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The role of relationship marketing investments in customer reciprocity

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1200

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Abstract

Purpose – This paper aims to, building on the concept of relational benefits, relationship marketing investments, gratitude, satisfaction and favorable reciprocal behaviors, examine the mechanism of cultivating relationships with valued customers at an upscale restaurant.

Design/methodology/approach – To capture the traits of the population (upscale restaurant customers who perceive relationship marketing investments by experiencing relational benefits), upscale restaurant customers with membership cards were contacted in the survey. Structural equation modeling was used to test measurement and structural models.

Findings – Empirical findings indicated that confidence and social benefits positively contributed to relationship marketing investments, whereas special treatment benefits were not significantly related to relationship marketing investments. In turn, relationship marketing investments positively affected both gratitude and satisfaction; relationship marketing investments were also more associated with gratitude than satisfaction. Gratitude positively evoked favorable reciprocal behaviors; however, satisfaction did not trigger favorable reciprocal behaviors.

Originality/value – The integration of relationship marketing investments and gratitude into the conceptual model would allow the current findings to generate rich theoretical and practical implications that the extant hospitality literature has not elucidated.

Keywords Consumer behavior, Gratitude, Favorable reciprocal behaviors, Relational benefits, Relationship marketing investments

Paper type Research paper

Introduction

Relationship marketing is a marketing paradigm (Beetles and Harris, 2010; Grönroos, 1994) in which the significance of developing and sustaining long-lasting customer relationships has become a norm in the marketing literature (Hennig-Thurau *et al.*, 2002). Relationship marketing refers to the process by which a firm develops and maintains enduring customer relationships (Morgan and Hunt, 1994) to retain profitable customers via continuing relational exchanges (Sheth, 1996). The concept of relationship marketing implicitly represents ongoing reciprocity with selected valued customers. The reciprocity principle focuses on returning favors to individuals who give us benefits (Morales, 2005). With regard to selective customers, this principle involves treating valued customers preferentially. Relationship marketing stems from the view



that a service provider cultivates relationships with regular customers by offering customized and differential benefits (Vargo and Lusch, 2004), which drives sustainable marketing relationships (Lacey *et al.*, 2007).

Relationship marketing is closely associated with the domain of service marketing in which customized offerings are designed to cater to the differing and dynamic service needs of selected customers to maintain relationships (Beetles and Harris, 2010; Vargo and Lusch, 2004). In the hospitality literature, relationship marketing has been explored using the concepts of relationship quality (Kim and Cha, 2002; Kim *et al.*, 2006), relational benefits (Kim and Ok, 2009) and customer relationship management (Wu and Lu, 2012). The abovementioned research examines the predictors and outcomes of relationship quality, the effects of relational benefits on favorable inequity and affective commitment and the impact of customer relationship management on relationship marketing and business performance, manifesting the importance of relationship marketing in the hospitality literature. To further develop the hospitality literature on relationship marketing, the present study incorporates the constructs of relational benefits, relationship marketing investments, gratitude, satisfaction and favorable reciprocal behaviors into a conceptual model (Figure 1) that underlies the reciprocity with regular customers in the context of an upscale restaurant.

The objective of the current research is twofold. First, this study aims to identify the associations of three types of relationship benefits (i.e. confidence, social and special treatment benefits) with relationship marketing investments and to investigate whether the three relational benefits have differential effects on customer perception of relationship marketing investments by upscale restaurants. Restaurant operators may have misperceptions of the relational benefits that are deemed critical by customers in maintaining continuing relationships. The findings are expected to provide hospitality managers with meaningful implications on the relational benefit that is the most (or least) effective in cultivating relationships with valued customers.

The second aim is to explore the role of gratitude in maintaining reciprocity with profitable customers. Specifically, the role of gratitude is examined within the conceptual model by:

- the differential effects of relationship marketing investments on gratitude and satisfaction;

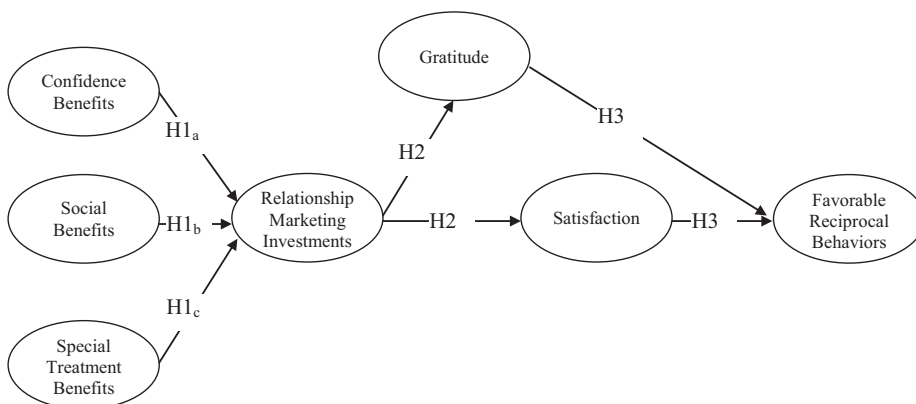


Figure 1.
Conceptual model

- the mediating effects of gratitude and satisfaction on the relationship between relationship marketing investments and favorable reciprocal behaviors; and
- the differing effects of gratitude and satisfaction on favorable reciprocal behaviors.

Gratitude is adopted in this study on the following grounds. First, gratitude is conceptualized as the positive emotion evoked by one party when the other party provides extra favors or benefits (McCullough *et al.*, 2001; McCullough and Tsang, 2004). This concept connotes that relationship marketing investments (e.g. when customers recognize relationship marketing investments through relational benefits) evoke the emotion of gratitude (Gouldner, 1960; Palmatier *et al.*, 2009). Gratitude is also a critical construct in explaining reciprocity with regular customers. Gratitude acts as:

- a crucial medium of relational exchanges that is emotionally central to reciprocal transactions (Palmatier *et al.*, 2009);
- a motivating force that prompts people to sustain reciprocal obligations (Gouldner, 1960); and
- a momentum that solidifies the loop of reciprocity (Simmel, 1950).

Therefore, the affective construct of gratitude critically explains the reciprocal transactions within customer relationship across various disciplines (Bartlett and Desteno, 2006) and acts as a critical mediator in relationship marketing (Morgan and Hunt, 1994; Palmatier *et al.*, 2009). According to the aforementioned literature, this study advocates that customers feel grateful to a service provider for its relationship marketing investments in extra favors (e.g. relational benefits such as special treatment or personal recognition) and return the favors by patronizing the provider, thereby supporting the mediating effect of gratitude on the relationship between relationship marketing investments and favorable reciprocal behaviors as seen in Figure 1.

Second, gratitude is acknowledged as a significant missing mediator in the literature of relationship marketing (Morgan and Hunt, 1994; Palmatier *et al.*, 2007; Palmatier *et al.*, 2009).

