

140 Маркетинг: цифровые технологии и маркетинговые коммуникации

1. Задача 1

Полный балл 100

Прочитайте статью и сделайте её критический анализ на русском языке.

Статья подготовлена на основе: Gilboa S., Seger-Guttman T., Mimran O. The unique role of relationship marketing in small businesses' customer experience. *Journal of Retailing and Consumer Services*. 2019. Т. 51. P. 152-164.

1. Introduction

Small businesses are privately-owned enterprises that have a small market share, are based on local customers' base, and have an important role in revitalizing local communities. Small businesses typically struggle for their survival and are vulnerable to competition from large enterprises. The 2019 annual small business survey of Wells Fargo and Gallup defined recruiting new customers as one of the top challenges facing small businesses. This challenge can be met by offering a unique and distinctive customer experience as a competitive strategy. Surprisingly, literature review have revealed that the concept of customer experience has received considerable attention in the domain of large enterprises, but customer experience has only rarely been addressed in small businesses studies.

Customer experience has been defined as the internal subjective means in which the customer experiences the multiple touch points and channels of the business. The notion of customer experience becomes crucial, given its role as an antecedent of positive customer outcomes. Recent literature regarding customer experience in large enterprises has focused on managing the multiple touch points of interaction between the company's employees, customers, and machines. In practice, large firms manage customer experience by employing advanced technologies based on virtual, non-human interaction with customers.

Small businesses, on the other hand, lack the financial and human resources that are obtainable in large firms for managing customer experience. However, a small body of literature has suggested that small businesses' central asset relates to their ability to offer human-oriented experiences. Two different aspects of customer relationships drive these experiences. The first relates to establishing long-lasting social and personal customer relationships. The second lies in small businesses' ability to offer their customers special personalized care, based on customized service, flexibility, convenience, and accessibility. As interactions with service employees during the service encounter have been found to be critical to the customer experience, these two aspects of small businesses can grant them a competitive advantage. Both social relationships and special care correspond to components of the relationship marketing (RM) approach, which focuses on the dyadic relationship between sellers and buyers as a means to achieve outcomes such as customer loyalty and word of mouth (WOM).

However, the small business literature has yet to link RM or its components to a clear strategy of customer experience.

Table 1

Customer experience management in large enterprises vs. small businesses.

	Large enterprises	Small businesses
Customer experience strategy	<ul style="list-style-type: none"> • Technology oriented (e.g., efficiency, speed, convenience, non-human) 	<ul style="list-style-type: none"> • Human oriented (e.g., social relationship, such as reciprocity, empathy, friendship, personal and customized service)
Central operations	<ul style="list-style-type: none"> • Omnichannel management based on the synchronization of the offline channels with the online channels • Integration of automated (non-human) interactions with customers (e.g., chats with bots, service robots) • Implementing machine to machine interactions (IoT) • Implementation of technology (e.g., virtual reality and augmented reality, automated cash registers) into the physical stores • Transforming physical stores to showrooms • Managing customer to customer interactions through social media • Integration of the operations of information technology, services, logistics, marketing, human resources and external partners to create a whole customer experience 	<ul style="list-style-type: none"> • Offering a long-lasting social relationship to customers • Offering customized and personal service • Stressing the centrality of human relationship between owners and customers

Furthermore, literature concerning the relationship aspects of small business has lacked coherence due to several shortcomings: First, this body of literature is mostly split between studies focusing on the owners' perspective and those addressing the customers' perspective. However, to date, no single study has yet to address how both groups perceive the drivers of customer experience. Second, small business studies have employed a variety of data collection methods, ranging from qualitative investigations to survey-based examinations and have addressed multiple research questions, with most neglecting the role of customer experience. Finally, despite many of these studies focusing on the owner-customer relationship, a multiplicity of theories has been put forward to explain these relationships, resulting in diverse conclusions and recommendations (for details, see *Table 2*). Thus, the field of customer experience in small business lacks coherence and consistency, and consequently, owners are left without clear answers regarding which strategy is best for creating the right customer experience.

To attain a comprehensive understanding of what defines the customer experience in small businesses, we adopted a mixed-methods design, combining in-depth interviews with owners and customers, followed by a survey of customers. This multi-methods mode of data collection allowed us to identify the unique nature of the customer experience in small businesses and characterize the required activities small business owners should implement to retain customer loyalty.

Our contribution to the literature is three-fold: First, we examine how small businesses create their customer experience by incorporating both owners' and customers' perspectives. Second, we focus on both positive and negative aspects of the customer experience in small businesses. To date, most studies dealing with aspects relating to customer experience in the context of small businesses have limited their attention to the positive side of the experience. Third, based on our qualitative findings, we adopted the RM approach to examine how small businesses establish relationships with customers as a manifestation of customer experience strategy. Finally, in light of our findings, we offer practical implications regarding how small businesses can maximize

their competitive advantage and provide recommendations for governmental agencies that assist small businesses.

