

Managing customer relationships in emerging markets: Focal roles of relationship comfort and relationship proneness

Purpose – This paper studies the impact of relationship comfort and relationship proneness on the ability of service firms to build and maintain customer relationships in emerging markets (EM).

Design/methodology/approach – A field-survey was conducted with retail banking customers in India (N=300) using a structured self-administered questionnaire with well-established scales.

Findings – Relationship comfort positively affects key relationship marketing (RM) constructs (e.g., customer satisfaction, trust, commitment and loyalty) and relationship proneness positively moderates (strengthens) the impact of relationship comfort on customer commitment and loyalty.

Research limitations/implications: The findings may not be generalizable to all customer types using bank services as well as other types of services and in other emerging markets.

Practical implications – Service firms in emerging markets can build and maintain robust customer relationships by using relationship comfort and relationship proneness to strengthen key RM constructs, such as customer satisfaction, trust, commitment and loyalty.

Originality/value – The paper highlights the importance of maintaining RM as a tool to build valuable customer relationships but also reveals the importance of relationship comfort and relationship proneness in building trust-based customer relationships in the emerging markets.

Keywords: Emerging markets; relationship proneness; relationship comfort; customer loyalty; relational commitment

Paper type: Research paper

Introduction

One of the long standing challenges facing service firms has been their ability to build and maintain quality customer relationships (e.g. Al Alak, 2014; Crosby *et al.*, 1990; Giovanis *et al.*, 2015; Sajtos and Chong, 2018) due to the benefits relationship marketing (RM) can bring customers (Lee, *et al.*, 2014). Sheth (2011) makes the point that a firm's RM efforts, and through that how they engage customers, are equally important within emerging market (EM) contexts. However relatively little is known about how this RM domain of the services discipline plays out within an emerging Asian marketplace. This is particularly important to understand considering that for those Asian customers that have an insatiable appetite for services, that particular need is currently not being fully met by their local 'home based' service firms (ANZ *et al.*, 2015). With the exception of Singapore, this is largely underscored through the underdeveloped service sector in Asian economies as countries comprise less than 55 percent of their GDPs (WTO, 2019). Typically though, as underdeveloped economies begin to mature, their service businesses begin to play a more dominant role within the economy. Therefore a better understanding of how 'home based' providers within EMs are capable of drawing upon their building customer relationships is tantamount if firms are to ensure this growing need in the Asian region is not met by more experienced service providers that are based in more mature economies.

The growing demand for services in EMs due to "disposable incomes is driving an increase in consumers' spending power and creating demand for new service delivery systems" (Roy *et al.*, 2018, p. 2) means local EM service providers that compete against foreign competition need to understand how to take full advantage of these emerging opportunities. Typically, foreign-service providers understand the need as well as how to engage and build robust customer relationships in emerging Asian markets (Commonwealth of Australia, 2012) so local service firms need to be

extra vigilant in their RM efforts. Thus the ability to deploy RM strategies to fulfil current and future customer demands is a pre-requisite in local service firms in EMs because foreign-service providers have become highly adept at deploying their relational building competencies to engage with the customer. For example, the current performance of Australian service firms in their exports of education (DFAT, 2017) and tourism (Tourism Australia, 2018) into the Asian region - currently in the order of AUD \$28 billion (DET, 2017) and AUD \$37.2 billion (TRA, 2017) respectively – demonstrates the dominance of established foreign service firms in Asia’s EMs (Taskforce Asialink, 2012).

Given the Asian region is forecast to dominate and shape global economic growth in coming decades (Commonwealth of Australia, 2012) but conversely the Asian service sector is still largely underdeveloped (ASEAN, 2013), this in effect means that locally based service firms will remain vulnerable to foreign-service providers if they cannot leverage their RM efforts. Despite RM being relatively well-established in the services marketing discipline (Alhathal *et al.*, 2019) very little is still understood about how service providers operating in EMs are able to draw upon their RM building resources to help engage with and nurture critical customer relationships. With that specifically in mind, the main aim of this research is to examine how local service firms (namely banks) in the EM of India are able to engage customers in the process of building and nurturing quality relationships with them. Since customer engagement has its conceptual roots in RM theory (e.g. Brodie *et al.*, 2011) exploring the role of RM in this context correspondingly underscores the overarching theme of this special issue, namely the call for research that helps to further understand the marketing of services in EMs. In doing so, this research thus draws upon the well-established RM domain to engage in meaningful relationships with the customer and thus specifically contribute to the better *understanding of customer engagement and engagement behaviour* in EMs.

More specifically, we present a conceptual model (see figure 1) grounded in the RM domain that attempts to empirically determine the role that relational comfort has on customer satisfaction, trust, commitment and loyalty that bank customers in EMs have towards their service providers, as well as establish how relational satisfaction, trust, commitment and loyalty relate to one another. Finally we attempt to determine whether relationship proneness moderates the link between customer relationship comfort and these four key RM variables that help to underpin successful service firm-customer relationships. Since many EMs are countries that are largely are collectivist in nature (Walumbwa and Lawler, 2003) we postulate that relationship comfort and proneness potentially play a further role in helping to build relationships within those contexts. Therefore, we test the effects of these two constructs on the RM efforts of the service firm.

