

Chapter 14

A Cross–Cultural Study of Relationship Proneness and Its Implications for Relationship Marketing

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ABSTRACT

This paper examines relationship proneness of consumers in a cross-cultural setting; specifically, the relationship proneness between Chinese and U.S. consumers of Generation Y (born from 1976 to 1995) and its effects on relational satisfaction and relationship commitment. Based on previous research (e.g., De Wulf, Odekerken-Schröder, & Iacobucci, 2001) and cultural theories (e.g., Hofstede, 1980, 2001), nine hypotheses were developed involving the effects of relationship building tactics (i.e., direct mail, preferential treatment, communication, and tangible rewards) on relationship proneness, relational satisfaction and store loyalty. This quantitative study used a survey among two samples of consumers in China and the U.S. The final sample size was comprised of 349 student consumers. The findings of the research provide managerial implications for international retailers. Relationship proneness is a meaningful personal characteristic that can be used to describe or predict consumer behavior across cultures. A relationship marketing strategy that works for one culture may also work well in another culture. It is possible and appropriate, at least with generation Y consumers, to employ standardized approaches in relationship marketing across cultures.

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INTRODUCTION

Relationship marketing has taken on a significant role in both marketing practice and academic study (Adjei, Griffith, & Noble, 2009). Dwyer, Schurr, and Oh's (1987) seminal article on relationships marked the new era of relationship marketing (Palmatier, Dant, Grewal, & Evans, 2006). Since then, numerous studies on relationship marketing and customer relationship management have been published, and various strategies of building and developing long-term customer-firm relationships have been introduced in relationship marketing (e.g., Musalem & Joshi, 2009; Reinartz & Kumar, 2000; Rigby et al., 2002; Winer, 2001). The results of prior research have shown that long-term relationships with customers help firms gain financial success and a competitive edge (e.g., Bhattacharya & Sen, 2003; Berry, Carbone, & Haeckel, 2002; Liu & Yang, 2009; Reinartz, Krafft, & Hoyer, 2004; Thomas, Blattberg, & Fox, 2004; Venkatesan & Kumar, 2004).

Generation cohort represents a subculture that reflects a distinctive set of values, beliefs, expectations, and behaviors (Dou, Wang, & Zhou, 2006; Egri & Ralston, 2004; Lester, Forman, & Loyd, 2005; Wei, 1997). Generation subculture theory suggests that social, political, and economic factors have a distinct impact on every generation resulting in a generational identity that remains relatively stable throughout a generation's lifetime (Inglehart, 1997, Strauss & Howe, 1991; Yang, Zhou, & Chen, 2005). Thus, a study of generation subcultures can help businesses better understand the nature of culture change that has taken place in a country and consumer behaviour of that generation.

Generation cohorts have attracted a great deal of research in Western countries (e.g., Lester, Forman, & Loyd, 2005; Strauss & Howe, 1991; Thau & Heflin, 1997), but there is little research on the characteristics of generation cohorts in China (McEwen, 2005; Ralston et al., 1999). Further, previous research based on generational cohort

theory suggests that generational differences in values, attitudes, and lifestyles are always more significant in those countries where rapid economic development is bringing great changes to the life of individuals (Abramson & Inglehart, 1995; McEwen et al., 2006). For example, a study of advertising attitudes of generation X consumers in China indicated that there had been a great change in the lifestyle of this segment (Wei, 1997). Dou, Wang, and Zhou (2006) investigated the media program preferences of the same generation in China and found that the cohort consumers, compared with their preceding generational cohorts, tend to pay more attention to entertainment-based media programs such as television drama series and radio pop music, and shun information-based topics such as news or business reports.

Generation Y (born from 1976 to 1995), especially the middle-aged members of this generation (ages 20–34), grew up along with various relationship marketing strategies. Generation Y are a large group of consumers in the marketplace that has purchasing power and may have an unprecedented impact on the economy (Noble, Haytko, & Phillips, 2009). There are 60 million Gen Y consumers in the U.S. (Lester, Forman, & Loyd, 2005) and about 200 million Generation Y consumers in China who have witnessed and experienced the dramatic changes as the country has been transformed from a socialist to a capitalist economy (Stanat, 2005). The generation is "highly coveted" consumers, but little research has been done on the motivations behind these individuals' consumption behavior and preferences (McEwen et al., 2006). This study attempts to address this gap by exploring the role of relationship proneness in the consumer behavior of college-aged Generation Y individuals, and its impact on outcomes of firms' relationship strategies.

Another objective of this research is to investigate the cross-cultural differences between Generation Y consumers in China and the U.S. The limited cross-cultural studies on generation cohorts have examined cultural values between

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