6	7
3. This chain hotel can be trusted completely.	1	2	3	4	5	6	7
4. This chain hotel can be counted on to do what is right.	1	2	3	4	5	6	7

Identification

1. Some people suggest that customers want to be associated with companies that reflect the attributes and values of the customers themselves. Imagine that one of the circles in each row represents your own personal identity and the other circle at the right represents the chain hotel's identity. Please indicate which one case (A, B, C, D, E, F, G, or H) best describes the level of overlap between your and the chain hotel's identities. Circle only **ONE** letter on the following scale.



	Not at all	moderate					Very much
2. Please indicate to what degree your self-image overlaps with this chain hotel's image.	1	2	3	4	5	6	7

Commitment

	Extremely Disagree					Extremely Agree	
1. I am committed to my relationship with this chain hotel.	1	2	3	4	5	6	7
2. My relationship with this chain hotel is very important to me.	1	2	3	4	5	6	7
3. My relationship with this chain hotel is something that I really care about.	1	2	3	4	5	6	7
4. My relationship with this chain hotel is worth my effort to maintain.	1	2	3	4	5	6	7

Purchase Intention

	Extremely Disagree					Extremely Agree	
1. I will keep staying at this chain hotel in the future.	1	2	3	4	5	6	7
2. I will consider this chain hotel my first choice if I travel in the future.	1	2	3	4	5	6	7
3. I will stay at this chain hotel at least at current frequency in the future.	1	2	3	4	5	6	7

Section III. Please tell us about yourself.

Please answer the following questions to provide information about yourself. This information will be used for research purposes only.

- Gender Male Female
- Age group 18 – 27 28 – 37 38 – 47 48 and above
- Marital status Single Married
- Education Less than high school degree High school degree
 Diploma College graduate
 Graduate degree
- Annual household Income Under \$20,000 \$20,000 to \$39,999
 \$40,000 to \$59,999 \$60,000 to \$79,999
 \$80,000 to \$99,999 \$100,000 or greater

Thank you for your time and participation in this study!

APPENDICES C

OKLAHOMA STATE UNIVERSITY
INSTITUTIONAL REVIEW BOARD (IRB) APPROVAL

Oklahoma State University Institutional Review Board

Date: Monday, December 14, 2009
IRB Application No HE0970
Proposal Title: A Study of the Impact of Relational Benefits and Relationship Marketing on Purchase Intention in the Lodging Industry

Reviewed and Processed as: Exempt

Status Recommended by Reviewer(s): Approved Protocol Expires: 12/13/2010

Principal Investigator(s):
Yen Nee (Christy) Ng Radesh Palakurthi
210 HESW 210 HES
Stillwater, OK 74075 Stillwater, OK 74078

The IRB application referenced above has been approved. It is the judgment of the reviewers that the rights and welfare of individuals who may be asked to participate in this study will be respected, and that the research will be conducted in a manner consistent with the IRB requirements as outlined in section 45 CFR 46.

The final versions of any printed recruitment, consent and assent documents bearing the IRB approval stamp are attached to this letter. These are the versions that must be used during the study.

As Principal Investigator, it is your responsibility to do the following:

1. Conduct this study exactly as it has been approved. Any modifications to the research protocol must be submitted with the appropriate signatures for IRB approval.
2. Submit a request for continuation if the study extends beyond the approval period of one calendar year. This continuation must receive IRB review and approval before the research can continue.
3. Report any adverse events to the IRB Chair promptly. Adverse events are those which are unanticipated and impact the subjects during the course of this research; and
4. Notify the IRB office in writing when your research project is complete.

Please note that approved protocols are subject to monitoring by the IRB and that the IRB office has the authority to inspect research records associated with this protocol at any time. If you have questions about the IRB procedures or need any assistance from the Board, please contact Beth McTernan in 219 Cordell North (phone: 405-744-5700, beth.mcternan@okstate.edu).

Sincerely,



Shelia Kennison, Chair
Institutional Review Board

VITA

Christy Yen Nee Ng

Candidate for the Degree of

Doctor of Philosophy

Dissertation: A STUDY OF THE IMPACT OF RELATIONAL BENEFITS AND
RELATIONSHIP MARKETING ON PURCHASE INTENTION IN THE
LODGING INDUSTRY

Major Field: Human Environmental Sciences

Biographical:

Personal Data: Daughter of Cheng Chuan Ng and Sau Yong Kok; married to
Jerome M. L. Keong in June, 2007.

Education: Received the Bachelor of Science degree in Marketing and minor in
Finance from Oklahoma State University, Stillwater, Oklahoma, in
May, 2001; received the Master of Science degree with a major in
Hospitality Administration at Oklahoma State University, Stillwater,
Oklahoma in July, 2005; completed the requirements for the Doctor of
Philosophy degree with a major in Hospitality Administration at
Oklahoma State University, Stillwater, Oklahoma in July, 2010.

Experience: Teaching Assistant at the School of Hotel and Restaurant
Administration, Oklahoma State University (Spring 2006 to Spring
2010); Food Lab Instructor at the School of Hotel and Restaurant
Administration, Oklahoma State University (2005, 2006, 2009); Dining
Graduate Assistant for Residential Life, Oklahoma State University
(2003-2005), Liaison Officer for The Ritz Carlton, Kuala Lumpur,
Malaysia (Summer 2004).

Professional Memberships: Lifetime member of The Honor Society of Kappa
Omicron Nu and Eta Sigma Delta

Name: Christy Yen Nee Ng

Date of Degree: July, 2010

Institution: Oklahoma State University

Location: Stillwater, Oklahoma

Title of Study: A STUDY OF THE IMPACT OF RELATIONAL BENEFITS AND
RELATIONSHIP MARKETING ON PURCHASE INTENTION IN THE
LODGING INDUSTRY

Pages in Study: 129

Candidate for the Degree of Doctor of Philosophy

Major Field: Human Environmental Science

Scope and Method of Study: The purpose of the study was to examine the impact of relational benefits and relationship marketing on purchase intention in the lodging industry. This study suggested that relational benefits be significant antecedents to increase customer satisfaction and corporate reputation, which, as a result, influence customer commitment and purchase intention. The target population of the study was all the business travelers in the U.S. listed in a public available database purchased. A convenience sampling was utilized to draw samples. An online survey was conducted to collect data. Confirmatory factor analysis and structural equation modeling were used to analyze the data.

Findings and Conclusions: This study demonstrated that corporate reputation is significantly influenced by customer satisfaction. As expected, confidence benefits had positive impact on customer satisfaction. The sense of reduced anxiety, trustworthiness of the service provider, and knowing what to expect from the service provider will help to grant an ongoing customers' satisfaction from previous experience. Although social benefits and special treatment benefits were not significant, service provider should not ignore these two dimensions. Hotel employees should deliver the highest standard of the services to all customers. This will enhance their customer evaluation on the overall service quality provided by the hotel. The result of this study also revealed that trust positive influence customer identification and commitment. The reputation of the company is very important in the lodging industry; it takes years to create a good reputation but a second to destroy it. To all employees at different levels; in order to build the good image, everyone in the company has to work together to achieve it. Managers should help in delivering the vision to everyone in the company. Committed customers are willingly to engage in the relationship. Due to their willingness to commit into the relationship, they are more loyal to the service provider, and generate more purchase in the future.

ADVISER'S APPROVAL: Dr. Radesh Palakurthi