Our research contributes to the services literature within the context of EMs in two ways. First, we explore how RM can help understand service relationships within EMs and through this better appreciate how this important service domain can help service providers better engage with the customer. Since there is a distinct paucity of understanding how to engage with the customer in EMs (Kumar *et al.*, 2019) our research helps to address this gap by integrating engagement with RM theory. Second, to the best of our knowledge this research is the first in the extant literature to reveal the critical role that customer comfort and relationship proneness play in helping to nurture robust relationships. Relationship proneness is known to play an important part of managing customer relationships (Turner-Parish and Bugg-Holloway, 2010) but its effects on relational constructs of trust and commitment and in particular how this relates to high context relationships in EMs is largely unknown. Similarly, whilst relationship comfort has been previously recognized as being a positive mind-set in a relationship (Spake *et al.* 2003), the effects of the construct on the underpinnings of quality customer relationships (i.e. satisfaction, trust and commitment) and how this impacts customer loyalty in EMs is also unknown. We now discuss the underpinnings of our

conceptual model that helps to uncover the nature of the link between these important relational constructs.

Conceptual background and hypotheses

According to cognitive consistency theory, customers endeavour to have harmonious relationships in line with their beliefs, feelings and behaviours (McGuire, 1976; Meyers-Levy and Tybout, 1989) in order to help reduce the psychological tension which leads to feelings of elevated comfort in relationships. In essence, since the need for cognitive consistency means individuals are motivated to affiliate with ‘similar others’ (Luther *et al.*, 2016, p. 51) we posit that this will be reflected in their relationships with the service provider and through that help to underpin the constructs that depict quality relationships (i.e. satisfaction, trust and commitment) as well as the level of customer loyalty. We make this assertion on the basis that previous studies have revealed that customer comfort is an important motivational driver for maintaining robust and quality relationships with service providers (e.g. Lloyd and Luk, 2011; Spake *et al.*, 2003). Therefore, this particular line of inquiry provides a suitable basis to examine how effectively those service firms originating in EMs can use the RM approach to advantage to help build robust customer relationships. Typically, earlier studies in retailing show that Indian customers regard the level of comfort they have towards the store and relationship with its owner to be critical to their store choice (e.g. Sinha and Banerjee, 2004; Zameer and Mukherjee, 2011) suggesting this construct is an important determinant of RM success in services relationships within EMs. Indeed, the impact of relationship comfort in the context of RM strategies given the overall success a firm’s RM program is dependent not only on strategy and/or implementation but also on the preferences of the individual customer (Gwinner *et al.*, 1998). This is important to know because earlier literature indicates that some customers are “psychologically predisposed” to engage in relationships than

others (Chrisy *et al.*, 1996) thus the effects of wanting to be in relationships (i.e. relationship proneness) needs to be factored into helping explain how well local service firms operating in EMs can nurture key relational outcomes.

Relationship comfort has been previously identified as a tactic for instilling the feel good factor and building rapport with customers (Littin, 2004; Lloyd and Luk, 2011) and to this end has been recognized as an important element in business relationships that is typically developed through personal bonds (Witkowski and Thibodeau, 1999). The construct has been defined as “a psychological state wherein a customer’s anxiety concerning a service has been eased, and he or she enjoys peace of mind and is calm and worry free concerning service encounters with this provider” (Spake *et al.* 2003, p. 321). Thus its presence is an important consideration within service settings within EMs that involve face-to-face interactions because service interactions are extensively social encounters (Malhotra *et al.*, 2005) and such encounters are highly characteristic in high context societies such as those within EMs when compared to low context societies (e.g. Kim *et al.*, 1998). Earlier studies have shown how relationship comfort impacts on a number of key relationship marketing (RM) variables. For example, Spake, *et al.*, (2003) reveal the construct to have positive impact on the level of satisfaction, trust, commitment and active voice in the context of service relationships. Satisfaction, trust and commitment signify quality relationships (Dagger and Sweeny, 2007; Vieira *et al.*, 2008; Athanasopoulou, 2009; Shin *et al.*, 2017; Cambra-Fierro *et al.*, 2018) and all these help to drive customer loyalty (e.g. Chaudhuri and Holbrook, 2001; Evanschitzky, *et al.*, 2006; Kingshott *et al.*, 2018); hence, one of the aims of adopting RM as a strategy to engage the customer is to help nurture these key relational constructs.

Consequently, scholars (e.g. Alhathal *et al.*, 2019; Kingshott *et al.*, 2018) have attempted to identify the drivers of these important RM constructs thus in service settings we propose further

that relationship comfort also plays a key role in helping to nurture customer relationships. The construct has been long recognized as one of the five common attributes shared by all intimate relationships (Stern, 1997) thus plays a central role in building customer service relationships, particularly those that involve the interaction between individuals. Comfort is an important variable underlying the maintenance of successful, ongoing service provider relationships in the research on service quality (Dabholkar *et al.*, 2000) with far reaching relational consequences.

