Singapore Management University

Institutional Knowledge at Singapore Management University

Research Collection Lee Kong Chian School Of Business

Lee Kong Chian School of Business

12-2008

Defensive relationship marketing: Avoiding decreasing sales from customers in consumer goods mass markets

Sabine MOELLER Singapore Management University, sbenoit@smu.edu.sg

Martin FASSNACHT

Sonja KLOSE

Follow this and additional works at: https://ink.library.smu.edu.sg/lkcsb_research



Part of the Marketing Commons, and the Sales and Merchandising Commons

Citation

MOELLER, Sabine; FASSNACHT, Martin; and KLOSE, Sonja. Defensive relationship marketing: Avoiding decreasing sales from customers in consumer goods mass markets. (2008). Journal of Relationship Marketing. 7, (2), 197-215.

Available at: https://ink.library.smu.edu.sg/lkcsb_research/7594

This Journal Article is brought to you for free and open access by the Lee Kong Chian School of Business at Institutional Knowledge at Singapore Management University. It has been accepted for inclusion in Research Collection Lee Kong Chian School Of Business by an authorized administrator of Institutional Knowledge at Singapore Management University. For more information, please email cherylds@smu.edu.sg.

Defensive Relationship Marketing: Avoiding Decreasing Sales From Customers in Consumer Goods Mass Markets

Sabine Moeller International University Schloss Reichartshausen

> Martin Fassnacht Otto Beisheim School of Management

> Sonja Klose Otto Beisheim School of Management

ABSTRACT. Enhancing customers' positive attitude towards a company does not exploit the whole potential of what can be done to increase sales. A more defensive approach focuses on the avoidance of customers' negative attitudes and behavior of withdrawal. Since research on this approach is scarce we aim to contribute by developing a model of how retailers can avoid decreasing sales in consumer goods mass markets. According to our aim we focus on customers who have already begun to decrease their sales. Our results show that core performance and trust in the future performance are the silver bullets to avoid decreasing sales.

KEYWORDS. Defensive Relationship Marketing, mass markets, retailing

The authors would like to thank the attendants of the paper presentation during the Relationship Marketing Summit in Buenos Aires for the fruitful discussion and valuable comments.

Address correspondence to: Sabine Moeller, Department for Marketoriented Management, European Business School (EBS), International University Schloss Reichartshausen, 65375 Oestrich-Winkol, Germany (E-mail: sabine. moeller@ebs.edu).

> Journal of Relationship Marketing, Vol. 7(2), 2008 Available online at http://www.haworthpress.com © 2008 by The Haworth Press. All rights reserved. doi: 10.1080/15332660802279487

INTRODUCTION

Companies constantly want to attract new customers and hold existing ones. By offering customers incentives to buy, companies aim to enhance customers' share of wallet and thus increase sales. Apart from offering incentives to buy, companies aim to enhance customers' favorable attitudes toward them. Significant evidence in the marketing literature reveals that customer satisfaction and a positive attitude in general is an important driver in a firm's success (see Cooil, Keiningham, Aksoy, & Hsu, 2007; Xueming & Homburg, 2007, for an overview).

For this reason, relationship marketing literature and practice devote a great deal of attention to the enhancement of customer satisfaction. *Relationship marketing* is defined as "all marketing activities directed toward establishing, developing, and maintaining successful relational exchanges" (Morgan & Hunt, 1994, p. 22). Various empirical studies have shown how relationship intensity can be strengthened and how consumers can be delighted (e.g., Oliver, Rust, & Varki, 1997). Given the aim of companies to increase business performance by increasing sales, this research is useful for informing them how to enhance sales of new and existing customers.

However, it does not exploit the whole potential of what companies can and should do. Aiming to enhance overall sales has two levers. First, companies can aim to increase customer sales from individual new and existing customers by enhancing satisfaction. Second, companies can try to avoid decreasing sales from individual existing customers by trying to prevent dissatisfaction. The literature claims that these two strategies need separate examination (Oimei & Wells, 2001) and that companies should pursue these two strategies equally (Singh, 1990). This so-called defensive strategy of relationship marketing is of utmost importance. Defensive relationship marketing is defined as activities by a company to avoid negative attitudes and withdrawal of existing customers. There is a gap in the marketing literature's investigation of such defensive strategies (e.g., Gassenheimer, Houston, & Davis, 1998). In his article "Dissatisfaction Prevention Is Worth More," Semon (2005, p. 8) claimed, "From a purely practical point of view, the double negative of avoiding dissatisfaction is probably more important than maximizing positive satisfaction." This is also in line with Morgan and Hunt (1994, p. 33), who claimed, "Just as medical science should understand both sickness and health, marketing science should understand both functional and dysfunctional relationships."