Nevertheless, the mediator of gratitude is rarely adopted in the hospitality literature, whereas the mediating role of satisfaction is extensively discussed in the domains of consumer behavior and relationship marketing, given that “the key to customer retention is customer satisfaction” (Kotler, 1994, p. 20). Although satisfaction is a key construct in the literature of relationship marketing, some studies point out its limitation in predicting reciprocity (Hennig-Thurau and Klee, 1997; Jones and Sasser, 1995; Stewart, 1997). For instance, Reichheld (1993, p. 71) maintains that “between 65 per cent and 85 per cent of customers who defect say they were satisfied or very satisfied with their former supplier”. This study includes gratitude, parallel to satisfaction, in the conceptual model to examine which one is more powerful mediator in sustaining reciprocity with customers. Gratitude is therefore included in a proposed conceptual model to understand its role, relative to satisfaction. The integration of relationship marketing investments and gratitude into the conceptual model would allow the current findings to generate rich theoretical and practical implications that the extant hospitality literature has not elucidated.

Literature review

Relational benefits

Both parties (customers and service providers) must benefit from the relationship to develop and maintain enduring ties. For the customers, relationship benefits, aside from core service, are central to the success of sustaining relationships with a service provider (Hennig-Thurau *et al.*, 2002). Hennig-Thurau *et al.* (2002, p. 230) define relational benefits as “the benefits consumers receive apart from the core service” in return for their enduring patronization with a service provider. The concept of relationship benefits is a key tool for implementing relationship marketing in the sense that the relationship benefits are designed to retain selective profitable customers, as suggested by the definition.

The extensively used concept of relationship benefits is derived from the typology developed by Gwinner *et al.* (1998). They articulate that relational benefits are operationalized as three dimensions: social, confidence and special treatment benefits. Social benefits are linked to personal ties and emotions in the buyer–seller relationship established by long-lasting interaction and friendship (Berry, 1995). The significance of social benefits in relationship marketing is not surprising, given that relational development is inherently a social process (Beatty *et al.*, 1996). Social benefits are exemplified by feelings of personal recognition, friendship, rapport, familiarity and social support (Barnes, 1994; Berry, 1995). Related to psychosocial benefits (Gwinner *et al.*, 1998; Reynolds and Beatty, 1999), social benefits minimize emotional distance between customers and service providers through self-disclosure and social bonds as a result of cultivating long-term relationships.

Confidence benefits represent feelings of low risk and anxiety; customers trust that service firms offer what they expect. The core component of confidence benefit lies in trust toward the reliability and integrity of a service provider; trust is an essential construct in developing and maintaining relationships (Morgan and Hunt, 1994). Confidence benefits are instrumental in lowering the perceived risk associated with a service transaction, thereby enhancing the realistic expectation of the service experience (Yen and Gwinner, 2003). Therefore, confidence benefits enable customers to differentiate restaurants, especially when customers select one of the comparable service providers (Gwinner *et al.*, 1998).

Social and confidence benefits have been discussed in the customer-to-service provider interaction. These benefits can also be observed from customer-to-customer interaction in the setting of a high personal contact service. The impact of customer-to-customer interaction contends that other customers affect the service consumption experience and are sometimes the reason for one to select a service provider over another (Grewal *et al.*, 2003; Moore *et al.*, 2005; Nicholls, 2010). The service characteristics of upscale restaurants are closely associated with customer-to-customer interactions that occur when, for example, “customers are in close physical proximity; customers must occasionally wait for the service; and customers are expected to share time, space, or service utensils with each other” (Nicholls, 2010, p. 88). In other words, the service encounter of upscale restaurant patrons can be influenced by the attitude/behavior and profile of other customers. This interpersonal impact implicitly suggests that when customers feel social and psychological congruence with other customers, they are likely to experience confidence and social benefits through pleasant and favorable interaction with other customers.

Associated with economic incentive (pricing incentives) and customized value-added benefits (exclusive reservation), special/preferential treatment benefits pertain to additional favors or preferential treatment available for regular customers only (Gwinner *et al.*, 1998). These benefits are fueled by loyalty programs, in which economic and customized advantages are provided, based on cumulative transactions, for customers to reinforce relationships with a service firm (Lacey *et al.*, 2007). Consistent with the conduciveness of loyalty programs to evoke the feeling of being privileged, important and appreciated (Lacey *et al.*, 2007), preferential treatment benefits assist a provider in catering to a customer need to feel important (Peterson, 1995). For highly relational or loyal customers, special treatment benefits are regarded as a part of service offerings. Hence these benefits are pivotal to strengthening relationships with valued customers (Reynolds and Beatty, 1999).

Much of the relational benefit literature builds on the typology of relationship benefits proposed by Gwinner *et al.* (1998). For example, categorizing confidence and special treatment benefits as functional benefits, Reynolds and Beatty (1999) refer to relational benefits as social and functional benefits in assessing customer–salesperson relationship. The concept of relational benefits is also explored in the financial service industry, wherein maintaining enduring relationships with regular customers is pivotal in the dynamic banking business. Martin-Consuegra *et al.* (2006) confirm three dimensions of relational benefits in the banking industry and identify different traits of customers according to the three dimensions. Furthermore, Molina *et al.* (2007) investigate the effect of three dimensions on banking customer satisfaction, suggesting that frontline employees should interact with customers by offering confidence benefits. Relationship benefits are also examined to understand how differently on-line banking customers see the benefits, compared to traditional banking customers (Colgate *et al.*, 2005). Their study indicates that Internet banking customers are found to appreciate less confidence benefits. Chiu *et al.* (2005) adopt the notion of financial, social and structural bonds in the banking service to represent relational benefits; financial and structural bonds are in line with special treatment benefits, whereas social bonds represent social benefits. Mimouni-Chaabane and Volle (2010) identify the underlying dimensions of the perceived benefits of loyalty programs in the retail business. Aside from exploration, the remaining dimensions, such as monetary savings, entertainment, recognition and social benefits, fall into the three dimensions of relational benefits. Restaurant literature (Kim *et al.*, 2006; Kim and Ok, 2009) also draws on the three dimensions to explore the role of relationship marketing.

Customers who maintain a long-term relationship with a service provider tend to demand commensurate treatment. They expect to receive not only the core service, but also additional favors in return for their commitment to the provider. The importance of relationship marketing is generally accepted in the business environment, hence the central idea of relational benefits is widely implemented in the restaurant industry (Kim *et al.*, 2006; Kim and Ok, 2009), particularly in upscale restaurants through customer relationship management. The current study builds on confidence, social and special treatment benefits to examine the extent to which they are associated with relationship marketing investments.

Relationship marketing investments

Wulf *et al.* (2001, p. 35) conceptualize relationship marketing investments as:

a consumer's perception of the extent to which a retailer devotes resources, efforts, and attention aimed at maintaining or enhancing relationships with regular customers that do not have outside value and cannot be recovered if these relationships are terminated.