As indicated earlier, relationship comfort has particular importance in EMs and in particular India (Sinha and Banerjee, 2004; Zameer and Mukherjee, 2011) because it helps to shape where consumers are likely to shop. Drawing upon cognitive consistency theory, we therefore posit such consumer choices in the service provider is directly linked to whom they are likely to feel most comfortable with and we argue this is even more so in high context EM settings. Typically then, the presence of this construct impacts the customers' selection of service provider; development and maintenance of relationships with that service provider; and, even the termination of the relationship with that provider (Bowlby, 1982; Hill *et al.* 1989; Stern, 1997; Rich and Smith, 2000; Spake *et al.*, 2003). This has support elsewhere in the literature. For example, in the highly collectivist Hong Kong context, comfort is found to have a positive impact on overall service quality and customer satisfaction (Lloyd and Luk, 2011) therefore we infer this to be present in EMs that are similarly collectivist in nature. In other words, relationship comfort is one of the key drivers of customer relationships in EMs because it helps in selecting and nurturing the relationship, as well as potentially acting as an exit barrier. Therefore, its presence potentially tempers the EM customers' desire to engage in and maintain their relationship with the service provider.

This means that relationship comfort offers customers a sense of security in a relationship as it engenders a sense that the service provider is a reliable and responsive partner - one who is always "there" for support (Bowlby 1982). In collectivist countries when members of society place high reliance on one another we posit that relationship comfort serves to further enhance the relational efforts of the service firm. Given trust is also reliance based (Moorman *et al.*, 1992) this also means the presence of comfort has the potential capacity to build trust within relationships in collectivist societies. Drawing upon trust to maintain and enhance service relationships with the customer has been one way that banks have increased customer retention (Colgate and Alexander 1998; Kingshott *et al.*, 2018) meaning service providers, such as banks that recognize this link will invest exorbitantly in terms of their RM programs.

Using RM to build customer satisfaction and retention are crucial given customers perceive very little difference in services provided by retail banks and even then new offerings can be copied by competitors overnight (Coskun and Frohlich 1992; Levesque and McDougall 1996). Satisfaction, trust and relationship commitment are core RM outcomes (Odekerken-Schroder *et al.*, 2003) that help drive customer loyalty (Hennig-Thurau *et al.*, 2002), thus in line with this and the work of Spake *et al.* (2003) and by drawing upon cognitive consistency theory we also propose that in EMs the presence of relationship comfort also positively impact these constructs. Accordingly, on the basis of the above discussion we hypothesize:

H1. Relationship comfort positively influences satisfaction with the bank.

Given relationship comfort is also underpinned by reliance in the other party (e.g. Bowlby, 1982) the implication is that this construct is directly related to trust in service settings. For example, in relation to banks, trust comprises a long held customer belief that they can be relied on to act in such a manner that the long term interests of the customer will be served (van Esterik-Plasmeijer

and van Raaij, 2017; Kingshott *et al.*, 2018). Such reliance is also reflected through cognitive consistency theory due to the overarching principle that an individual desires consistency between attitudes and behaviour (Heider, 1946), thus suggesting relationship comfort can also help to propagate trust in the service provider. This has some support in the literature. For example, in general, relationship comfort has also been found to play an important role in the development of trust in diverse service contexts that necessitate the presence of trust, such as funeral services (Hyland and Morse 1995), international marketing (Witowski and Thibodeau 1999), public relations (Levy 2000), healthcare (Brixey 2004; Procter 2004), and leadership (Ecke and Tomskey 2002). However, previous studies show that in collectivist societies whilst trust is a key feature in such societies, service providers find trust more difficult to build – particularly with the out-group (Huff and Kelly, 2003; Doney *et al.*, 1998). Therefore the inference we draw is that relationship comfort would need to play a central role in a relationship if trust is to be directed towards the service provider in EMs. Accordingly, we hypothesize that:

H2. Relationship comfort positively influences trust with the bank.

Since the literature is abundant with empirical studies showing the link between trust and commitment (e.g. Morgan and Hunt, 1994; Kingshott, 2006; Aurier and N’Goala, 2010; Alhathal *et al.*, 2019) we also anticipate that relationship comfort, trust and commitment are also going to be intrinsically linked to one another within EM service settings. Comfortable relationships are known to lead to the creation of a “zone of comfort” between the two parties (Waring *et al.*, 1980) and quickly become indispensable and irreplaceable for both the parties (Stern, 1997). This narrative also reflects the underpinnings of relationship commitment since the construct is depicted “as an enduring desire to maintain a valued relationship” (Moorman *et al.*, 1992, p.316). Furthermore, offering predictability and reliability in relationships by making your customers feel

comfortable leads to greater commitment and devotion (Bell and Bell, 2004), which corroborates the view that the likelihood of the establishing long lasting relationships will result if two parties are comfortable with each other (Rich and Smith, 2000). Accordingly, we hypothesize:

H3. Relationship comfort positively influences commitment with the bank.

The ultimate purpose of a services firm's relational efforts is to build customer loyalty because (in a banking context) indicates the preference accorded to that bank for day-to-day transactions and new products and services. Loyalty also has the effect of yielding positive informal communication between people regarding their experiences with the bank (Hennig-Thurau *et al.* 2002). Customers tend to feel empowered when they experience psychological and physical comfort in the relationship with a service provider, thus becoming devoted patrons of that service provider (Bell and Bell, 2004). This is explained by cognitive consistency theory because when consumers perceived the service provider as favourable in terms of aligning with their attitudes then their repurchase behavioural intentions will tend to increase (Park and Yoo, 2020, p. 4). Moreover, comfort in a service relationship also acts as a barrier to exit (Spake *et al.* 2003). Other positive outcomes of comfort include reduced perceived risk and enhanced relational exchange (Spake *et al.* 2003), and these also encouraging favourable word of mouth about the service provider. Accordingly, we hypothesize as follows:

H4. Relationship comfort positively influences loyalty with the bank.