2. Literature review

2.1. Customer experience in large enterprises

The concept of customer experience has received much attention in the last two decades. Customer experience has been defined as the internal subjective means in which the customer experiences the multiple touch points and channels of the firm. A variety of constructs, including branding, advertising, assortment, pricing, technology, atmospherics and servicescape, interactions with service employees, and customer-to-customer interactions have been cited as antecedents of customer experience, leading to positive customer-related outcomes, such as loyalty, word of mouth [WOM], and repurchase intentions.

Aiming to produce a positive customer experience, firms are being required to integrate their operations in the fields of information technology, services, logistics, marketing, human resources, as well as external partners. This integration is based on technological innovations facilitating large firms' management and monitoring of the multiple touch points of interactions between the customers and the firm. New technology has been applied in many ways to enhance customer experiences. These include automation and artificial intelligence that offer 24/7 services. Another technological tool relates to the implementation of virtual and augmented reality in both online and physical stores as a means to demonstrate how products can be used. Seeking to gain insights regarding customer preferences, large enterprises have employed big data analytics and CRM systems to customize loyalty programs. Thus, the customer experience in contemporary large enterprises comprises both human and non-human encounters, with the large firms' main focus being on managing the interactions between the company's employees, customers, and machines.

Small businesses' limited financial and human resources preclude them from creating a customer experience similar to that of large firms. Thus, while large enterprises have intensively turned to non-human interactions with customers, small businesses continue to stress the human experience, based on social relationships and personal service as the central experience offered to customers. Table 1 summarizes the primary differences in customer experience between large enterprises and small businesses.

2.2. Customer experience in small businesses

Small businesses' central assets lie in their ability to offer a personal human relationship based on two aspects: long-lasting social relationships and customized service. This capacity has become their most prominent customer experience strategy. The focus on maintaining relationships with customers has been linked to small business performance.

Table 2
Summary of key studies regarding customer experience in small businesses.

Name of the study	Focus (Subject)	Theory/Framework	Study method	Type of respondents	Main findings
Studies addressing social relationship aspects					
Klemz and Boshoff (2001)	The role of the retail environment and customer-induced emotions on customers' willingness to buy at large vs. small retail outlets	The stimulus-organism-response model	Survey	256 customers	Responsiveness and empathy leading to willingness to buy
Bloemer et al. (2003)	The impact of the need for social affiliation and consumer relationship proneness on behavioral intentions in hairdressers' context	Problem-based	Survey	185 customers	Customers need for social affiliation and relationship proneness lead to commitment, satisfaction, word of mouth, price sensitivity, and repeat purchasing
Landry et al. (2005)	The way community embeddedness helps retailers to foster feelings of community that affect consumer patronage	Relational embeddedness	Survey	130 customers	Social relationship and convenience contribute to customer patronage
Rosenbaum et al. (2007)	The way customers who experience destructive events obtain emotional support from employees and customers in small businesses	Theory of relational loneliness	In-depth interview and a survey	83 customers	Small businesses operate as third place offered customers social support
Adjei et al. (2009)	The way relationships with specific targets (i.e., customers and suppliers) enhance a retailer's market responsiveness (i.e., the ability to identify and match customer-demand shifts in a speedy manner), affecting retail performance	Resource-based view, relationship marketing	Survey	172 business owners	Small retailers' relationship quality with customers was able to stimulate greater market responsiveness
Arnold et al. (2011)	The way professional relationship is enhanced by pro-bono services	Cognitive consistency theory, equity theory, systemic theory, social solidarity and relationship marketing	In-depth interviews	9 service providers and 27 customers	Social relationship between service providers and customers led to benefits for both sides
Altınay et al. (2014)	The influence of the different elements of culture on trust judgments in customer relationship development between ethnic minority small businesses and varying customer groups	Relationship marketing, cultural tiles	In-depth interviews	134 business owners	Trust in the business owner leads to relationship development
Song et al. (2018)	The effect of social interactions with employees and with other customers in small hospitality businesses on senior customers' loneliness by enhancing their customer experience	Problem-based	Survey	411 customers	Social interactions with other customers enhance customer experience
Studies addressing special treatment aspects					
Litz & Stewart (2000)	The use of opening hours in small businesses for maximum effect	Niche theory	Survey	307 business owners	Extraordinary opening hours increase small businesses sales
Carrigan & Buckley (2008)	Consumers perception of family-owned businesses	Problem-based	In-depth interviews	19 customers	Customized and personal service lead to loyalty and willingness to pay higher prices
Goodman & Renaud (2015)	Reasons driving consumers choice of small retail stores.	Problem-based	Survey	315 customers	Convenient location effect customers' store choice
Studies addressing social relationship and special treatment aspects					
Mostajer Haghighi et al., 2014	The role of customer loyalty as a managerial tool in the context of hospitality micro-enterprises.	Problem-based	In-depth interviews	8 owners of hospitality micro enterprises	Owners use both personal relationship, interpersonal communication, and customized service to retain loyalty and enhance WOM
The current study	The various aspects of customer experience in small businesses	Relationship marketing	Study 1- In depth interviews, Study 2- Survey	Study 1: 12 Owners and 33 customers Study 2-275 customers	Social benefits lead to customers loyalty and WOM through commitment Special treatment benefits and communication lead to customers loyalty and WOM through trust. Social benefits can harm customer experience.