The above definition (i.e. "devotes resources, efforts, and attention") embodies the investment of relational benefits in relationship marketing, implicitly representing the investment of time, effort and other irrecoverable resources directed at maintaining an enduring bond with valued customers that results in customer perception of relationship marketing investments (Blau, 1964; Smith and Barclay, 1997). Relationship marketing investments establish psychological ties that prompt customers to sustain relationships with a service firm and maintain an expectation of reciprocity (Smith and Barclay, 1997; Wulf *et al.*, 2001). Customer perception of relationship marketing investments is central to the reciprocation principle, which states that customers provide commensurate reward for a service provider's favor (Bagozzi, 1995). The relational strength between a restaurant and its customers can be built on the amount and the nature of the relational benefits emanating from the service provider (Bove and Johnson, 2000). The provision of relational benefits, aimed at cultivating long-term ties with regular restaurant customers, is perceived as the investment of time, efforts and other irrecoverable resources in the relationship. Given that customer perception of relationship marketing investments is determined in proportion to what customers have gained by retaining relationships with a restaurant, a more favorable perception of relationship benefits leads to higher perceived relationship marketing investments. Thus:

H1a. Confidence benefits positively affect relationship marketing investments.

H1b. Social benefits positively affect relationship marketing investments.

H1c. Special treatment benefits positively affect relationship marketing investments.

Differential effects of relationship marketing investments on gratitude and satisfaction

Prior research defines gratitude as follows:

- "an ingrained psychological pressure to return the favor" (Palmatier *et al.*, 2009, p. 2);
- "a sentiment which most immediately and directly prompts us to reward" (Smith, 1976, p. 68); and
- an inherently established mechanism that fuels reciprocation (Becker, 1986).

The affective construct of gratitude is central to reciprocity that acts as a key medium in determining the duration and stability of relational exchange (Larson, 1992).

The reciprocity principle "evokes obligation toward others on the basis of their past behavior" (Gouldner, 1960, p. 168). In relationship marketing, when regular customers perceive a higher relationship marketing investment based on the relational benefits they receive, they evoke emotional appreciation (gratitude) for a service supplier's extra benefits/favors. Customers' recognition of a seller's extra efforts or relationship

marketing investments attributes intentional favors to sellers, prompting the emotion of gratitude on the side of customers (Gouldner, 1960; Palmatier *et al.*, 2009). This positive link between relationship marketing investments and gratitude enables customers to feel obligated to reciprocate benefits; the reciprocation can invoke the feeling of pleasure, whereas the inability to return favors induces the negative emotion of guilt (Buck, 2004; Dahl *et al.*, 2005; Palmatier *et al.*, 2009). Gratitude, seen as reciprocity's "emotional core" (Emmons, 2004, p. 12) for appreciating benefits and facilitator of reciprocating desire, is a possible mediating mechanism in understanding the effectiveness of relationship marketing (Palmatier *et al.*, 2009). In line with prior studies (Emmons and McCullough, 2004; Morales, 2005; Palmatier *et al.*, 2009), the current research operationalizes gratitude as the "feeling(s) of gratefulness, thankfulness, or appreciation for a benefit received".

The definition of satisfaction differs in terms of focusing on either a cognitive process (Cronin and Taylor, 1992; Tse and Wilton, 1988) or an emotional state (Dube and Morgan, 1996; Richins, 1997). For a cognitive process, Tse and Wilton (1988, p. 204) advocate that satisfaction is "the consumer's response to the evaluation of the perceived discrepancy between prior expectations and the actual performance of the product". Hennig-Thurau and Klee (1997, p. 744) emphasize the emotional state of satisfaction by defining it as "a short-term emotional state that results from an intrapersonal comparison of the customer's expectations with the evaluation of a single product or service encounter". Although Hennig-Thurau and Klee (1997) regard satisfaction as an emotionally dominant construct, their definition reflects cognitive process (as signified by "intrapersonal comparison") coupled with emotional response. In the same vein, Woodruff *et al.* (1983) and Pfaff (1977) contend that satisfaction should be conceptualized to capture the combination of affective response and cognitive process because emotional response is evoked following an evaluative process of confirmation/disconfirmation.

Customer satisfaction is seen as a key determinant of customer retention (Kotler, 1994), thus it is treated as a key (mediating) construct that is extensively discussed in relationship marketing (Hennig-Thurau and Klee, 1997; Sheth and Parvatiyar, 1994). In the context of relational marketing, the perceived relationship marketing investments are found to enhance satisfaction (Smith and Barclay, 1997); the more customers perceive extra favors toward them from providers, the more they are satisfied with sellers (Baker *et al.*, 1999). In the same manner, Lusch and Brown (1996) argue that relationship orientation, rather than the duration of relationship, is the key to long-term competitiveness. This suggests that customer perception toward a firm's investment in relational orientation is much more critical than merely long-standing relationship. Baker *et al.* (1999) examine the effect of relationship orientation on satisfaction in the context of a supplier-reseller relationship and find out that satisfaction is enhanced when resellers perceive suppliers' deliberate efforts in maintaining relationship. Although relational orientation is not exactly the same construct as relationship marketing investments, it implicitly lends a support toward an argument that relationship marketing investments positively affects customer satisfaction.

This study posits that relationship marketing investments are linked to gratitude more strongly than satisfaction, although relationship marketing investments positively affect both gratitude and satisfaction. When regular restaurant customers perceive high relationship marketing investments by favorably experiencing relational

benefits (e.g. preferential treatment, pricing incentive, recognition), they more likely trigger psychological obligation to reciprocate benefits through the affective appreciation of gratitude than satisfaction. In other words, individuals see the relationship benefits as extra intentional efforts and favors by the restaurant apart from core products (e.g. food, service). Gratitude is further strengthened if relational benefits are given with intention (Gouldner, 1960; Palmatier *et al.*, 2009). Customers then would arouse the feeling of being indebted and stimulate the favorable affective state to gratitude beyond mere satisfaction to return favors to the restaurant. Hence, the present research hypothesizes that:

H2. Relationship marketing investments positively affect gratitude more than satisfaction.

Differential effects of gratitude and satisfaction on favorable reciprocal behavior

Palmatier *et al.* (2009) contend that the concept of gratitude is represented by affective gratitude, which refers to a feeling of gratitude evoked when customers “perceive themselves to be the recipient of an intentionally rendered benefit” (Emmons, 2004, p. 9), generating an affective state that fuels “a sense of obligation to repay” (Becker, 1986, p. 73). Behavioral gratitude (or favorable reciprocal behaviors), led by affective gratitude, represents reciprocating actions (Palmatier *et al.*, 2009). The sequence of affective gratitude leading to favorable reciprocal behaviors is central to examining the role of gratitude in reciprocation. Building on previous studies (Emmons and McCullough, 2004; Morales, 2005; Palmatier *et al.*, 2009), the current research defines favorable reciprocal behaviors as “actions to repay or reciprocate benefits received in response to feelings of gratefulness”. Favorable reciprocal behaviors are instrumental in maintaining a circle of reciprocity between offering and counter offering, thus strengthening an enduring exchange relationship (Bartlett and DeSteno, 2006; Emmons and McCullough, 2004). Favorable reciprocal behaviors (e.g. “I have given more business to a restaurant because I owed it to the restaurant.”), rather than intention to revisit, are used to measure customer reciprocity in this study, given that measures of favorable reciprocal behaviors capture actual reciprocity, whereas revisit intention exhibits potential reciprocity in the future. Moreover, revisit intention is criticized for not properly measuring genuine loyalty/reciprocity (Oliver, 1999); customers who have little relational bond/loyalty may report high repatronization intention due to situational restraints.