Thus, it is highly relevant for companies to be able to manage such endangered relationships (Semon, 2005). For at least two reasons this is even more important for retailers operating in consumer goods mass markets, which is the focus of our study. First, the significance of the consumption event is assumed and has been shown to be related to a lower intention to voice dissatisfaction (Day, 1984; Singh, 1988). Thus, dissatisfied customers in consumer goods mass markets are more likely to silently decrease their buying frequency or their volume compared to other offerings. Second, research on consumer behavior has evidenced that behavioral intentions are often not an adequate predictor of actual behavior (e.g., Morwitz, 1997). As such, especially for consumer goods a decrease in sales is often not even conscious to customers. Thus, although the research has devoted a lot of attention to reacting to relationship termination or complaints (e.g., Keaveney, 1995), retailers in consumer goods mass markets are dependent on other activities to avoid decreasing sales of individual customers.

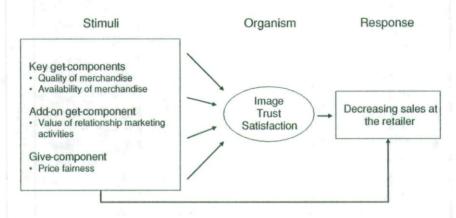
Our research aimed to identify those components of retailers' offerings that have the ability to enhance the attitude toward the retailer and to avoid a decrease in sales of endangered customers. For this reason, we selected to study the attitudes that are assumed to influence the sales to the greatest extent (image, trust, and satisfaction) and the most important components of retailers' offerings: quality and availability of the merchandise (key get-components), relationship marketing activities (add-on get-component), and price (give-component). We believe that these results are highly relevant to customers of retailers operating in consumer goods mass markets.

Our article is organized as follows. It starts with an overview of the model and a definition of the key terms of the model. Thereafter the hypotheses are deduced. What follows is a description of the empirical study we conducted to address the research gap and to test our hypotheses. At the end we discuss our results and reveal implications for relationship marketing.

MODEL DEVELOPMENT

To develop our model, we drew our primary inspiration from the SOR model (stimulus-organism-response; Webster & Wind, 1972) commonly used to describe consumer behavior (Arora, 1982). It assumes that consumers perceive certain *stimuli* in their environment, process them in their

FIGURE 1. Model avoiding decreasing sales at the retailer.



organism, and react upon them accordingly (response). Assigned to the consumer goods mass market setting, the offering of a retailer acts as a stimulus. The components of retailers' offerings were selected because they appeared to be relevant to consumers. Thus, customers' perceptions of these give- and get-components are assumed to influence the attitudes of customers toward the retailer. Attitudes are represented by trust in, satisfaction with, and image of the retailer and themselves impact behavior (response), represented by decreasing sales at the retailer. In extension to the assumption of the SOR model, research in consumer behavior has evidenced that stimuli can also directly influence behavioral response (e.g., Bolton & Bronkhorst, 1995), thus leading to a direct effect from the components of retailers' offerings on behavior. Thus, we considered direct effects in our model (see Figure 1). Offerings are composed of get- and give-components for customers (Ahtola, 1984; Radford & Sridhar, 2005). Based on our literature review, which is described in the following paragraphs, we identified the most important get- and give-components of retailers' offerings:

- Key get-components (quality and availability of the merchandise),
- · Add-on get-components (relationship marketing activities), and
- · Give-component (price)

Key Get-Components

First of all, the *quality of merchandise* has been shown to be regular cause for dissatisfaction or even relationship termination (e.g., Cadotte &

Turgeon, 1988). Research has evidenced that the quality of the merchandise is a key component for customers to patronize retailers (Pan & Zinkhan, 2006; Wright & Sparks, 1999). Another key component is the regular availability of merchandise. Out-of-stock situations in combination with a certain degree of commitment to the product are perceived as negative (e.g., Fitzsimmons, 2000). Hence, quality and availability of the merchandise represent the key get-components of a retailer's offering and were integrated into our model.

Add-On Get-Component: Relationship Marketing Activities

The interest in relationship marketing activities has emerged because it is assumed that generating more business with existing customers is cheaper than acquiring new customers (Wright & Sparks, 1999). For this reason, many companies, especially the major airlines and retailers, have established loyalty cards within the past decades (Croft, 2006; Wright & Sparks, 1999). Research has indeed shown the positive impact of relationship marketing activities on consumer activities (e.g., Bolton, Kannan, & Bramlett, 2000). However, recent publications have voice skepticism toward many relationship marketing programs and have reported about many that have been phased out (Nunes & Drèze, 2006). Furthermore, promises related to card ownership are often not kept, leading to frustration (Stauss, Schmidt, & Schöler, 2005). For this reason, we included the perceived value of relationship marketing activities in our model. This represents the add-on get-component of a retailer's offering. The perceived value is assumed to positively influence the attitudinal constructs (trust, image, satisfaction) and to be capable of avoiding decreasing sales (direct effect).