Most small business studies have not focused on customer experience, but on other aspects of the customer-owner relationship that lead to positive outcomes (*see Table 2*). Exceptions to this trend are *Mostajer Haghighi et al (2014)* and *Song et al (2018)*. *Mostajer Haghighi et al (2014)* study focused on customer loyalty and was based on a qualitative study of eight owners of small hospitality enterprises. Consequently, its focus was on guest experience from the owner's perspective. *Song et al (2018)* focused on senior citizens and examined how their interactions with other customers and with small business employees can alleviate feelings of loneliness. Thus, the question of whether all small businesses offer a common customer experience and one that is distinct from large enterprises remains unresolved.

Small business studies have identified several social aspects of owner-customer relationship, such as reciprocity, empathy, assurance, social affiliation, family atmosphere, interpersonal communication, and friendship. These factors have been identified as those contributing to various positive customer outcomes, including commitment, loyalty, WOM, patronage, and willingness to buy. Some studies have stressed the role of small businesses in providing social support for their customers.

An additional aspect of the customer experience in small businesses relates to these businesses' ability to offer customers customized service, convenience, and accessibility. This strategy was found to be a facilitator of business performance and leads to customers' willingness to pay higher prices, loyalty, repurchase intentions, and WOM. A small group of studies has shown how aspects such as unconventional working hours and accessible locations have led to positive customer outcomes, such as patronage and store choice. However, studies regarding the role of customized service in enhancing customer experience in small business are scarce, having multiple foci, thus requiring further examination.

To summarize, the literature concerning aspects contributing to customer experience in small businesses comprises two central aspects: the social relationship – where owners can offer their customers an avenue for social affiliation and belongingness – and personal and customized service, unique to small businesses. These two aspects are related since customized service often evolves from deep-lasting social relationships. However, most small business studies have focused only on one of these two aspects, leaving the question of their mutual impact unexplored. Moreover, as noted earlier, this literature lacks coherence and clarity due to their adopting multiple theories and diverse research methods, addressing a variety of different research questions, and being characterized by considering either owner-based or customer-based populations. *Table 2* summarizes the primary studies about customer experience in small businesses.

3. Overview of study 1 and study 2

The purpose of the current study was to delineate the main aspects that generate customer experience in the context of small business through identifying both positive aspects (that enhance loyalty and WOM) as well as negative aspects (that might harm the experience and drive customers away). To achieve this goal, we employed a mixed methods approach by conducting two studies on Israeli small businesses. First, we conducted in-depth interviews with 12 owners and 33 regular customers of small businesses (Study 1). Based on the grounded theory approach, with content analysis yielding themes that partially reflected the RM approach, we adopted RM as the theoretical conceptualization for Study 2. The literature review and hypotheses development of Study 2 follows Study 1.

4. Study 1 qualitative in-depth interviews

4.1. Methodology

4.1.1. Participants and procedure

A qualitative study was carried out seeking to portray the customer experience of small businesses from both the owners' and customers' perspective. We employed a phenomenological approach, aimed at describing the experience of a phenomenon. Since the study goal was to identify the customer experience of small businesses in general, we recruited participants from a variety of small service and retail businesses. All participants volunteered for the study, recruited through personal contacts (i.e., convenience sample) and by the snowball sampling method.

Sample 1 – Small-business owners. Twelve participants were recruited based on the criterion of having a privately-owned small business with a small market share, having fewer than 50 employees, and personally managing the business. The participants were from a variety of retail and service business, including hardware, grocery, hairdressing, yoga, acupuncture, and woodwork. Of the 12 participants, 80% were male; ages ranged from 27 to 55.

Sample 2 – Small business customers. Small business customers were recruited based on a shopping frequency criterion of visiting a small business at least once a week. Participants were patrons of a variety of retail and service businesses, including fashion stores, groceries, auto repair shops, optic and pharmacies, and insurance agencies. Of the 33 customers, 55% were female; ages ranged from 23 to 73.

4.1.2. Interview protocol and data collection

A semi-structured interview protocol was developed. Both owner and customer interviews were conducted face-to-face and individually by experienced interviewers, with the interviews taking place at various venues and times of day, at the convenience of the interviewees. The interviews lasted an average of 45 min. Data were collected over eight months. The owners' interview protocol comprised 17 open questions and the customers' interview protocol comprised 12 open questions. For both samples, we conducted trial runs with two interviewees from each group to test for relevance and transparency, then modified several questions accordingly.