The link between satisfaction, trust and commitment is well researched in literature in terms of satisfaction being the antecedent of trust and commitment (Dwyer *et al.*, Oh, 1987; Westbrook and Oliver, 1991; Moorman *et al.* 1992; Morgan and Hunt, 1994; Costabile, 2000; Rich, 2000; Ojasalo 2002). Although some authors argue trust is antecedent of satisfaction (e.g. Doney and Cannon,

1997; Ramsey and Sohi 1997), the nexus between satisfaction and repurchase intention through trust and commitment has been explored by several authors (Bloemer and Lemmink 1992; Zeithaml *et al.*, 1996; Bloemer *et al.*, 1998; Oliver 1999; Zeithaml *et al.*, 2001). Dwyer *et al.*, (1987) depict satisfaction and trust being built during subsequent phases of relationship development, thus supporting a sequential satisfaction-trust relationship (De Wulf, 1999).

Therefore, we propose the following hypotheses:

H5. Relationship satisfaction positively impacts relationship trust.

H6. Relationship trust positively impacts relationship commitment.

H7. Relationship commitment positively impacts relationship loyalty.

Moderating effect of customer relationship proneness

Customer relationship proneness refers to the view that some customers are intrinsically inclined to engage in relationships; and shown to have a positive impact on commitment and loyalty (De Wulf *et al.*, 2001). These authors argue further that customer relationship proneness is the stable tendency of a customer to engage in relationships as opposed to loyalty that tends to be based more on inertia or convenience. Odekerken-Schröder *et al.*, (2003) define relationship proneness as “a consumer’s relatively stable and conscious tendency to engage in relationships with retailers of a particular product category” (p.180). Stability is the essence of trust based relationships, therefore, understanding factors that contribute to this form of relationship has been a longstanding quest within the services discipline. The literature tends to suggest that the propensity of persons to build trust based relationships with organizations vary between collectivist and non-collectivist societies (e.g. Ouchi, 1981; Huff and Kelly, 2003) signifying that the underpinnings leading to trust and other quality relationship outcomes have potential to vary across contexts. For example,

Huff and Kelly (2005) show in a 7-country comparison that external trust is greater for individualistic than collectivist societies suggesting that for RM to be affective there must be other drivers of trust. Indeed, the inference we draw is that the potential for trust based relationships to play out in the context of EMs (that are collectivist in nature) this will also be a function of the propensity of individuals to engage in long-term relationships with the service provider. On this basis, we believe that relationship proneness potentially provides the catalyst to build trusting relationships directed towards the service provider within the context of EMs.

Typically, it is found that the strength of relationship outcomes is affected by customer relationship proneness whereby those that display a tendency to engage in relationships with service retailers in general, will also display loyalty to a particular service provider (Odekerken-Schroder, *et al.*, 2003). This also leads to more frequent engagement in positive word of mouth behaviours (Bloemer *et al.*, 2003). Given customers are more likely to engage in relationships with service providers rather than products (Bendapudi and Berry, 1997) this means that relationship proneness could play a central role in helping to establish quality relationships. Indeed, a buyer's willingness to engage in relationships is found to be a key determinant of successful relationship outcomes like satisfaction and commitment (Dwyer *et al.*, 1987; Gwinner *et al.*, 1998; De Wulf, 1999; De Wulf *et al.*, 2001). For banks in EMs it is interesting to know which customers are most inclined to engage in relationships with them but on the basis of the literature we anticipate relationship prone customers are likely to respond more positively to comfort enhancing, relationship-building strategies used by the banks. Accordingly, we hypothesize as follows:

H8a. Relationship comfort will lead to greater satisfaction for relationship prone customers than non-relationship prone customers.

H8b. Relationship comfort will lead to greater trust for relationship prone customers than non-relationship prone customers.

H8c. Relationship comfort will lead to greater commitment for relationship prone customers than non-relationship prone customers.

H8d. Relationship comfort will lead to greater loyalty for relationship prone customers than non-relationship prone customers.

<<Insert figure 1 about here>>

Research Method

Research Setting, Design and Procedure

To test all the hypotheses (Figure 1) within an EM service setting, this study used data collected from a survey of retail-banking customers (students) in an Indian service context using a structured self-administered questionnaire. Potential student respondents from one of India's leading universities for higher technical education were targeted for the survey. All the students were customers of at least one bank as part of their educational institute's requirements with typical services being consumed by them included savings accounts, credit cards, insurance, educational and or/personal loans, among others. Respondents were asked to answer the survey in relation to one bank only that they have had dealings with during the last few years. Customer relationships with banks were chosen as the research context as this particular service sector has been identified as a growing area within the Indian economy (Arnold *et al.*, 2016) and thus represents much of the 'engine room' of their economy. Moreover, since the respondents comprised final year undergraduates, postgraduates and doctoral students (see table 1) this meant that due to their

relative ‘proximity’ to being early career professionals, with potentially relatively higher disposal incomes, these key informants were ideal persons to provide an insight into how service firms within EMs are able to nurture their customer relationships.