Give-Component: Price

In contrast to the get-components, the price is seen as the main give-component customers have to contribute in exchange for retailers' efforts (Ahtola, 1984). However, a price as give-component can never be seen in isolation from the corresponding get-component, because the sacrifice is a question of what the consumer gets for the price. For this reason, we integrated the perceived *price fairness* into our model. The perception of price fairness is a comparative judgment. It can be related to (a) the get-components or to (b) a reference price (the previous price or the competitor's price; Xia, Monroe, & Cox, 2004). The Appendix shows that both perspectives of price fairness were included in the measurement.

DEVELOPMENT OF THE HYPOTHESES

Effects on Image

The *image* of a store is "the way in which the store is defined in the shoppers' mind" (Martineau, 1958, p. 47) and contains functional and psychological aspects (Martineau, 1958; Mazursky & Jacoby, 1986). It is assumed that the image of the store in a consumer's mind is based on experiences or narration of the customer with certain aspects of the retailer's offering. The reference object of the image can be certain aspects such as the quality of the merchandise or the price fairness, which themselves build the image of the company as a whole. As such, the components of retailers' offerings influence the perceived image. This is in line with earlier empirical findings that evidenced that the components of retailers' offerings (e.g., quality of the offering or price fairness) were related to image (e.g., Dickson & Albaum, 1977; Selnes, 1993). Thus, we hypothesize the following:

Hypothesis 1: The lower the company performance on the four components of retailers' offerings—(a) quality of merchandise, (b) availability of merchandise, (c) value of relationship marketing activities, and (d) price fairness—the lower the perceived image of consumers will be.

Effects on Trust

Trust was conceptualized according to Morgan and Hunt (1994) as existing when one party has confidence in an exchange partner's future reliability. Marketing researchers affiliate different aspects with trust, such as reliability and integrity, competence, consistency, honesty, fairness, and responsibility (Morgan & Hunt, 1994). The authors posited that trust is perceived as a central focus of relationship marketing activities (Morgan & Hunt, 1994), which leads us to assume that the value of relationship marketing activities is associated with trust. Furthermore, high quality and availability of the merchandise as well as price fairness, and, thus, an overall satisfying give/get ratio within a relationship, strengthens the trust in a partner (Morgan & Hunt, 1994). Thus, we assume that the components of retailers' offerings are related to trust, which is in line with earlier empirical findings (e.g., Ribbink, van Riel, Liljander, & Streukens, 2004):

Hypothesis 2: The lower the company performance on the four components of retailers' offerings—(a) quality of merchandise, (b) availability of merchandise, (c) value of relationship marketing activities, and (d) price fairness—the lower the trust of consumers will be.

Effects on Satisfaction

Satisfaction is defined as a positive disconfirmation of customers' expectations regarding the offering of a retailer (Oliver, 1980). This expectation is related to the different components of retailers' offerings, but we chose the most important ones to investigate in our research project: quality and availability of the merchandise, price fairness, and value of relationship marketing activities. In the marketing literature there is agreement on the fact that the components of retailers' offerings influence satisfaction (e.g., Anderson & Sullivan, 1993). For example, low quality and out-of-stock situations regularly lead to dissatisfaction and switching behavior (Fitzsimmons, 2000; Pan & Zinkhan, 2006). In line with earlier empirical findings, we therefore assume that the components of retailers' offerings are related to satisfaction (e.g., Anderson & Sullivan, 1993; Bei & Chiao, 2006):

Hypothesis 3: The lower the company performance on the four components of retailers' offerings—(a) quality of merchandise, (b) availability of merchandise, (c) value of relationship marketing activities, and (d) price fairness—the lower the satisfaction of consumers will be.

Effects of Attitudes on Behavior

As mentioned, we have applied the basic assumption of the SOR model to the consumer goods mass market setting. Thus, the *retailers' offerings* act as stimuli, and these are processed in the organism of consumers, represented by *image, trust, and satisfaction*. These attitudes influence the response, represented by *decreasing sales* at the retailer. Thus, when a retailer lacks a positive image and lacks trusting and satisfied customers, this will lead to a decrease in sales (e.g., Anderson & Weitz, 1992; Chakravarty, Feinberg, & Widdows, 1997; Keaveney, 1995). This is also in line with the social exchange theory, which supposes that relationships perceived as attractive are retained and/or expanded (Thibaut & Kelley, 1959). Therefore, we hypothesize the following:

Hypotheses 4–6: The lower the (4) image, (5) trust, and (6) satisfaction of consumers, the more customer sales will decrease.