The interview protocol for both customers and small business owners began with general questions on "the central experience of the customer in small businesses" (customers were requested to relate to their own experience). Then, both participant groups were asked questions relating to customer familiarity with the business and the benefits of being a small business customer. The third part of the protocol included four questions about the customer's relationships with the owner and other employees (owners were asked about their relationships with customers). The final part included four questions regarding large retail enterprises, comparing them with small businesses.

4.1.3. Data analysis

Each interview was audiotaped and transcribed. Field notes and self-transcribed interviews were analyzed to tap and classify meaningful themes. The data were structured thematically around emerging first and second-order categories and aggregated themes. We drew on the grounded theory approach for data analysis; thus, the next step was to carry out substantive coding by linking the conceptual themes in a conceptual framework. Two research assistants worked separately and independently to read, take notes, and mark words or sentences according to the codes that emerged from the text. The brief presentation of the results below includes interviewee excerpts reflecting the major emerging themes regarding the components of customer experience in small businesses.

4.2. Results – study 1

Content analysis yielded four central themes: aspects that enhance customer experience in the small business; aspects that harm the customer experience; customer attitudes toward the business; and positive customer outcomes. Customers' positive experience derive from benefits offered by the owners. These benefits were divided into those relating to customized service, flexible opening hours, and flexible payments (special treatment benefits), and to those relating to social relationships between owners and

customers (social benefits). However, in some cases, the social benefits were also experienced by the customer as a kind of harassment, due to owners' inappropriate probing into customers' private lives. A further aspect that harms customer experience was related to inconsistency in information sharing with customers regarding new products and services. In addition, it was found that the positive customer experience in small business leads to customer trust and commitment to the business, evolving into loyalty and WOM. *Figure 1* presents a summary of the qualitative analysis.