Given this research is cross-sectional in nature, we limited the focus of the survey to one bank used by the respondents but we do recognize that over time persons are likely to deal with more than one bank. Despite this, asking respondents to focus their responses on one bank is a common practice in the literature (e.g. Kingshott *et al.*, 2018; Alhathal *et al.*, 2019) as this helps to crystalize their views regarding the relationships of interest. Accordingly, a convenience sample was used in which the questionnaire was distributed in classes by one of the study’s authors, whereby respondents were asked to complete the survey straight away. Whilst the research instrument was pre-tested using 60 respondents, designed to refine the instrument and remove any inconsistencies or comprehension problems, given one of the researchers was present during survey completion this further helped to ensure any misunderstandings associated with the instrument and/or each of the item’s semantics. This approach resulted in a total of 300 usable responses being used for the final analysis.

<<Insert table 1 about here>>

Measures

The constructs in the model were measured by adapted existing scales from the extant literature to best reflect how service customers viewed their service provider within an Indian retail banking context. Semantic differential scales were used to measure the customer’s level of relationship comfort (8-items) and customer satisfaction (6-items) with their service provider by drawing upon Spake, *et al.*, (2003) and Oliver and Swan (1989) respectively. Both scales used 7-points to help

distinguish the two extremities of the measure (see appendix 1). All other constructs in the model adopted a 7-point Likert type scale with 1=strongly disagree and 7=strongly agree as anchors. Customer relationship proneness (3-items) was measured using the scale developed by Odekerken-Schroder *et al.*, (2003); Trust (6-items) from Doney and Cannon (1997); commitment (6-items) from Morgan and Hunt (1994); and, loyalty (9-items) by tapping the customers repurchase intentions and positive word of mouth - constructed from Taylor and Baker (1994) and Harrison-Walker (2001). The reliability of all measures (see appendix 1) was established by examining their item-to-total correlations and composite reliability (see Table 2), wherein all the items exceed cut off values of 0.3 (i.e., Nunnally, 1978, Hair *et al.*, 1998) and 0.7 (i.e., Hair *et al.*, 1998).

Data analysis and results

Measurement Model Evaluation

The measurement model was evaluated using a two-step approach of exploratory factor analysis using SPSS, followed by confirmatory factor analysis using AMOS. Exploratory factor analysis was used to check for unidimensionality. This helped to ensure that only items comprising Eigen values greater than 1.0 were considered for further analysis. Retained items required a loading of at least .5. One item in the trust scale and another in the commitment scale had low loadings, and hence were deleted. All the other items for the constructs had high factor loadings thus indicating unidimensionality. Further, all the values of composite reliability more than exceed .7 and inter-item correlation more than .3, Nunnally's (1978) suggested minimum threshold value of each items that comprised each construct. The confirmatory factor analysis was carried out using AMOS. Table 2 and 3 contain the detailed results of the measurement model. Results show that convergent validity was supported by a good overall fit of the model with all factor loadings being significant ($p < .01$). Moreover, discriminant validity between the constructs is given, since none of

the squared correlation coefficients between any of the constructs exceeds the average variance extracted for a construct (Fornell and Larker, 1981). Further, HTMT ratio for all the constructs is below .85 (see Table3). Thus confirming discriminant validity.

<<Insert table 2 and table 3 about here>>

Main Effects

Table 4 contains the detailed results of the structural model. The fit indices were all in acceptable range with CFI=.901, NFI=.877, TLI=.904, RMSEA=.066 (Hair et al., 1998). The CFI and the TLI of the model are above the cut-off value of .9 and NFI is .877, which is found to be near the suggested cut-off value of .9 (Bentler, 1989; Bentler and Bonnet, 1980). However, NFI and CFI are incremental measures of fit most often used to compare the proposed model to another model (Netemeyer *et al.*, 2003). RMSEA values of .08 and less have been advocated as indicative of acceptable fit, and those over 0.1 have been viewed as unacceptable (Browne and Cudeck, 1993). However, Hu and Bentler (1999) propose the value of RMSEA equal to 0.06 or less as desirable. SRMR value of .05 in this study also confirms the model fit. In all, the fit statistics display an acceptable fit of the model. Hence, we can have confidence in the hypotheses test.

<<Insert table 4 about here>>

All four main effects, the paths from relationship comfort to satisfaction, trust, commitment, and loyalty were found to be significant and in the hypothesized direction. The results show that relationship comfort has a positive impact on relationship marketing outcomes. Moreover, the causal linkages between satisfaction, trust, commitment and loyalty were also established.

Moderator Analysis

The effects of relationship proneness as moderator on the link between relationship comfort and the four RM outcomes, satisfaction, trust, commitment, and loyalty, will be investigated using structural equation modelling (SEM) and multi-group analysis. A median-split based on the value of the moderator variable was conducted. Testing for moderation, we first looked at a non-restricted model and then restricted the four paths to be equal across subgroups. Chi-square difference (with four degrees of freedom) was assessed. Next, we compared two models that only differ in one effect of relationship comfort on one relationship outcome variable. One model restricts the parameter to be equal across groups while the second model allows variation in one of these parameters across groups. The restricted model has one degree of freedom more than the general model. A moderating effect would be present when the improvement in Chi-square moving for the restricted to the non-restricted model is significant, meaning the Chi-square difference between the two models (and one degree of freedom) is larger than 3.84 ($p = .05$).