Apart from the effects of image, trust, and satisfaction on decreasing sales, we also tested the effects of the attitudinal constructs among one another, because we assumed that they are not independent. Satisfaction is assumed to be a determinant of trust (Ribbink et al., 2004). Additionally, satisfaction is hypothesized to influence perceived image beside external influences such as news coverage (James, Durand, & Dreves, 1976). Furthermore, because perceived image is defined as the overall perception of different attributes of a store, and satisfaction is an evaluation of the fulfillment of the expectations regarding such attributes within a certain transaction (Bloemer & de Ruyter, 1998), we assume that satisfaction will have a positive impact on perceived image:

Hypothesis 7: The higher consumers' perceptions of the retailer's image, the higher their trust.

Hypotheses 8: The higher consumers' satisfaction, the higher their perceived trust.

Hypotheses 9: The higher consumers' satisfaction, the higher their perceived image of the retailer.

As mentioned, research in consumer behavior has evidenced that stimuli directly affect behavior (e.g., Bolton & Bronkhorst, 1995). Similar to assumptions that the give- and get-components can increase the positive attitude toward the retailer, it is assumed that they can avoid a decrease in sales. For this reason, we also tested the direct effect from the components of retailers' offerings (stimuli) to the behavior (response). This led us to hypothesize the following:

Hypothesis 10: The higher the company performance on the four components of retailers' offerings—(a) quality of merchandise, (b) availability of merchandise, (c) value of relationship marketing activities, and (d) price fairness—the more a decrease in sales can be avoided.

EMPIRICAL STUDY

Our empirical study was designed to address the research gap we identified in the literature review: investigating how retailers in consumer goods mass markets can avoid decreasing sales. To this end, we collected survey and sales data in cooperation with a German hypermarket chain. This data collection is described in the following sections.

Sample and Data Collection

As mentioned, customers are partly not aware of their behavior, which makes their intentions a questionable predictor of actual behavior (e.g., Morwitz, 1997). Thus, the utilization of data from sales transactions has been shown to be very valuable (Dwyer, Schurr, & Oh, 1987). Combining survey data of customers (attitude and behavioral intentions) with data from their sales transactions (actual behavior) can be seen as ideal for solving the awareness problem. It helps avoid measurement error because using only one method (e.g., survey data) has been shown to lead to common method bias, which is one of the main sources of measurement error (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003).

We conducted telephone interviews with the customers of the hypermarket chain to collect the survey data. To ensure representation and to avoid bias due to the more likely availability on the telephone of certain consumer groups, we quoted the sample. It was quoted according to age, occupational status, size of the household, as well as household income and overall customer sales at that hypermarket chain. Our research focused on the aforementioned defensive strategy. To ensure that customers belonged to the group of conscious endangered customers, we included a self-assessment of past shopping behavior in the questionnaire. When customers declared themselves to have had a decrease in sales during the previous year, we checked whether this was caused by the performance of the retailer and not due to other reasons, such as changes in household size or constraints in mobility. It only made sense to approach those customers in trying to avoid decreasing sales. We collected data from 299 consciously endangered customers as defined above.

Measure Development

To ensure the validity of our measures, we took several steps according to suggestions from literature (Churchill, 1979). Based on our literature review, we generated an initial item pool. Then we conducted expert

interviews to review the initial item pool for face validity using a decision rule similar to the one recommended by Hardesty and Bearden (2004). The experts were managers from different divisions of the hypermarket chain that cooperated for this study. We subjected the questionnaire to an in-depth pretest with 20 potential respondents of the sample population. The pretest was conducted according to a technique called *cognitive interviewing*, as proposed by Dillman (2000). Modifications in the wording of the items resulted from the pretest.

Measurement

As discussed above, our *dependent variable* of decreasing sales at the hypermarket was measured by utilizing sales data. This operationalization was done for four reasons: (a) It could be ensured that the relationship was ongoing for at least 1 year, (b) customers could be identified who had decreased their sales within this time frame, (c) implications could be given on how to avoid decreasing sales from this customer group, and (d) measurement error could be avoided (Podsakoff et al., 2003). To measure the *independent variables* (get- and give-components and attitudinal constructs), we chose 24 items (see Appendix) from common scales in the literature using 6-point Likert scales.

MODEL ESTIMATION AND EVALUATION OF THE MEASUREMENT

Our model was tested using structural equation modeling or, to be more precise, using partial least squares modeling (PLS) developed by Wold (1966). We used SmartPLS developed by Ringle, Wende, and Will (2005). Our choice for PLS was motivated by the specification of our indicators, which were reflective as well as formative (Diamantopoulos & Winklhofer, 2001; see Appendix). In previous studies, this method has been proven to be especially suitable for such models (e.g., Ulaga & Eggert, 2006).