Satisfaction does not always result in loyalty/reciprocity (Jones and Sasser, 1995; Stewart, 1997). For example, Kordick (1988) argues that only 40 per cent of satisfied automobile purchasers buy the same brand again. The limited role of satisfaction in reciprocity can arise from its difficulty to measure complete satisfaction to the extent that customers feel obligated to reciprocate, given that customer satisfaction broadly spans the aspects of “merely satisfied”, “moderately satisfied” and “extremely satisfied” (Jones and Sasser, 1995). This wide range of satisfaction state causes asymmetric and nonlinear relationship between satisfaction and loyalty (Anderson and Mittal, 2000; Jones and Sasser, 1995); the increasing performance of satisfaction does not lead to corresponding impact on customer loyalty.

In explaining reciprocity, satisfaction can be viewed as a broad state of construct, whereas gratitude serves as an intense, influential affective mediator in reciprocating, accompanied by a desire to reciprocate. The aforementioned literature implies that

gratitude is a highly reliable predictor of reciprocity through strong emotional appreciation, accompanied by a feeling of being indebted to extra benefit providers; meanwhile, satisfaction serves as a limited precursor for reciprocity due to its broad state. The rationale for the differential impacts of gratitude and satisfaction on favorable reciprocal behaviors lies in the elucidation of the distinction between gratitude and satisfaction in predicting reciprocity. Gratitude is an intense, impressive affective state, followed by the psychological obligation to repay benefits, to ensure favorable reciprocal behaviors. However, satisfaction encompasses a wide scope of states (simple to wonderful satisfaction), hence its role in predicting favorable reciprocal behaviors is not as powerful as gratitude. Thus:

H3. Gratitude influences favorable reciprocal behaviors more favorably than satisfaction.

Methodology

Operationalization of constructs

The study construct items (Table I) were drawn from the extensive literature review. For the scales of confidence benefits (e.g. "I have more confidence that the service will be performed correctly"), social benefits (e.g. "I have developed a good relationship with the restaurant") and special treatment benefits (e.g. "I get a discount or a special deal that most customers don't get"), the present study built on the measures proposed by the studies of Hennig-Thurau *et al.* (2002) and Gwinner *et al.* (1998). Based on customer perception of the extent to which a provider commits resources and efforts to sustaining relationships with regular customers (e.g. "The restaurant devoted time and effort to our relationship"), the measures of relationship marketing investments were adapted from the studies of Smith (1998), Palmatier *et al.* (2009) and Wulf *et al.* (2001). Derived from the work of Oliver (1981), the concept of overall/cumulative satisfaction (e.g. "I believe I did the right thing to visit the restaurant") was operationalized. Overall satisfaction is captured by a cumulative construct that has been assessed by expectations and perceived performance and past satisfaction (Johnson *et al.*, 1995). Consistent with the concept of affective and behavioral gratitude, gratitude (e.g. "I feel appreciative to the restaurant") and favorable reciprocal behaviors (e.g. "I have patronized the restaurant because of its extra effort to satisfy me") were operationalized as a subset of scales from McCullough *et al.* (2002), Morales (2005) and Palmatier *et al.* (2009).

To enhance translation validity, such as face and content validity, a pre-test was undertaken in the form of focus group discussions, wherein six hospitality researchers and four upscale restaurant operators were invited. The wording of scales was carefully reviewed, fine tuned and reconfirmed by the focus group discussions. Moreover, field researchers conducted in-depth interviews with 36 restaurant customers to check the wording and clarity of measurements. This study used a 7-point Likert-type scale (1 = strongly disagree and 7 = strongly agree) to measure customers' perceptions.

Data collection

To capture the traits of the population (i.e. upscale restaurant customers who perceive relationship marketing investments by experiencing relational benefits), upscale restaurant customers with membership cards were contacted in the survey. A nationally recognized upscale restaurant brand agreed to support the current study. Two branches of an upscale chained restaurant in Seoul, Korea, were sampled for 25 days. The

Constructs (scale sources)	Measurements
<i>Relational benefits</i> (adapted from Gwinner <i>et al.</i> , 1998; Hennig-Thurau <i>et al.</i> , 2002)	<p><i>Confidence benefits</i></p> <p>I believe that there is less risk that (Target) will go wrong</p> <p>I have more confidence that (Target) will be performed correctly</p> <p>I feel I can trust (Target)</p>
<i>Relationship marketing investments</i> (adapted from Palmatier <i>et al.</i> , 2009; Smith, 1998; Wulf <i>et al.</i> , 2001)	<p><i>Social benefits</i></p> <p>I am recognized by the particular employee(s) at (Target)</p> <p>I am familiar with the employee(s) who perform(s) the service at (Target)</p> <p>I have developed a good relationship with (Target)</p> <p><i>Special treatment benefits</i></p> <p>I get a discount or a special deal that most customers don't get</p> <p>I get better prices than most customers.</p> <p>(Target) performs services for me that it does not perform for most customers</p> <p>(Target) worked hard to strengthen our relationship</p> <p>(Target) made significant investments in building a relationship with me</p> <p>(Target) devoted time and effort to our relationship</p>
<i>Gratitude</i> (adapted from McCullough <i>et al.</i> , 2002; Morales, 2005; Palmatier <i>et al.</i> , 2009)	<p>I feel grateful to (Target)</p> <p>I feel thankful to (Target)</p> <p>I feel appreciative to (Target)</p>
<i>Satisfaction</i> (adapted from Johnson <i>et al.</i> , 1995; Oliver, 1981)	<p>I am very satisfied with the overall experience at (Target)</p> <p>As a whole, I am happy with (Target)</p>
<i>Favorable reciprocal behaviors</i> (adapted from McCullough <i>et al.</i> , 2002; Morales, 2005; Palmatier <i>et al.</i> , 2009)	<p>I believe I did the right thing to visit (Target)</p> <p>I have patronized (Target) based on its extra effort to satisfy me</p> <p>I have given more business to (Target) because I owed it to the restaurant</p> <p>I have provided opportunities for (Target) to sell more F&B as a payback for its past efforts to satisfy me</p>

Table I.
Measurements of
constructs

surveyed restaurants issue membership cards to selected customers based on a consumption bill. Upon presenting the card, a customer enjoys a 20 per cent discount on the consumption of food and beverage (F&B) and accumulates points for future redemption of rewards. In addition, servers are trained and empowered to greet regular customers by their names whenever possible. A voucher for a free meal is periodically mailed to regular customers with membership cards. The voucher value varies with the level of patronization in the past. A survey was conducted when the customers were eating dessert or waiting for the bill. Customers who did not have membership cards

were screened out. Potential respondents were briefed on the background of the research. Participants who preferred to fill out the questionnaire themselves were given a self-administered questionnaire. For participants who did not prefer a self-administered questionnaire, field researchers completed the questionnaire through personal interview.