After confirming the influence of the four postulated main effects, we tested for moderator effects. A Chi-square difference test was conducted for relationship proneness as one possible moderator effects, comparing a restricted and a non-restricted model. With four degrees of freedom more, the restricted model exhibits a significant Chi-square difference (19.218; $p < .05$). Next, we analysed specific moderator effects of relationship proneness on the four relationship outcome variables, satisfaction, trust, commitment, and loyalty. Chi-square moving for the restricted to the non-restricted model is significant at $p < .01$ level for the link between relationship comfort and loyalty and significant at $p < .10$ level for the link between relationship comfort and commitment. For the remaining two paths, no moderating effect of relationship proneness can be detected. Table 5 summarizes these results.

<<Insert table 5 about here>>

Discussion

This study empirically tested a model of relationship comfort, customer relationship proneness and the various relationship-marketing outcomes in a financial services context within the emerging Indian marketplace. Our approach makes an important contribution to the literature given that trust based relationships vary in high context societies, such as the emerging Indian marketplace and we were able to test what factors lead to trust based relationships. The study's contribution to furthering our understanding of the marketing of services in the EM context is thus three fold. First, it demonstrates that relationship comfort also has a positive impact on key RM outcomes within an EM services setting. This has not been previously tested within EMs so we are adding to the RM literature. Second, our study indicates that customer relationship proneness moderates the link between relationship comfort and commitment and loyalty in a financial services EM context. This finding indicates that whilst RM can hold within the context of EMs this is also contingent upon the willingness of customers to engage in relationships with the service provider.

Third, the findings confirm the significance of relationship comfort and proneness constructs on the formation of robust service customer relationships, as well as indicating the robustness of their underlying measures of each construct still hold within in an EM from an Eastern high context (India in this case) marketplace. Overall, this study builds on previous RM literature related to the formation of robust relationships with service customers with an EM setting which enables locally based services marketers to appreciate that they too have the capability to build robust and quality relationships with their customers. Whilst previous studies show that the formation of trust based relationships are likely to vary between collectivist and individualist societies (e.g. Doney *et al.*, 1998; Huff and Kelly, 2005) our findings tend to indicate that a requisite condition for building

trust based service relationships within collectivist societies, or rather EMs, is the presence of relationship comfort and proneness in the service relationship.

Relationship Comfort

These results show that relationship comfort has a positive impact on the customers' satisfaction, trust, commitment and loyalty in the relationship. This is in line with the earlier findings by Spake *et al.* (2003) where customer comfort had a significant impact on satisfaction, trust, and commitment with service providers. In our study, we found out customers in EMs who feel comfortable with the bank also have higher degree of satisfaction with their bank. Comfort has shown to have significant positive impact on customer increasing trust with their bank. Feeling comfortable to deal with the bank can be helpful for the bank to bond with its customers in terms of helping to increase their level of customer commitment and loyalty. For banks, it would be useful to improve customer loyalty by paying more attention to creating comfort for their customers through the offering of appropriate services and improving frontline personnel interpersonal communications skills. This means engaging with the customer to better understand their needs and through that deliver suitable and reliable services to constantly meet that need. This is critical because successful RM practices are contingent upon ensuring customer relationships are constantly nurtured (Hunt *et al.*, 2006) however the nature of their customer engagement must also ensure they are comfortable with your RM activities.

Relationship Proneness

The results indicate that the moderating effect of customer relationship proneness on the link between relationship comfort and the various relationship marketing outcomes was observed, but only in the case of commitment and loyalty. This means that relationship prone customers will

tend to be more committed and loyal towards their banks when made to feel comfortable, as compared to non-relationship prone customers. The reason for this could be that customers may perceive relationship comfort as a 'hygiene factor' for building satisfaction and trust with their banks, not impacted by their proneness (or tendency) to engage in relationships. However, beyond a certain 'threshold' point in the development of the relationship, customer's proneness to engage in relationship with the service provider may have a higher impact in determining his level of commitment and loyalty towards the bank, in the presence of comfort enhancing tactics. Our finding suggests that locally based banks in EMs should not only invest more in customer relationships to improve loyalty, but also should pay attention to finding customers who are more responsive to such investments. Banks can do this by identifying customers likely to be prone to building relationship through surveys and/or their response to various loyalty cards. From this then can segment their customers by relationship proneness in order to specifically target them and through this ensure the RM activities are more effective in helping to build quality relationships.

Limitations and future research

This research has a few limitations that future research may address. First, the sample consisted of student customers studying in one of India's leading universities for higher technical education, thereby restricting its generalizability to the relationship between that group and banks rather than the population at large. Moreover, most of the students were the captive customers of the banks that were recommended by the institute on enrolment the element of choice in making relationship decisions regarding which bank to stay committed to over time was reduced. Second, the study took place within the banking sector in the financial services context. While this approach limits the influence of extraneous factors based on context differences, it may limit the generalizability of the findings and not inclusive of other service consumption situations, particularly to the

purchase of low involvement and short-term services. Banking services are high involvement, risky and long term relationships as the customer is most likely to remain in the relationship for a reasonably long period of time because of relatively high switching costs (e.g. Laksamana *et al.*, 2013) suggesting some ‘noise’ in the data. However, the external validity of these findings could be established further by comparing these findings with similar service experiences in other industries and settings.