To assess the validity and reliability of the measurement, researchers need to distinguish constructs with reflective and formative indicators because the evaluation criteria are different. We utilized the recommended evaluation criteria for reflective indicators (Churchill, 1979) and formative indicators (Diamantopoulos & Winklhofer, 2001). For constructs with reflective indicators, we tested internal consistency, indicator reliability, construct reliability, and discriminant validity. Although guidelines for

validating reflective measurement models are manifold and well established (e.g., Churchill, 1979), those for formative aggregate models are rather rare. Diamantopoulos and Winklhofer proposed four critical steps for validating aggregate models: (a) content specification, (b) indicator specification, (c) indicator collinearity, and (d) external validity. We undertook these steps, indicating validity of our formative and reflective measures.

RESULTS

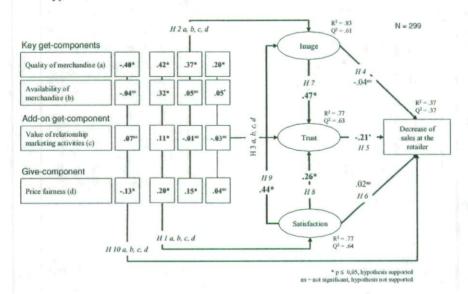
The structural model describes the relations between the dependent (decreasing sales at the retailer) and independent (give- and get-components, attitudinal constructs) variables as described above. The path loadings and the evaluation criteria for the structural model are presented in Figure 2. Following the recommendations from Chin (1998b), we applied the prediction-oriented measures R^2 and the Stone Geisser test (Q^2) to evaluate the structural model. The resampling procedure bootstrapping was utilized to examine the stability of estimates. Due to the fact that the objective of PLS is prediction and not covariance fit, overall goodness-of-fit indices were not applicable (Fornell & Cha, 1994).

The R^2 represents the explanatory power of the structural model (Fornell & Cha, 1994) and can be interpreted as being similar to traditional regression analysis (Chin, 1998b). According to Chin, (1998b), all R^2 above 0.67 can be considered meaningful and above 0.33 moderate, indicating that all constructs within our model satisfied at least the moderate requirement. Because we focused on the most important get- and give-components to explain the decrease in sales at the retailer, the lower R^2 of .37 can be regarded as satisfactory. The Stone-Geisser test (Q^2) indicates predictive relevance of the structural model and parameters if $Q^2 > 0$ (Fornell & Cha, 1994). Figure 2 shows that our model met these requirements.

Overview

The hypothesized path coefficients represented the effects of the getand give-components of retailers' offerings on the attitudinal constructs (H1–H3). Furthermore, they revealed the cohesion between the attitudinal constructs and decrease in sales (H4–H6) and among themselves (H7–H9). Additionally, we tested the direct effect of the get- and give-components on decreasing sales (H10). Different critical values for considering the

FIGURE 2. Results of the model avoiding decreasing sales at the retailer. H = hypothesis.



paths as meaningful have been utilized in literature. Whereas Chin (1998a) recommended that paths be above .20, with others we considered path coefficients above .10 (Lohmoeller, 1989; Ulaga & Eggert, 2006). Figure 2 shows all standardized path loadings in detail. We discuss the most important findings.

Effects of the Key Get-Components on the Attitudinal Constructs (H1a,b; H2a,b; H3a,b)

Looking at the impact of the components of retailers' offerings on the attitudinal constructs, our research indicates that with no exception the *quality of the merchandise* had the highest impact on the perceived satisfaction (H1a: .42*, supported), image (H2a: .37*, supported), and trust (H3a: .20*, supported). This is in line with other findings and evidences that the quality of the merchandise is of utmost importance (Cadotte & Turgeon, 1988). The second key component was the *availability of the merchandise*. The results of our study support these findings, as the availability of the merchandise had a high significant impact on satisfaction (H1b: .32*, supported). In contrast, there was only a small effect of the availability of the merchandise on trust (H3b: .05*, supported) and no significant effect on

image (H2b: .05, ns, not supported). This could be explained by the fact that satisfaction is more of a short-term construct compared to image and trust. The consequences of an out-of-stock situation, such as being forced to switch store, switch brand, or postpone the purchase, are also rather short term (Verbeke, Farris, & Thurrik, 1998). Thus, the availability of the merchandise seems to have a smaller impact on the more superordinate and long-term-oriented constructs of trust and image.

Effects of the Add-On Get-Components on the Attitudinal Constructs (H1c, H2c, H3c)

The value of relationship marketing activities was assumed to be positively related to the attitudinal constructs. This was only partly supported by our research. The path coefficients from value of relationship marketing activities toward satisfaction (H1c: .11*, supported) were significant, but not very high. In contrast, the effect on image (H2c: .01, ns, not supported) and trust (H3c: -.03, ns, not supported) were not significant.

Effects of the Give-Components on the Attitudinal Constructs (H1d, H2d, H3d)

Our model also assumed a positive effect from *price fairness* to the attitudinal constructs. As hypothesized, *price fairness* of the retailer had a positive impact on customer satisfaction (H1d: .20*, supported) and perceived image (H2d: .15*, supported), but there was no significant impact on trust (H3d: .04, *ns*, not supported). An explanation might be that not the perceived ratio between get- and give-components but rather the stability of the ratio has more impact on the trust understood and defined as reliability (Morgan & Hunt, 1994).