To secure sample diversity, the comparable number of respondents was randomly approached during lunch and dinner. To check statistically significant difference between lunch and dinner respondents, the analysis of variance and chi-squared analysis were conducted (Table II). According to chi-squared analysis, two demographic variables (i.e. gender and monthly household income) exhibited significantly different patterns between the two groups. Specifically, the greater number of males participated in lunch survey, whereas the larger number of females engaged in dinner survey. For monthly household income, while more respondents with USD4001-6000 participated in lunch survey, the greater number of participants with

Profiling of clusters	Lunch respondents (N = 137)	Dinner respondents (N = 160)	F-ratio/ chi-square	Significance
Confidence benefits ^c	4.89	4.68	2.56 ^a	0.111
Social benefits ^c	3.55	3.31	1.55 ^a	0.214
Special treatment benefits ^c	3.16	3.06	0.28 ^a	0.596
Relationship marketing investments ^c	4.21	3.95	2.71 ^a	0.101
Gratitude ^c	3.86	3.90	0.07 ^a	0.797
Satisfaction ^c	4.97	4.79	2.05 ^a	0.154
Favorable reciprocal behaviors ^c	3.50	3.52	0.01 ^a	0.927
Gender ^d			8.15 ^b	0.004
Male	49.5	32.2		
Female	50.5	67.8		
Age ^d			8.48 ^b	0.07
Below 25	4.5	7.4		
26-35	23.3	18.5		
36-45	33.2	36.4		
46-55	30.5	29.5		
Over 55	8.5	8.2		
Education ^d			2.67 ^b	0.75
High school diploma	16.3	15.4		
Bachelor's degree	73	71		
Master's degree	7.6	8.3		
Doctoral degree	3.1	5.3		
Monthly household income ^d			12.20 ^b	0.03
Below USD2,000	3.2	11.1		
USD2,001-4,000	20.6	21.1		
USD4,001-6,000	41.3	28.6		
USD6,001-8,000	24.7	31.7		
Over USD8,000	10.2	7.5		

Table II.
Perceptions and
demographic profiles of
lunch and dinner survey
respondents

Notes: ^aF-ratio; ^bchi-square; ^cmean value; ^d%

USD6001-8000 was surveyed during dinner. However, the F -ratio suggests that two groups have similar perceptions of study constructs without statistically significant difference. The data refining process consequently yielded 137 data and 160 data from lunch and dinner respondents, respectively, which comes to 297 valid responses for data analysis.

Respondents were also requested to provide their demographic profile. The gender ratio of the participants was 41 per cent male and 59 per cent female. Most respondents relatively had high economic status in terms of monthly household income:

- USD2001-4000 (21 per cent);
- USD4001-6000 (35 per cent);
- USD6001-8000 (28 per cent); and
- over USD8000 (9 per cent).

Their educational profiles are bachelor's degree (72 per cent), master's degree (8 per cent) and doctoral degree (4 per cent). The age profiles are 26-35 years (21 per cent), 36-45 years (35 per cent), 46-55 years (30 per cent) and over 55 years (8 per cent).

Results

Testing for reliability, validity and measurement and structural models

Table III exhibits the Cronbach's alpha to test construct reliability. Given that all of the alpha coefficients exceeded the cutoff point of 0.7 (Nunnally, 1978), each construct displayed an acceptable level of reliability. Convergent validity was supported by evidence that all average variance extracted (AVE) (Table III) values were above 0.5 (Fornell and Larcker, 1981). The confirmatory factor analysis results also lent support for convergent validity because the factor loadings for all indicators in Table IV were significant at $p < 0.05$ (Anderson and Gerbing, 1988). Additionally, the AVE for each construct was higher than the squared correlation coefficients under the corresponding inter-constructs, supporting discriminant validity (Fornell and Larcker, 1981). According to the goodness-of-fit indices from Table III, the proposed measurement and structural models were found to fit the data well.

Hypotheses testing

With respect to testing the effects of relationship benefits on relationship marketing investments (Figure 2), confidence ($\gamma_{11} = 0.43, t = 7.54$) and social ($\gamma_{12} = 0.33, t = 4.17$) benefits were both found to be positively related to relationship marketing investments, whereas special treatment benefits ($\gamma_{13} = 0.10, t = 1.37$) had an insignificant relationship with relationship marketing investments. Thus, $H1a$ and $H1b$ were supported, and $H1c$ was rejected. In testing the differential effects of relationship marketing investments on gratitude and satisfaction, as hypothesized by $H2$, relationship marketing investments affected gratitude ($\beta_{21} = 0.55, t = 9.64$) more positively than satisfaction ($\beta_{31} = 0.41, t = 6.72$); thus, $H2$ was accepted. Furthermore, as expected by $H3$, gratitude more positively led to favorable reciprocal behaviors than did satisfaction; gratitude ($\beta_{42} = 0.72, t = 12.90$) was significantly related to favorable reciprocal behaviors, whereas satisfaction

Constructs	CB	SB	STB	RMI	GT	SA	FRB
CB	1						
SB	0.25 (0.06)	1					
STB	0.14 (0.02)	0.70 (0.49)	1				
RMI	0.46 (0.21)	0.46 (0.21)	0.37 (0.14)	1			
GT	0.40 (0.16)	0.45 (0.20)	0.45 (0.20)	0.48 (0.23)	1		
SA	0.56 (0.31)	0.24 (0.06)	0.17 (0.03)	0.38 (0.14)	0.43 (0.18)	1	
FRB	0.26 (0.08)	0.54 (0.29)	0.55 (0.30)	0.58 (0.34)	0.64 (0.41)	0.24 (0.06)	1
Reliability	0.89	0.93	0.95	0.92	0.95	0.91	0.88
AVE	0.74	0.84	0.87	0.80	0.88	0.79	0.73
Mean	4.77	3.42	3.10	4.07	3.87	4.86	3.51
Standard deviation	1.10	1.62	1.68	1.32	1.29	1.08	1.40

Notes: CB = confidence benefits, SB = social benefits, STB = special treatment benefits, RMI = relationship marketing investments, GT = gratitude, SA = satisfaction, FRB = favorable reciprocal behaviors, AVE = average variance extracted. Mean values are based on 7-point scales; measurement model ($\chi^2 = 423.85$, $df = 168$, $RMSEA = 0.07$, $CFI = 0.95$, $NNFI = 0.94$); structural model ($\chi^2 = 643.11$, $df = 179$, $RMSEA = 0.08$, $CFI = 0.93$, $NNFI = 0.92$).

Table III. Correlations (squared correlations), reliability, AVE and mean

($\beta_{43} = -0.06$, $t = -1.27$) had an insignificant relationship with favorable reciprocal behaviors. In sum, *H1a*, *H1b*, *H2* and *H3* were supported, whereas *H1c* was rejected.