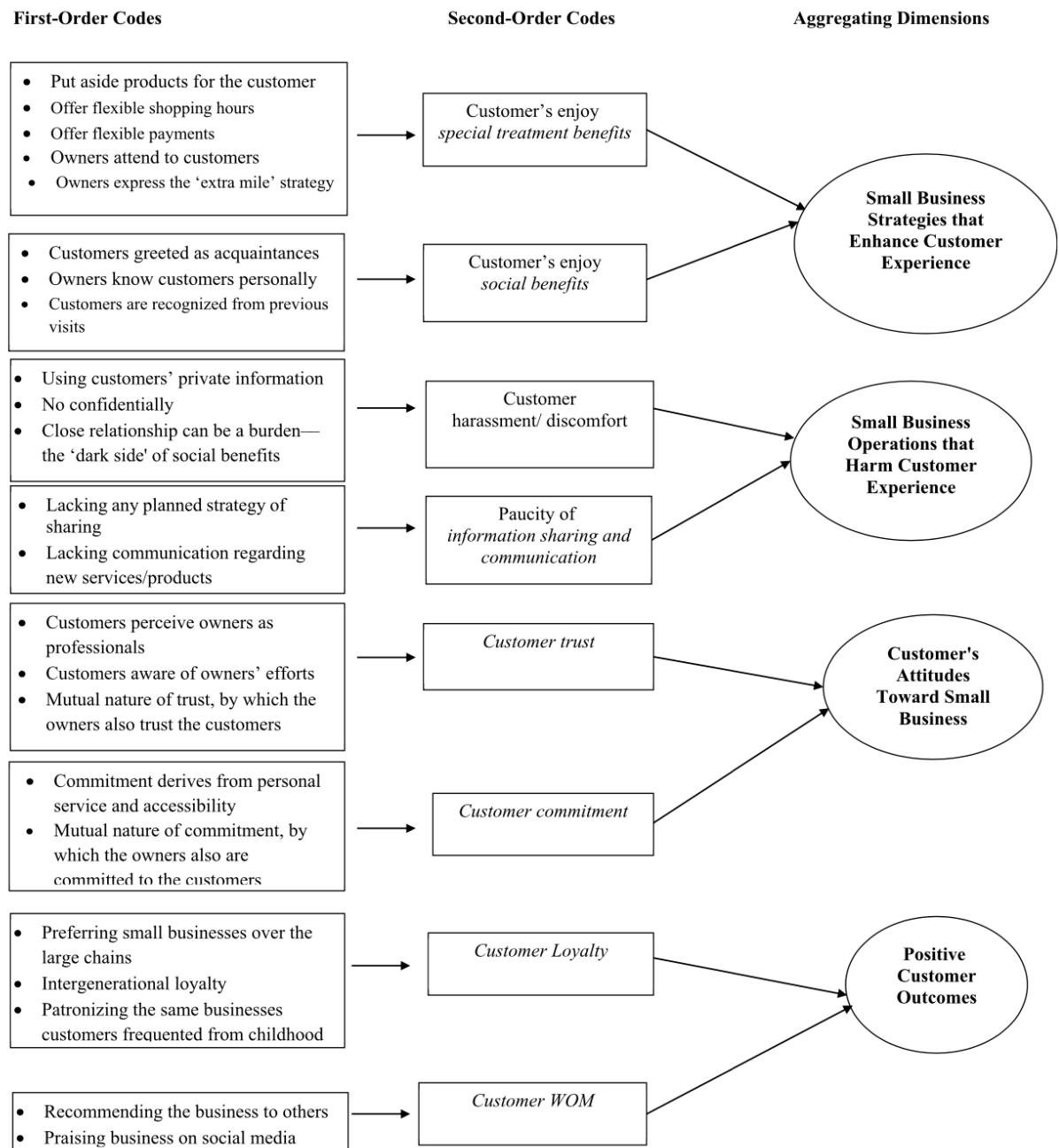


Figure 1. Data structure – factors affecting customers' small business experience.

4.2.1. Antecedents of positive customer experience

Special treatment benefits. In general, customers enjoy the personal service they receive at the small business. The interviewed customers cited several benefits: the

owners attend to them, put aside products for them, and offer flexible shopping hours and flexible payments when needed. For example, one customer commented: *I live far away, but I continue purchasing my glasses at a small private store in the south (a one-and-a-half-hour drive), a distance of about 150 km (!), and this is... due to the personal and professional attention I receive at this optic store.*

Another customer explained how she was able to defer payment until her payday: *The fact that they know me and count and rely on me as a customer alleviates my financial pressure. For example, if I have a slightly tight month, I can wait a few days for my salary and then pay the store... they will not hound me; they can rely on me.*

From the owners' perspective, one owner expressed the 'going-the-extra-mile' strategy used by many owners to retain customers: *One evening, a regular customer arrived extremely upset. Her husband surprised her and invited 20 guests for a barbecue. When she arrived, I didn't have the amount of meat she needed in stock, so I called another butcher and made sure that the order would arrive at her home directly. An hour and a half later, I received a call from the husband inviting me to join them.*

Social benefits. In general, customers enjoy relationship benefits, especially the feeling that they are greeted as acquaintances, familiar from previous visits, as the owners know them personally, not just as a customer. Owners describe the social efforts they invest in establishing personal relationships with their customers. The following comments are typical: *I know most of my customers by name. I try to remember the number of their children and their ages in order to give them personal attention. That's what they're looking for and what distinguishes me from the large stores or chains. I also try to have lower prices, but I don't believe this is really a consideration; My brother starts with a cigarette and a cup of coffee on the bench in front of the factory, talks to him (the customer) about life, work, livelihood, and only then attends to his needs as a customer. Customers love it.*

4.2.2. The negative side of customer experience

The dark side of social benefits. Though customers extolled the advantages of social benefits, some pointed out their negative side. This undesirable experience occurs when customers do not have the time or are in the mood to chat with the owner, and their intentions are "to buy and run," or even just to pass through with no purchasing intentions. Nonetheless, *the owner has other plans for me.* Being that they know each other, when the owner is not busy, he or she tries to chat up the customers or ply them with prying questions. This (over-) familiarity and excessive commitment can backfire on the customer.

Several customers reflected on this 'dark side' of the personal relationship:

- Since there is a closeness and a sense of familiarity... there are situations when I simply do not feel like being noticed.... If I come home from a party early in the morning with someone and pass the grocery store ... it creates unpleasantness. At times, it can also lead to questions later on, on my next visit to the grocery;

- I live with my partner, and sometimes when we buy there together, he interrogates us and asks all kinds of intimate questions about what the life of homosexuals is like, sometimes even putting us on the defensive; and sometimes, we end up with such a strange feeling;
- There are also some drawbacks in this close acquaintance; I once went to the store and wanted to buy a product that he did not have, and the store was also empty of customers, so he gave me a lecture about the product and alternative products. I was under some time pressure and hadn't expected to be stuck there so long.

Paucity of information sharing and communication. In the case of sharing information, owners tended to lack any planned strategy for sharing information with customers, such as updates regarding new products, services, or special sales.