Overall

Thus, 8 of the 12 sub-hypotheses of H1–H3 were supported. Overall, this means that the give- and get-components do indeed influence attitudes toward the retailer, but the quality of the merchandise is by far the most important component.

Effects of the Attitudinal Constructs on Decrease in Sales (H4–H9)

The results of the impact of the attitudinal constructs (image, trust, satisfaction) on endangered relationships also revealed interesting findings.

The model revealed that neither image (H4: -.04, ns, not supported) nor satisfaction (H6: .02, ns, not supported) had a direct effect on the behavioral variable decreasing sales at the retailer. The only attitudinal construct that avoided a decrease in sales at the hypermarket was trust (H5: -.21*, supported). This aspect points out that satisfaction and perceived image are not the best predictors of the behavior within the relationship. Still, this does not mean that image and satisfaction are unimportant constructs in the relationship between customers and their retailer, because they had a high significant impact on the important construct trust (H7: .47*, supported; H8: .26*, supported). Furthermore, satisfaction had a high significant impact on image (H9: .44*, supported). Thus, focusing on trust seems to be the only possibility to avoid decreases in customer sales. An explanation might be that trust, in contrast to satisfaction and image, is an attitudinal construct, which relates to the future performance of the partner (Morgan & Hunt, 1994).

Direct Effects of the Components on Decrease in Sales (H10)

Overall, the test of direct effects of the components on the behavior underpinned the importance of the key component quality of the merchandise (H10a: -.40*, supported). The availability of the merchandise did not significantly relate to a decrease in sales (H10b: -.04, ns, not supported). This is partly in line with literature, as out-of-stocks have been found to lead to store switching and also to brand switching or postponement of purchase (Verbeke et al., 1998). Our results support the fact that at least the short-term effects do not enhance a decrease in sales. Furthermore, although the relationship marketing activities of the hypermarket we cooperated with included incentives related to the quantity of sales, these activities were not suitable to avoid a decrease in sales (H10c: .07, ns, not supported). This was in contrast to price fairness, which did indeed avoid a decrease in sales (H10d: -.13*, supported). To summarize, two out of the four sub-hypotheses of H10 were supported.

DISCUSSION OF THE RESULTS AND CONCLUSION

Companies aim to attract new customers and enhance sales of existing customers. For this reason, companies constantly try to enhance satisfaction. This has been inspired by relationship marketing, as it has traditionally focused on enhancing satisfaction, strengthening relationships, and

reacting to termination and complaints. The findings indicate that marketing should escape from its transactional focus. However, we perceive in the current development stage of the scientific field of relationship marketing a need to direct more attention to implicit forms of endangered relationships rather than termination and complaints. We believe that relationship marketing needs to focus on the avoidance of dissatisfaction (defensive relationship marketing) instead of concentrating on enhancing satisfaction. Although enhancing individual satisfaction with the aim to enhance individual sales can also lead to an enhancement of overall sales, the avoidance of decreasing sales is an alternative strategy to enhance overall sales. Our study addressed this gap by investigating how retailers can avoid decreasing sales from existing customers. The results are especially relevant for companies in consumer goods mass markets, because switching barriers are low and voicing complaints is less likely (Day, 1984).

Overall, our findings highlight the importance of the core performance of a company, especially for those relationships that are already endangered. The core performance in the study setting is the quality of the merchandise and the price fairness of the retailer, although price fairness is a comparative positive judgment of the price/performance ratio. For customers who have already started to decrease their sales, a focus on the core performance seems to be the silver bullet to avoid a decrease in sales. In contrast, relationship marketing activities—although giving incentives to enhance sales—have no impact on two of three of the attitudinal constructs (image and trust), nor do they directly affect behavior (decrease in sales). Thus, apart from a small positive impact on satisfaction, relationship marketing activities do not contribute to the avoidance of decreases in sales.

To summarize our findings, unlike a previous study (Priluck, 2003), we conclude that for customers who have already begun to decrease their sales, relationship marketing activities cannot mitigate a low performance on core components of retailers' offerings. The implication to be drawn here is that providers should use the purchase data generated from loyalty cards to treat their customers according to the sales segments. Approaching consciously endangered customers with relationship marketing activities to avoid a decrease in sales is not recommended. Rather, those customers can be approached by focusing on high quality of the core performance.

Overall, we suggest that retailers only engage in relationship marketing activities when their core offerings have a high quality standard. Our findings suggest that retailers in consumer goods mass markets that do not invest enough resources into steady and high-quality core components lose money on the resources they spend for relationship marketing activities.