Testing for the mediating effect of relationship marketing investments, gratitude and satisfaction

The additional analysis was undertaken to assess the mediating effects of relationship marketing investments, gratitude and satisfaction (Table V). According to a significant indirect effect (Holland, 1988; Sobel, 1990), relationship marketing investments acted as a mediator on the following relationships:

- confidence benefits–gratitude ($\beta_{IE} = 0.24$, $t = 5.93$);
- confidence benefits–satisfaction ($\beta_{IE} = 0.18$, $t = 5.01$);
- social benefits–gratitude ($\beta_{IE} = 0.18$, $t = 3.82$); and
- social benefits–satisfaction ($\beta_{IE} = 0.13$, $t = 3.51$).

However, relationship marketing investments were not found to mediate the relationships for special treatment benefits–gratitude ($\beta_{IE} = 0.05$, $t = 1.35$) and special treatment benefits–satisfaction ($\beta_{IE} = 0.04$, $t = 1.32$) because of insignificant relationship between special treatment benefits and relationship marketing investments. The mediating role of relationship marketing investments suggests that confidence and social benefits evoke gratitude more significantly than satisfaction via relationship marketing investments. Gratitude was found to mediate the relationship between relationship marketing investments and favorable reciprocal behaviors ($\beta_{IE} = 0.40$, $t = 7.72$). However, satisfaction failed to mediate the effect of relationship marketing investments on favorable reciprocal behaviors

Factors	Standardized factor loading	t-value
<i>Factor 1: Confidence benefits</i>		
CB1: I believe that there is less risk that something will go wrong	0.90	16.01
CB2: I have more confidence that the service will be performed correctly	0.92	16.27
CB3: I feel I can trust the restaurant	0.75	NA
<i>Factor 2: Social benefits</i>		
SB1: I am recognized by the particular employee(s) at the restaurant	0.87	23.79
SB2: I am familiar with the employee(s) who perform(s) the service at the restaurant	0.94	29.78
SB3: I have developed a good relationship with the restaurant	0.93	NA
<i>Factor 3: Special treatment benefits</i>		
STB1: I get a discount or a special deal that most customers don't get	0.94	26.51
STB2: I get better prices than most customers	0.97	28.93
STB3: The restaurant performs services for me that it does not perform for most customers	0.89	NA
<i>Factor 4: Relationship marketing investments</i>		
RMI1: The restaurant worked hard to strengthen our relationship	0.90	20.71
RMI2: The restaurant made significant investments in building a relationship with me	0.93	21.66
RMI3: The restaurant devoted time and effort to our relationship	0.85	NA
<i>Factor 5: Gratitude</i>		
GT1: I feel grateful to the restaurant	0.90	NA
GT2: I feel thankful to the restaurant	0.95	28.35
GT3: I feel appreciative to the restaurant	0.96	28.78
<i>Factor 6: Satisfaction</i>		
SA1: I am very satisfied with the overall experience at this restaurant	0.83	NA
SA2: As a whole, I am happy with the restaurant	0.93	20.01
SA3: I believe I did the right thing to visit the restaurant	0.90	19.39
<i>Factor 7: Favorable reciprocal behaviors</i>		
FRB1: I have patronized the restaurant based on its extra effort to satisfy me	0.82	17.78
FRB2: I have given more business to the restaurant because I owed it to the restaurant	0.86	19.33
FRB3: I have provided opportunities for the restaurant to sell more F&B as a payback for its past efforts to satisfy me	0.89	NA

Relationship
marketing
investments

1213

Note: All factor loadings are significant at $p < 0.000$. Parameters are fixed at 1.0 for the maximum-likelihood estimation. Thus, t -values were not obtained (NA) for those fixed at 1 for identification purposes

Table IV.
Results of confirmatory
factor analysis

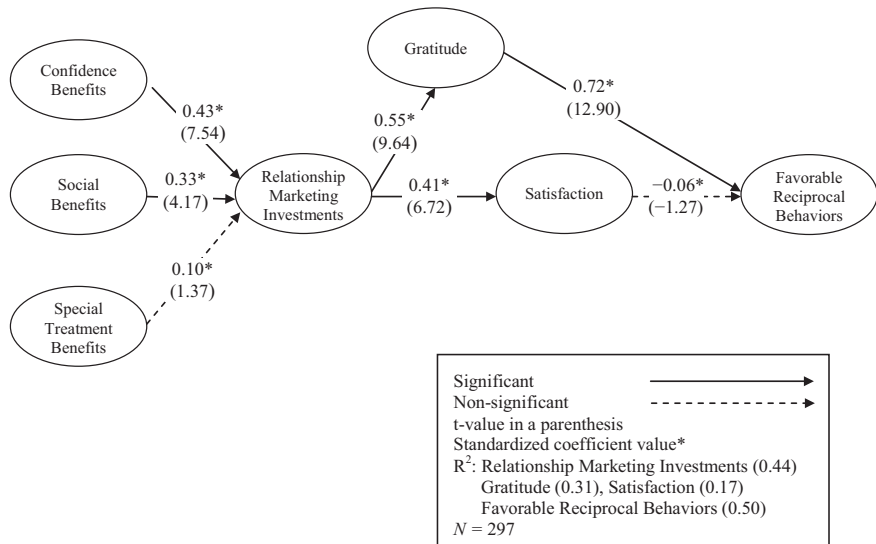


Figure 2.
Results of structural
model analysis

($\beta_{IE} = -.02, t = -1.24$) because of a nonsignificant association between satisfaction and favorable reciprocal behaviors. The findings suggest that gratitude acts as a more credible mediator in prompting reciprocity compared to satisfaction.

Discussion and conclusion

Theoretical and managerial implications

According to the empirical findings, confidence and social benefits positively contributed to relationship marketing investments, whereas special treatment benefits were not significantly related to relationship marketing investments. In turn, relationship marketing investments positively affected both gratitude and satisfaction; relationship marketing investments were more related to gratitude than satisfaction. Gratitude positively evoked favorable reciprocal behaviors; however, satisfaction did

Indirect path	Indirect path coefficient (β_{IE})	t-value
CB → RMI → GT*	0.24	5.93
CB → RMI → SA*	0.18	5.01
SB → RMI → GT*	0.18	3.82
SB → RMI → SA*	0.13	3.51
STB → RMI → GT	0.05	1.35
STB → RMI → SA	0.04	1.32
RMI → GT → FRB*	0.40	7.72
RMI → SA → FRB	-0.02	-1.24

Table V.
Mediation testing for
relationship marketing
investments, gratitude
and satisfaction through
indirect effect

Notes: CB = confidence benefits, SB = social benefits, STB = special treatment benefits, RMI = relationship marketing investments, GT = gratitude, SA = satisfaction, FRB = favorable reciprocal behaviors; *significant indirect path

not trigger favorable reciprocal behaviors. These results provide noteworthy implications for exploring a mechanism of relational exchanges in upscale restaurants.

With respect to testing the relationships between relational benefits and relationship marketing investments, restaurant customers mainly based their perception of relationship marketing investments on confidence benefits, followed by social benefits. Special treatment benefits, however, did not act as a precursor for relationship marketing investments. These findings are similar to those of [Gwinner et al. \(1998\)](#) in the retail industry, inferring that customers rate confidence benefits as the most important benefit, followed by social and special treatment benefits. This result is also empirically supported in the banking industry ([Molina et al., 2007](#)), wherein banking customers value confidence benefits the most. [Molina et al. \(2007\)](#) contend that frontline staff has to be dedicated to developing confidence benefits for banking clients. The key aspect of confidence benefits is the perception of trust, reliability or integrity toward restaurants. Restaurant products exhibit high perceived risk reflected by intangibility and simultaneous production and consumption. As confidence benefits are perceived as the major component of relationship marketing investments in the current study, restaurant operators should further reinforce confidence benefits to retain loyal customers.