As one owner explained, *I don't update customers on new products in any way. Only when the customer comes to the factory and wants something that a new product can solve his or her problem, then will I tell him about the product.*

Customers' comments corroborated this lack of information sharing: *When our daughter was born, I spoke with the owner about it, and it came up, so he suggested that I open a savings account for her through an insurance company; in the end it did not work out, but it's not that he will call me to offer me any new things or anything else from his own insurance business; we talked, so he recommended something; but on a regular basis, he does not communicate with me as a customer.*

4.2.3. Customers attitudes toward small business

Trust. Customers expressed high levels of trust in small businesses. Their trust of the owners derived from perceiving them as professionals in their field and from the efforts they make to give customers the best service (special treatment benefits). For example, one customer commented: *My butcher knows exactly what kind of meat I like. He cleans it the way I like. All I need to do is to turn up, pay, and leave.*

Customers' deep trust in small business owners' contrasts with the distrust some customers hold toward the large companies: *...because I want someone to consider my interests; the big companies just try to sell and push more and more insurance that I do not need. Not long ago, there was news about an older woman who had purchased all types of policies that she didn't really need. With my agent, there's no way this would happen, do you understand?*

Another customer demonstrated the mutual nature of trust, in that the owners also trust their customers: *"... and I know that in case there is a problem, if I would, for example, break a tap after taking it home; I would then return it to him, and he would return it to the company and do whatever needed to be done for a refund; I would not have to provide proof of purchase ... I mean, the person looks me in the eye, gives me a feeling of this personal attention; this is basic, and I know it is reciprocal.*

Commitment. Commitment was also mutually manifested between owners and customers. Both sides expressed how they felt committed to each other. For example, one owner gave an example of his commitment to his customers: *There are those who ask me to put aside some products for them to come and collect, or I will wait for them, and I won't close up because I know they are on their way.*

Customers explained that their commitment to small businesses derived from personal acquaintance and special treatment: *For me, it is more convenient that someone knows me and knows exactly what I need... you have someone available for questions; he can find the most suitable product for me....*

4.2.4. Customer outcomes

Loyalty and WOM. The two outcomes of loyalty and word of mouth were noted by our interviewees. Many customers mentioned they recommended the firm to others: *I personally think that I contribute to the continuity of the business, and I also try to recommend others to buy in this store. I know at least five of my friends who shop at this store besides my father and brother. As one of the owners noted, A satisfied customer praised my business on social media, and as a result, several new customers arrived.*

Regarding loyalty, it is apparent that the special treatment and social relationship strategy works, as customers tend to prefer small businesses over the large chains: *If it's someone I know personally, and he gives me good service, I would rather go to his business than support the tycoons.*

One of the interesting aspects of loyalty was its intergenerational aspect. Many customers mentioned that they patronize the same businesses familiar to them from childhood:

- *...going to an optic store, because my father took me to buy glasses there when I was 12, since then...I buy only there;*
- *Of course, he knows me. My parents are very old clients, and my sisters do some of his insurance. You know, what I mean by 'he knows me?' We're not friends, but if I call, then he asks about my parents and so....*

4.2.5. Summary of the findings – study 1

Our findings echo previously reported findings concerning the strength of personal and customized service (special treatment benefits) and social relationship (social benefits) in driving customer loyalty and WOM in small businesses. The findings show that special treatment enhances customers' trust in the business, while both aspects lead to customer commitment. In this respect, our findings correspond to the principles of the relationship marketing (RM) approach, linking the antecedents of special treatment and social benefits to the positive outcomes of loyalty and WOM through the mediation of trust and commitment.

In addition, we found several unique features of the nature of relationships in the context of small business. First, we found an intergenerational aspect to customer loyalty; it is evident that long-term acquaintance can produce a kind of intergenerational relationship between owners and their customers' families.

Second, customers and small business owners appear to walk a tightrope, a kind of double-edged sword. On the one hand, customers enjoy the social opportunity of being acknowledged and receiving benefits from these close relationships. On the other hand, they are compelled to pay the price of owners' potential abuse of these commercial relationships. It is apparent that some owners expend considerable efforts in establishing long-lasting relationships with customers. In exchange, they expect the customers to pay in the same currency, expressing social reciprocity, irrespective of the ensuing commercial transaction.

Finally, it was revealed that, unlike in large companies that seek to establish commitment and trust through ongoing communication with customers, small business owners appear to disregard the importance of continuous and systematic information sharing. Rather, their sharing of information is haphazard. Communication was also mentioned as an important component of relationship marketing, and it appears that the lack of systematic information sharing among small businesses is detrimental to the customer experience.

In light of the qualitative study's findings (Study 1), Study 2 comprised a quantitative examination of the findings. As the qualitative findings reflected congruence with the RM approach, we adopted its constructs as the theoretical conceptualization of our quantitative investigation, as presented in *Figure 2*.