Although this might sound evidential, we consistently see from our own anecdotal evidence that a lot of retailers that engage in relationship marketing activities have ongoing and severe problems with their offerings' core components.

Furthermore, our findings highlight the importance of trust as the only attitudinal construct that is suitable for avoiding a decrease in sales. Neither image nor satisfaction significantly related to decreasing sales directly. Thus, satisfaction surveys are not suitable for forecasting consumption behavior for consumer goods. However, satisfaction and image do have an impact on trust as a perception of one party that the exchange partner is reliable. The perceived reliability of the future performance seems to be the only way to avoid customers switching retailers by decreasing their sales.

REFERENCES

- Ahtola, O. T. (1984). Price as a "give" component in an exchange theoretic multicomponent model. Advances in Consumer Research, 11, 623–626.
- Anderson, E. W., & Sullivan, M. (1993). The antecedents and consequences of customer satisfaction for firms. *Marketing Science*, 12(2), 125–144.
- Anderson, E., & Weitz, B. (1992). The use of pledges to build and sustain commitment in channel relationships. *Journal of Marketing Research*, 29, 18–34.
- Arora, R. (1982). Validation of an S-O-R model for situation, enduring, and response components of involvement. *Journal of Marketing Research*, 19, 505–516.
- Bei, L.-T., & Chiao, Y.-C. (2006). The determinants of customer loyalty: An analysis of intangible factors in three service industries. *International Journal of Commerce and Management*, 16(3/4), 162–177.
- Bloemer, J. M. M., & de Ruyter, K. (1998). On the relationship between store image, store satisfaction and store loyalty. *European Journal of Marketing*, 32(5/6), 397–513.
- Bolton, R. N., & Bronkhorst, T. M. (1995). The relationship between customer complaints to the firm and subsequent exit behavior. *Advances in Consumer Research in Marketing*, 22(1), 94–100.
- Bolton, R. N., Kannan, P. K., & Bramlett, M. D. (2000). Implications of loyalty program membership and service experiences for customer retention and value. *Journal of the Academy of Marketing Science*, 28(4), 95–108.
- Cadotte, E. R., & Turgeon, N. (1988). Dissatisfiers and satisfiers: Suggestions from consumer complaints and compliments. *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior*, 1(1), 74–79.
- Chakravarty, S., Feinberg, R., & Widdows, R. (1997). Reasons of their discontent. Bank Marketing, 29(11), 49–52.
- Chin, W. W. (1998a). Issues and opinion on structural equation modeling. *Management Information Systems Quarterly*, 22(1), vii–xvii.

- Chin, W. W. (1998b). The partial least squares approach to structural equation modeling. In G. A. Marcoulides (Ed.), Modern methods for business research (pp. 295–336). Mahwah, NJ: Erlbaum.
- Churchill, G. A. J. (1979). A paradigm for developing better measures of marketing constructs. *Journal of Marketing Research*, 16, 64–73.
- Cooil, B., Keiningham, T. L., Aksoy, L., & Hsu, M. (2007). A longitudinal analysis of customer satisfaction and share of wallet: Investigating the moderating effects of customers characteristics. *Journal of Marketing*, 71(1), 67–83.
- Croft, M. (2006, December 21). Are loyalty cards missing the point? *Marketing Week*, pp. 6.
- Day, R. L. (1984). Modelling choices among alternative responses to dissatisfaction. Advances in Consumer Research, 11, 496–499.
- Diamantopoulos, A., & Winklhofer, H. M. (2001). Index construction with formative indicators: An alternative to scale development. *Journal of Marketing Research*, 38, 269–277.
- Dickson, J., & Albaum, G. (1977). A method for developing tailormade semantic differentials for specific marketing content areas. *Journal of Marketing Research*, 14, 87–91.
- Dillman, D. A. (2000). Mail and Internet surveys: The tailored design method. New York: Wiley.
- Dwyer, F. R., Schurr, P. H., & Oh, S. (1987). Developing buyer-seller relationships. *Journal of Marketing*, 51(2), 11–27.
- Fitzsimmons, G. J. (2000, September). Consumer response to stockouts. *Journal of Consumer Research*, 27, 249–266.
- Fornell, C., & Cha, J. (1994). Partial least squares. In R. P. Bagozzi (Ed.), Advanced methods of marketing research. Oxford, England: Blackwell Business 52–78.
- Gassenheimer, J. B., Houston, F. S., & Davis, J. C. (1998). The role of economic value, social value, and perceptions of fairness in interorganizational relationship retention decisions. *Journal of the Academy of Marketing Science*, 26(4), 322–337.
- Hardesty, D. M., & Bearden, W. O. (2004). The use of expert judges in scale development: Implications for improving face validity of measures of unobservable constructs. *Journal of Business Research*, 57, 98–107.
- James, D. L., Durand, R. M., & Dreves, R. (1976). The use of a multi-attribute attitude in a store image study. *Journal of Retailing*, 52(3), 23–34.
- Keaveney, S. M. (1995). Customer switching behavior in service industries: An exploratory study. *Journal of Marketing*, 59(2), 71–82.
- Lohmoeller, J.-B. (1989). Latent variable path modeling with partial least squares. Heidelberg, Germany: Physica-Verlag.
- Martineau, P. (1958). The personality of a retail store. *Harvard Business Review*, 36(1), 47–55.
- Mazursky, D., & Jacoby, J. (1986). Exploring the development of store images. *Journal of Retailing*, 62(2), 145–165.
- Morgan, R. M., & Hunt, S. D. (1994). The commitment-trust theory of relationship marketing. *Journal of Marketing*, 58(3), 20–38.
- Morwitz, V. (1997). Why consumers don't always accurately predict their own future behavior. *Marketing Letters*, 8(1), 57–70.