For instance, the service guarantee policy could be effective in fostering customer confidence. Considering the service context in which humans are imperfect, a service failure could happen to regular customers. The service guarantee policy is designed to implement excellent service recovery procedures ([McColl et al., 2005](#)) and immediately handles voiced complaints to customer satisfaction ([Wirtz, 1998](#)). Prior research ([Callan and Moore, 1998](#); [Kashyap, 2001](#)) implicitly indicates that restaurant operators utilize three types of service guarantees: specific, unconditional and implicit guarantees. Specific guarantee signals commitment of a service provider to specific attributes, such as service time, delivery time and price. This guarantee policy acts as a benchmark to measure firm performance and guide employee works ([Kashyap, 2001](#)). As specific guarantee focuses on the performance of particular attribute, it may not appeal all the customers, although it may be appreciated by a certain segment. This narrow/functional focus of specific guarantee is more appealing to fast food restaurant customers. Implicit guarantee refers to an unwritten, unspoken promise made between a service provider and its customers ([Bateson, 1995](#)). However, this guarantee is limited to those restaurants with an excellent reputation for service, and customers prefer explicit promises to implicit ones. Unconditional guarantee (e.g. Get it Right or Get it Free!) signifies total satisfaction by promising performance on the entire service ([Kashyap, 2001](#)), significantly lowering financial risk. Unlike specific and implicit guarantees, unconditional guarantee is better able to reach out to broader market segments and is effective for upscale restaurant patrons whose perceived risk tends to be high. For the successful implementation of unconditional guarantee, [Wirtz \(1998\)](#) recommends that it be easy to understand and communicate, relevant to customers, easy to collect on and trustworthy.

Social benefits (e.g. personal recognition and rapport) for regular customers are considered as the function of emotional bond through an enduring relationship with a restaurant, enabling customers to strengthen their perception of relationship marketing investments. The significant effect of social benefits on relationship marketing investments is implicitly inferred from the study of [Kim and Ok \(2009\)](#), in which social benefits are found to solidify affective commitment (i.e. customer emotion of being

attached to a restaurant). Such an emotional attachment cannot be established when customers perceive little investment of the restaurant in cultivating relationships with them. Hence social benefits offer critical psychological bonding in reinforcing the perceived relationship marketing investments to enhance affective commitment. The effectiveness of social benefits is further boosted through employee empowerment (Kim and Ok, 2009) that allows employees the discretion and authority to offer high quality of service to guests (Wan, 2010). When servers are empowered to display self-disclosure, listening and personal recognition, the social bond between customers and restaurant is created, thus enhancing customer perception of relationship marketing investments.

The effective implementation of employee empowerment is accompanied by hiring the right people and establishing support system and fair reward climate. Individuals have their own skills, experiences and knowledge that require different types of jobs or organization. Employees likely stay with their jobs/organizations if a fit exists between their qualifications and job characteristics (Starks, 2007). If employees do not inherently enjoy interacting with customers, social bonding would not be achieved through employee empowerment. A job fit is a major screening consideration for recruitment. Additional support should be given to employees empowered to offer social benefits to regular patrons. For example, customer relationship management (CRM) is instrumental in identifying and building long-lasting relationships with loyal restaurant customers. A well-designed CRM database enables restaurant staff to keep track of the preferences of customers, thus allowing them to provide customized services, such as greeting customers by their names and recommending menu items that the customers will like. Fair compensation/reward acts as a significant motivator for employees to deliver high quality of customer service (Wan, 2010). Reward climate is one of major organizational climates in the sense that it indicates what employee behaviors are deemed critical and rewarded by a firm (Schneider *et al.*, 1998). Fair reward climate thus motivates and empowers restaurant staff to maintain social bonding with valued customers.

The empirical findings also reveal that special treatment benefits do not contribute to relationship marketing investments. The similar result is reported by the study of De Wulf *et al.* (2001), wherein preferential treatment has the nonsignificant effect on relationship marketing investments in the context of retailing environment. De Wulf *et al.* (2001) advocate that the preferential treatment is not as appealing as other relational benefits in terms of contributing to the perceived relationship marketing investments. The likely explanation for the nonsignificant relationship is based on the following grounds. First, the insignificant effect of special treatment benefits on relationship marketing investments is presumed to arise from the suppressor effect (MacKinnon *et al.*, 2000). The evidence of the suppressor effect is found from the correlation table (Table III). When correlation was tested between special treatment benefits and relationship marketing investments, the benefits indicated a significant correlation (0.37). However, the significant relationship turned insignificant in structural model analysis in which the entire relational benefits (confidence, social and special treatment benefits) were included to identify the relationships between the respective benefits and relationship marketing investments. Hence, given that confidence and social benefits predict relationship marketing investments more than do special treatment benefits (as evidenced by their higher correlation than special treatment benefits' correlation), the effect of special treatment benefits on relationship

marketing investments is suppressed by the effects of confidence and social benefits on relationship marketing investments.

The second ground is interpreted from the differential effect of discretionary versus contractual benefits (Palmatier *et al.*, 2009). Discretionary relationship marketing investments allow customers to trigger more feelings of gratitude, whereas the recipients of contractual relationship marketing investments sense little gratitude (Morales, 2005; Wood *et al.*, 2008). For example, when restaurant customers unexpectedly receive a free wine, they more likely feel grateful for the discretionary relationship marketing investment. However, special treatment given to customers, provided by the cumulative patronage-based loyalty/reward program, enables them to evoke less gratitude because the treatment is expected and they feel entitled to the contractual benefit. The loyalty program of the sampled restaurants offers special treatment benefits to customers, based on their points earned by prior consumption. The program requires customers to commit their patronage to the restaurants in return for future rewards, asking customers to commit their resources to and trust the restaurants. This type of a contractual loyalty program is spurious because it creates a liability/obligation rather than an asset to customers (Shugan, 2005). A genuine loyalty program should provide customer benefits by committing to the customer and trust the customer, instead of asking the customer to trust the loyalty program provider (Shugan, 2005). The provision of customer recognition (i.e. social benefits) is a good example of a real loyalty program (Shugan, 2005). The conspicuous recognition to customers enables them to feel privileged, special and elevated, consequently earning customer trust. In this study, special treatment benefits are earned by requiring customers to commit their resources to the restaurants and therefore deemed contractual benefits. In contrast, customers gain social and confidence benefits by voluntary rather than contractual/obligated patronization. The social and confidence benefits are established over time throughout mutual trust and commitment and discretionary efforts; thus, these benefits can be classified as discretionary benefits for the genuine loyalty program. The abovementioned line of logic is supportive of the finding that discretionary benefits enhance the customer perception of relationship marketing investments, whereas contractual benefits do not.