The results of the study suggest some interesting directions for future research. This study empirically tested the impact of relationship comfort and customer relationship proneness on relationship marketing outcomes in a financial services context, specifically the banking sector within the context of an EM. Future work may be done to test our conceptual model in other sectors within financial services, namely insurance, mutual funds etc. or other types of service provider contexts. The impact of demographical characteristics such as age, gender, socio economic classification etc. on the link between relationship comfort, customer relationship proneness and relationship marketing outcomes may be explored. Further, whilst this study looked at the moderating influence of customer relationship proneness on the link between relationship comfort and relationship marketing outcomes it would be worth examining the role of personal involvement with the service on the relationship between constructs in our model.

Moreover, the study examined how local Indian service providers were able to build relationships within the EM however other research (e.g. Kingshott *et al.*, 2018) reveal the dangers facing local banks from foreign competition so research encompassing local and foreign service providers would be worth pursuing in more detail. Finally, an examination of how the impact of relationship comfort and customer relationship proneness on relationship marketing outcomes vary across different service provider types and EM contexts would be beneficial. Whilst relationship

comfort was found to have a positive impact on relationship marketing outcomes in the Indian banking context to increase our understanding of how to market services in EMs it is necessary to determine what kind of comfort increasing strategies are the most effective in the banking sector (as well as other service contexts) in other countries that are still developing their services sectors.

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Figure 1: Conceptual model

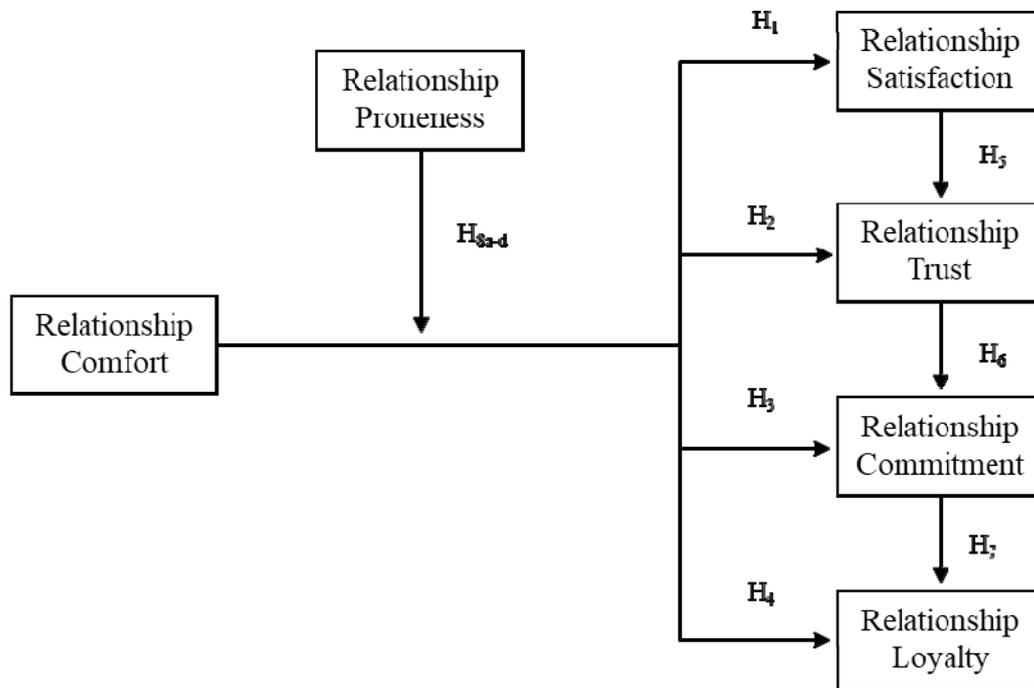


Table 1: Sample characteristics (N=300)

		Number	Frequency (%)
Gender	Male	156	52.0
	Female	144	48.0
Age	≤ 21 years	28	9.3
	22 - 24 years	129	43.0
	25 – 27 years	89	29.7
	28 – 30 years	34	11.3
	> 30 years	20	6.7
Education	Undergraduate	35	11.7
	Postgraduate	224	74.7
	Doctoral	41	13.7

Table 2: Correlation Matrix and Descriptives

	RC	RComt	RLoy	RP	RSat	Rtru
<i>Relationship Comfort (RC)</i>	.92					
<i>Relationship Commitment (RComt)</i>	.56	.87				
<i>Relationship Loyalty (RLoy)</i>	.62	.72	.85			
<i>Relationship Proneness (RP)</i>	.20	.36	.50	.86		
<i>Relationship Satisfaction (RSat)</i>	.78	.54	.64	.22	.94	
<i>Relationship Trust (RTru)</i>	.70	.58	.63	.27	.67	.84
<i>Mean (M)</i>	5.16	3.93	4.05	4.75	4.89	4.62
<i>Standard deviation (SD)</i>	1.36	1.35	1.50	1.38	1.48	1.38
<i>Average Variance Extracted (AVE)</i>	.85	.76	.73	.74	.88	.70
<i>Composite Reliability (CR)</i>	.97	.95	.96	.90	.97	.93