- Nunes, J. C., & Drèze, X. (2006). Your loyalty program is betraying you. Harvard Business Review, 84(4), 124–131.
- Oimei, C., & Wells, W. D. (2001). .com satisfaction and .com dissatisfaction: One or two constructs. Advances in Consumer Research, 28, 34–39.
- Oliver, R. L. (1980). A cognitive model of the antecedents and consequences of satisfaction decisions. *Journal of Marketing Research*, 17, 460–469.
- Oliver, R. L., Rust, R. T., & Varki, P. (1997). Customer delight: Foundations, findings, and managerial insights. *Journal of Retailing*, 73(3), 311–336.
- Pan, Y., & Zinkhan, G. M. (2006). Determinants of retail patronage: A metaanalytical perspective. *Journal of the Academy of Marketing Science*, 82(3), 229– 243.
- Podsakoff, P. M., MacKenzie, S. B., Lee, J.-Y., & Podsakoff, N. P. (2003). Common method biases in behavioral research: A critical review of the literature and recommended remedies. *Journal of Applied Psychology*, 88, 879–903.
- Priluck, R. (2003). Relationship marketing can mitigate product and service failures. *Journal of Services Marketing*, 17(1), 37–52.
- Radford, S., & Sridhar, S. (2005). All co-production is not created equal: A value congruence approach examining the degree of co-production. In 2005 AMA educators' proceedings: Enhancing knowledge development in marketing (pp. 244–251). Chicago: American Marketing Association.
- Ribbink, D., van Riel, A. C. R., Liljander, V., & Streukens, S. (2004). Comfort your online customer: Quality, trust and loyalty on the Internet. *Managing Service Quality*, 14, 446–456.
- Ringle, C. M., Wende, S., & Will, A. (2005). *SmartPLS 2.0 (beta) ed.* Hamburg, Germany: University of Hamburg.
- Selnes, F. (1993). An examination of the effect of product performance on brand reputation, satisfaction and loyalty. *European Journal of Marketing*, 27(9), 19–35.
- Semon, T. T. (2005, January 9). Dissatisfaction prevention is worth more. Marketing News, 39(14), 8.
- Singh, J. (1988). Consumer complaint intentions and behavior: Definitional and taxonomical issues. *Journal of Marketing*, 52(1), 93–107.
- Singh, J. (1990). Identifying consumer dissatisfaction response styles: An agenda for future research. *European Journal of Marketing*, 24(6), 55–72.
- Stauss, B., Schmidt, M., & Schöler, A. (2005). Customer frustration in loyalty programs. International Journal of Service Industry Management, 16(3/4), 229–253.
- Thibaut, J., & Kelley, H. (1959). The social psychology of groups. New York: Wiley.
- Ulaga, W., & Eggert, A. (2006). Value-based differentiation in business relationships: Gaining and sustaining key supplier status. *Journal of Marketing*, 70(1), 119–136.
- Verbeke, W., Farris, P., & Thurrik, R. (1998). Consumer responses to the preferred brand out-of-stock situation. European Journal of Marketing, 32, 1108–1028.
- Webster, F. E., & Wind, Y. (1972). Organizational buying behavior. Englewood Cliffs, NJ: Prentice Hall.
- Wold, H. (1966). Non-linear estimation by iterative least squares procedures. In F. W. David (Ed.), *Research papers in statistics* (pp. 411–444). New York.

- Wright, C., & Sparks, L. (1999). Loyalty saturation in retailing: Exploring the end of retail loyalty cards? *International Journal of Retail & Distribution Management*, 27, 429–439.
- Xia, L., Monroe, K. B., & Cox, J. L. (2004, October). The price is unfair! A conceptual framework of price fairness perceptions. *Journal of Marketing*, 68, 1–15.
- Xueming, L., & Homburg, C. (2007). Neglected outcomes of customer satisfaction. *Journal of Marketing*, 71(2), 133–149.