The current study found relationship marketing investments to evoke gratitude more than satisfaction. Such a finding might result from the distinction between general reciprocity and personal reciprocity. General reciprocity means rewarding suppliers for their favors from which individuals do not sense personal benefit. Examples of general reciprocity are core services, such as food and beverage and physical environment, which are generally available to customers. Reciprocity theory states that general reciprocity does not induce reciprocation (Morales, 2005). Given that those benefits are generally accessible to customers, they are not treated as personal benefits. General reciprocity does not enable most customers to feel indebted and grateful to a restaurant for its general benefits, thus not stimulating reciprocity. In contrast, personal reciprocity occurs when the providers' efforts individually benefit the customers; it fuels gratitude and reciprocity by offering personal benefits (Morales, 2005). Relationship benefits are exemplified by personal reciprocity; those benefits are perceived as extra favors above and beyond the core service especially available to selective customers as a result of maintaining an enduring relationship. Personal reciprocity lends rationale to the finding

that relational benefits-based relationship marketing investments trigger the emotion of gratitude more than satisfaction.

Gratitude turned out to positively induce favorable reciprocal behaviors, whereas satisfaction did not trigger favorable reciprocal behaviors. The result implies that gratitude is a more intense, impressive state of emotion than satisfaction. Gratitude acts as a core momentum of activating reciprocity by causing psychological pressure to return favors (Palmatier *et al.*, 2009); hence, gratitude significantly motivates customers to practice favorable reciprocal behaviors. As previously stated, satisfaction is characterized by the broad nature of construct, ranging from mere satisfaction to extreme satisfaction. Satisfied individuals do not always maintain positive reciprocity, as implied by the finding that satisfaction does not always predict loyalty (Hennig-Thurau and Klee, 1997; Jones and Sasser, 1995). Customers can be merely satisfied by general benefits; thus, those satisfied customers may not be strongly inclined to exercise favorable reciprocal behaviors. This aspect does not enable satisfaction to reliably predict favorable reciprocal behaviors. Another plausible explanation for the weak relationship between satisfaction and favorable reciprocal behaviors is related to the measures of satisfaction. This study adopts the scales of overall satisfaction that more likely reflect the broad nature of satisfaction. If the current study uses satisfaction response scales, such as the Delighted-Terrible, that are known as highly reliable measures (Yi, 1990), these scales would reliably capture the detailed level of satisfaction and complement the blunt aspect of satisfaction.

With respect to the mediating effect of gratitude and satisfaction on reciprocity, gratitude mediates the relationship between relationship marketing investments and favorable reciprocal behaviors, whereas satisfaction fails to do so due to the nonsignificant association ($\beta_{43} = -0.06, t = -1.27$) between satisfaction and favorable reciprocal behaviors. Gratitude is removed to examine whether satisfaction still does not act as a mediator. With the absence of gratitude, the relationship between satisfaction and favorable reciprocal behaviors turns significant ($\beta_{43} = 0.23, t = 3.73$), which enables satisfaction to mediate the relationship between relationship marketing investments and favorable reciprocal behaviors with the significant indirect effect ($\beta_{IE} = 0.09, t = 3.25$). This analysis suggests that the mediating role of gratitude is so dominant over satisfaction in predicting reciprocity that satisfaction loses its mediating effect with the presence of gratitude. This significant mediating role of gratitude is observed in the retail industry; Palmatier *et al.* (2009) find out that gratitude serves as the emotional core of reciprocity and key momentum for the establishment of relational bonds, consequently becoming a critical mediator in the literature of relationship marketing.

In summary, discretionary benefits (confidence and social benefits) favorably affect customer perception of the extent to which a restaurant invests efforts, resources and caring intended to retain relationships with regular customers. Meanwhile, contractual benefits (special treatment benefits) implemented by loyalty/reward programs allow customers to sense that they merit those benefits, which may serve as an underlying ground for the insignificant relationship between special treatment benefits and relationship marketing investments. In turn, when customers appreciate relationship marketing investments through discretionary benefits, they are more likely to feel grateful than satisfied. Those customers who are grateful rather than satisfied were found in the current study to exercise favorable reciprocal behaviors by patronizing the restaurant. The findings connote that gratitude, evoked by discretionary benefits, is a

more impressive, influential affective mediator than satisfaction to ensure favorable reciprocity with profitable customers. Discretionary, rather than contractual, relationship marketing investments are effective in cultivating enduring relationships with regular customers. Given that discretionary benefits strengthen favorable reciprocal behaviors through relations marketing investments, service guarantee strategy (for customer confidence) and employee empowerment (for customer recognition and rapport) could be noteworthy tactics for enhancing customer perception of relationship marketing investments. The current study identified the effects of three types of relational benefits on relationship marketing investments and observed the resultant mediator of gratitude relative to satisfaction. An understanding of the aforementioned implications provides hospitality managers with insights into the significance of gratitude and the process of cultivating reciprocity with profitable customers.

Limitations of the study and suggestions for future research

The current research adopted nonprobability purposive sampling (Healey, 1999; Levine *et al.*, 2011; Patton, 1990) in choosing the study sample of upscale restaurant customers. Nonprobability sampling does not afford the opportunity to contact some subjects of the population, thereby incurring exclusion bias. Purposive sampling is based on researcher discretion in selecting subjects. Hence, the justification of sample representativeness may be required and is likely to diminish the generalizability of the findings. Another limitation can arise from sampling. Female respondents are greater than male ones, and fewer senior customers participate in the survey. This unequal proportion could cause nonresponse bias, which can be minimized by balanced ratio of study sample in demography. Moreover, with single upscale restaurant brand, the findings may not be generalized to the upscale restaurant industry. In enhancing external validity, multiple brands should be sampled, thus enriching managerial and research implications.

This study demonstrated the significant role of gratitude in explaining consumer behavior. Little research has integrated the notion of gratitude into a conceptual model when exploring customer perception. The finding that gratitude displays the influential effect on customer reciprocity implicitly signifies that customer behavior would be exhibited differently, depending on when customers have the high or low level of gratitude. This suggests the potential moderating effect of gratitude on the evaluative perceptions of customers. For the testing of moderating effect, a group comparison (e.g. high vs low gratitude customer groups) is useful to understand the differential effect of gratitude on customer behavior. Besides, the constructs of length of patronage and intention to remain as a member in the context of relationship marketing investments are considered indicators of how much customers would like to hold membership status for relational benefits. These constructs are worthy of examination for future research to understand how they affect the customer perception of relationship marketing investments and reciprocity. The concept of gratitude has been rarely researched in the hospitality industry. Given that gratitude is deemed a significant explanatory construct in the literature of relationship marketing, more future research is encouraged to explore the role of gratitude in other hospitality industries (e.g. hotel, airline and casino) that value long-lasting relationships with regular customers. Additionally, gratitude is considered sensitive to cultural context (i.e. Western vs oriental culture). Depending on

cultural background, findings in this study would be different; thus, a cross-culture study is recommended to explore the cultural impact on gratitude.

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