Note: Figures in diagonal are the square roots of average variance extracted (AVE)

Table 3: Discriminant Validity - Heterotrait-Monotrait Ratio (HTMT)

	RC	RComt	RLoy	RP	RSat	Rtru
<i>Relationship Comfort (RC)</i>						
<i>Relationship Commitment (RComt)</i>	.58					
<i>Relationship Loyalty (RLoy)</i>	.63	.76				
<i>Relationship Proneness (RP)</i>	.21	.40	.56			
<i>Relationship Satisfaction (RSat)</i>	.81	.56	.66	.23		
<i>Relationship Trust (RTru)</i>	.74	.62	.66	.30	.71	

Table 4: Main Effects

	Path coefficients
H1: Relationship Comfort → Satisfaction	.79**
H2: Relationship Comfort → Trust	.70**
H3: Relationship Comfort → Commitment	.53**
H4: Relationship Comfort → Loyalty	.56**
H5: Satisfaction → Trust	.32*
H6: Trust → Commitment	.33*
H7: Commitment → Loyalty	.39*

*p < .05; ** p < .001

Table 5: Results of multi-group analysis
($\chi^2 = 3205.894$ for the unrestricted model)

	Relationship Proneness			
	Low	High	χ^2	$\Delta\chi^2$ (df = 1)
H8a: Relationship Comfort → Satisfaction	.689	.876	3206.488	.594
H8b: Relationship Comfort → Trust	.616	.820	3207.694	1.800
H8c: Relationship Comfort → Commitment	.353	.685	3209.260	3.366*
H8d: Relationship Comfort → Loyalty	.384	.805	3222.462	16.568***
$\Delta\chi^2$ (DF = 4): 19.218**				

Appendix I: Scale items with psychometric and descriptive properties

	λ	α	Mean	SD
SATISFACTION				
1. Displeased/ Pleased	.93	.90	4.88	1.57
2. Disgusted/ Contented	.94	.92	4.89	1.54
3. Very dissatisfied/ Very satisfied	.94	.92	4.74	1.50
4. Did a Poor job/ Did a good job	.95	.92	4.82	1.60
5. Poor choice in using the bank/ Good choice in using that bank	.93	.90	4.98	1.66
6. Unhappy with the service/ Happy with the service	.92	.89	4.90	1.66
RELATIONSHIP COMFORT				
1. Uncomfortable / Comfortable	.90	.87	5.07	1.57
2. Very uneasy/ Very much at ease	.93	.90	5.01	1.52
3. Very uneasy/ Very much at ease	.92	.90	5.14	1.47
4. Very tense/ Very relaxed	.89	.85	5.37	1.45
5. Insecure/ Secure	.93	.91	5.24	1.50
6. Worried/ Stress free	.95	.93	5.18	1.43
7. Distressed/ Calm	.92	.89	5.19	1.44
8. Turbulent/ Serene	.92	.89	5.14	1.49

RELATIONSHIP PRONENESS

1. Generally, I am someone who likes to be a regular customer of a bank	.88	.63	4.94	1.56
2. Generally, I am someone who likes to be a steady customer of the same bank	.89	.75	4.92	1.57
3. Generally, I am someone who is willing to 'go the extra mile' to transact at the same bank	.81	.68	4.38	1.69

TRUST

1. This bank keeps its promises to me	.82	.73	4.75	1.39
2. This bank has always been honest with me	.86	.79	5.05	1.43
3. I believe the information that this bank provides me	.87	.90	5.09	1.50
4. This bank is genuinely concerned about my financial needs	.76	.67	4.08	1.40
5. I trust this bank to keep my best interests in mind	.83	.75	4.45	1.49
6. This bank is trustworthy	.88	.82	5.17	1.52

RELATIONSHIP COMMITMENT

1. Is something I am very committed to	.89	.83	4.07	1.48
2. Is very important to me	.92	.88	4.19	1.57
3. Is something I really care about	.91	.86	4.04	1.57
4. Deserves my maximum effort to maintain	.79	.73	3.75	1.51
5. Something I intend to maintain indefinitely	.89	.83	3.89	1.57
6. Is very much like being family	.83	.77	3.66	1.57

RELATIONSHIP LOYALTY

1. The next time I need the services of a bank, I will choose this bank	.89	.86	4.43	1.79
2. If I had needed the services of a bank during the past year, I would have selected this bank	.88	.84	4.40	1.77
3. After graduation, if I need the services of a bank, I will select this bank	.89	.86	4.38	1.82
4. I mention this bank quite frequently to others	.91	.87	4.23	1.82
5. I have told more people about this bank than I have told about most other banks	.90	.87	4.06	1.88
6. I seldom miss an opportunity to tell others about this bank	.77	.73	3.60	1.71
7. When I tell others about this bank, I tend to talk about the bank in great detail	.79	.75	3.50	1.63
8. I have only good things to say about this bank	.81	.76	3.80	1.65
9. I am proud to tell others that I use this bank	.82	.76	4.04	1.70