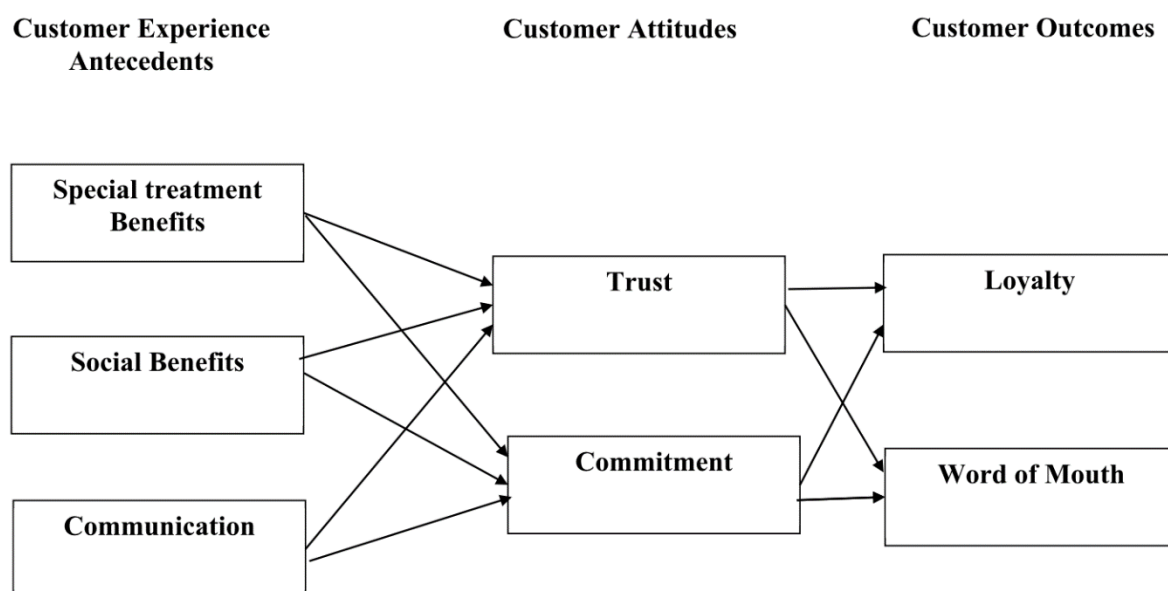


Figure 2. The study model (Study 2) of the factors affecting small business customer experience (RM approach).

5. Study 2 – survey of small business customers

5.1. Relationship marketing (RM) and small service businesses

RM has been defined as “all marketing activities directed toward establishing, developing, and maintaining successful relational exchanges” (*Morgan, Hunt, 1994*). RM was originally developed in the context of B2B, but shortly thereafter, was also being adapted to the context of B2C. RM has been claimed to be one of the theoretical sources of customer experience, with many RM studies characterizing it as part of the customer experience.

RM is based on the notion that establishing strong reciprocal relationships leads to positive customer outcomes. In other words, sellers are encouraged to invest efforts in building and retaining long-lasting relationships with customers, as this type of relationship is likely to yield loyal customers who are willing to pay more for goods and services and to recommend the firm to other potential customers. Through high-quality RM, retailers can gain a deeper understanding of their customers’ needs. Thus, when these relationships are established, customers are likely to disclose quality information, allowing retailers to customize products and services that accommodate their customers’ unique needs.

The RM approach is composed of multiple antecedents, mediators, and outcomes. *Palmatier et al (2006)* categorized relationship antecedents as customer-, seller-, and dyadic-focals. The customer-focal includes several benefits customers gain from the service, including confidence, social, and special treatment. The seller-focal includes the various resources that are invested by sellers to establish and maintain the relationship. The dyadic-focal includes the active involvement of both sellers and buyers, such as in communication and information sharing (*Palmatier et al, 2006*). These antecedents’ impact on customer outcomes (i.e., loyalty and WOM) have been claimed to be mediated by three relational mediators – trust, commitment, and satisfaction.

Some small business studies have examined the relationship components from the owners’ perspective, suggesting that maintaining close ties with customers can contribute to business performance. Studies investigating small business customers have found that aspects associated with special treatment benefits (such as customized service and special opening hours), as well as aspects characterized as social benefits (such as opportunities for socialization and reciprocity), lead to outcomes including patronage, repeated purchasing, WOM, and loyalty. This literature suggests that the way owners manage their relationships with customers plays an important role in retaining loyal customers and attracting new ones. However, while addressing owner-customer relationships, this literature has not adopted RM as its theoretical conceptualization; rather, relationship components were examined sporadically along with other unrelated constructs. Thus, the question of delineating which RM components are more crucial to retaining customers’ loyalty has remained unresolved. To address this gap, the current study sought to examine a more comprehensive model of RM in the context of small business by incorporating the specific constructs found

in the qualitative study. These include the impact of the antecedents of special treatment and social benefits on loyalty and WOM. In addition, the mediation role of trust and commitment was tested.

5.2. Hypotheses development

5.2.1. The impact of relationship benefits

The marketing literature has identified several benefits that customers gain from maintaining a relationship with sellers, particularly, being granted special treatment. These include customized services, unconventional opening hours, prospects of saving time, and faster service. Also included are social benefits that are based on companionship, familiarity, and social support. Small business studies have shown that both special treatment and social benefits contribute to customer loyalty, WOM, and repurchase intentions. Hence, we hypothesize the following:

H1a: Special treatment benefits will be positively linked to loyalty.

