

Chapter 9

Relationship Quality in Services: Past, Present, and Future

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ABSTRACT

In today's highly competitive environment, the development of successful relationships with customers is considered a significant competitive advantage. Thus, the maintenance and enhancement of Relationship Quality (RQ) becomes critical for service providers. This chapter aims to analyse the concept of RQ and its antecedents and consequences in the area of services, account for its development and evolution through the last 2 decades, identify the developmental trends in the literature, and offer directions for future research. The field has become more specialised with age and the only area of convergence is the use of trust, satisfaction, and commitment as dimensions of RQ. However, lately RQ is conceptualised as a single dimension concept based on buyer's perception. Researchers use antecedents that are buyer-related, seller-related, or relationship-related, and the most important consequence investigated is customer loyalty. Lately, RQ research emphasises the importance of the environment effect (technology, economy, culture, etc.), is focusing on multi-industry or multi-country studies, and investigates the relationship of RQ with other major concepts such as service quality.

INTRODUCTION

Relationship Quality (RQ) is a concept that is based on the long-standing premise in marketing literature that losing customers is costly. Research has concluded that it is five times more expensive to acquire new customers than to keep existing ones. Therefore, companies have strived to develop long-term relationships with their

customers in order to create customer loyalty and increase profitability. In fact, a strong relationship is considered to be an intangible asset that cannot be easily duplicated by competitors (Wong, et al., 2007). Several scholars and managers suggest that in contexts where good relationships matter, Relationship Quality (RQ) is replacing service quality and customer satisfaction as a key source of superior performance (Palmatier,

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et al., 2006; Rauyruen & Miller, 2007). Finally, the latest paradigm shift in Marketing is towards relationships and the ultimate goal of firms is to satisfy customer needs through the development of such relationships.

As a result, RQ has become a very important concept in marketing research. When such quality is high, the relationship is successful and vice versa. Researchers have repeatedly tried to define RQ; to determine its inherent dimensions, and to identify its antecedents and consequences in various contexts (e.g. Crosby, et al., 1990; Roberts, et al., 2003; Huntley, 2006). The study of RQ in the context of services begins with Crosby et al. (1990). This is the first effort to conceptualise RQ in this context. From then onwards, the first decade of research involves further efforts to determine what RQ is and which are its antecedents and consequences in many different service industries. However, the real research focus on services is observed from 2007 until today. In those 5 years, a significant number of papers has been published on the subject in a wide variety of journals. This chapter aims to analyse the concept of RQ and its antecedents and consequences in the area of services; account for its development and evolution through the last 2 decades; show the developmental trends in the literature, and suggest avenues for future research.

THE PAST: RQ RESEARCH FROM 1986 UNTIL 2001

The Concept of RQ

The first definition of RQ argues that it is a bundle of intangible value that augments products or services and results in an expected interchange between buyer and seller (Levitt, 1986). Gummesson (1987) considers RQ as the quality of the interaction between a firm and its customers, and claims that it could be interpreted in terms of accumulated value. Raval and Grönroos (1996)

add that the value experienced in relationships varies in nature, with customers experiencing an episodic value at the early stages of a relationship, but a relational value as the relationship continues. Additionally, RQ refers to a customer's perceptions of how well the whole relationship fulfils the expectations, predictions, goals and desires the customer has concerning the whole relationship (Jarvelin & Lehtinen, 1996). Hennig-Thurau and Klee (1997, p. 751) postulate that RQ is "the degree of appropriateness of the relationship to fulfil the needs of the customer associated with the relationship." Grönroos (2000) defines RQ as the dynamics of long-term quality formation in ongoing customer relationships and suggests that from the customers' point of view, RQ is their continuously developing quality perceptions over time. Apart from the general definitions, researchers agree that RQ is not simple and in fact it is a higher order construct made of several distinct, though related dimensions (Crosby, et al., 1990; Dwyer & Oh, 1987; Gummesson, 2002; Kumar, et al., 1995; Roberts, et al., 2003; Woo & Ennew, 2004).

In services, the research stream into RQ begins with Crosby et al. (1990) who conceptualise RQ with the salesperson through trust and customer satisfaction. This approach is followed by many other researchers at this early stage of the research stream (Lagace, et al., 1991; Wray, et al., 1994; Bejou, et al., 1996; Selnes, 1998; Bowen & Shoemaker, 1998; Boles, et al., 2000). However, there are some others that look beyond that narrow definition and expand the dimensions used. Moorman et al. (1992) look at market research firms and their customers and find that RQ is measured by the perceived quality of interaction; the researcher's involvement in research activities, and both parties' commitment to the relationship. Storbacka (1994) tries to conceptualise RQ in services and concludes that it has three dimensions, satisfaction; commitment, and bonds. Zineldin (1995) examines the relationships of banks and their corporate customers and conceptualizes

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