H1b: Special treatment benefits will be positively linked to WOM.

H2a: Social benefits will be positively linked to loyalty.

H2b: Social benefits will be positively linked to WOM.

5.2.2. The impact of communication

Communication – the amount, frequency, and quality of information shared by sellers – has been found to comprise an important antecedent in RM. Some studies have found that seller-buyer communication has a positive impact on customer loyalty in the hotel and restaurant industries. Furthermore, in the context of small businesses, studies have shown that the use of systematic communication contributes to business performance. However, as our qualitative findings revealed (Study 1), the communication practices characterizing small businesses are informal and unsystematic, stressing friendship and companionship over direct marketing. While this form of communication may contribute to social and special treatment benefits, it is less clear how small business customers perceive formal and strategic communication from the owners. Therefore, our study incorporated an exploration of the impact of systematic formal communication and information sharing on trust, commitment, loyalty, and WOM without hypothesizing the nature of this impact.

5.2.3. The mediation role of trust and commitment

The RM literature suggests that the dynamic of the RM antecedents in retaining customer loyalty and encouraging WOM is mediated through factors such as trust, commitment, and satisfaction. However, this dynamic has rarely been examined in the unique small business context. Several studies have employed mediated models of RM. For example, *Verma et al (2016)* lent support to *Palmatier et al (2006)* model in the context of online retailing. *Rafiq et al (2013)* found that relationship quality

(comprising trust, commitment, and satisfaction) mediated the impact of perceived relationship investment on e-loyalty. In the context of retailing, *Huang (2015)* found customer gratitude to mediate the impact of customer investment tactics on behavioral loyalty, and *Adjei and Clark (2010)* found that relationship quality – also delineated as satisfaction, trust, and commitment – mediated the impact of overall satisfaction from retailer and customer behavioral loyalty.

Our qualitative findings (Study 1) revealed the importance of trust and commitment as attitudes customers develop toward small businesses. Commitment is defined as “an enduring desire to maintain a valued relationship”. Trust is viewed as a construct indicative of having confidence in an exchange partner’s reliability. Trust and commitment have been found to mediate the impact of relational benefits and communication on customer loyalty and WOM.

Trust and commitment have hardly received attention in studies about small business customers. Regarding trust, a qualitative study indicated that trust is an important aspect of the relationship between small business owners and their customers, leading to loyalty through customer satisfaction. Hence our third and fourth hypotheses:

H3a: Trust will mediate the impact of special treatment benefits on loyalty.

H3b: Trust will mediate the impact of special treatment benefits on WOM.

H4a: Trust will mediate the impact of social benefits on loyalty.

H4b: Trust will mediate the impact of social benefits on WOM.

Regarding commitment, a qualitative study concerning family businesses indicated that special treatment and social benefits were associated with commitment to the businesses, which in turn, led to repeating purchases. Hence our fifth and sixth hypotheses:

H5a: Commitment will mediate the impact of special treatment benefits on loyalty.

H5b: Commitment will mediate the impact of special treatment benefits on WOM.

H6a: Commitment will mediate the impact of social benefits on loyalty.

H6b: Commitment will mediate the impact of social benefits on WOM.

5.3. Methodology

5.3.1. Sample and procedure

A survey was distributed through an online link to a representative sample of the Israeli population. Two hundred seventy-five respondents completed the survey. Among them, 60% were women, 50% were below age 40, 62% were married, 55% held an academic degree, and 72% reported incomes comparable to or below the national average.

5.3.2. Measures

Questionnaire measures comprised 25 items. For each item, respondents were requested to indicate to what extent they agreed with the statement regarding a particular small business they visit frequently. Items were presented on a 7-point Likert-type scale, ranging from 1 (*strongly disagree*) to 7 (*strongly agree*). *Social and special treatment benefits* were measured by three items each, adapted from *Hennig-Thurau et al (2002)*. *Communication* was measured by five items adapted from *Adjei et al (2009)*. *Trust* in the business was measured by five items adapted from *Adjei et al (2009)*. *Commitment* to small businesses was measured by four items adapted from *Hennig-Thurau et al (2002)*. *Loyalty* to small businesses (including *WOM*) was measured by five items. An *Appendix* presents the survey items, standardized loadings, and sources.

Validity and reliability. In order to ensure the validity of questionnaire translation, we employed a back-translation procedure. First, we translated the original items from English to Hebrew. At the second stage, a native English expert translated the questionnaire back to English. Following this, we corrected specific items to ensure the translation will retain the original meaning of the items. Convergent validity was tested by calculating the average variance extracted (AVE) for each construct.

Table 3
Descriptive statistics and correlation matrix.

	AVE	CR	Cronbach Alpha	M	SD	1	2	3	4	5	6
1. Communication	.76	.88	.86	5.7	1.2	.87					
2. Special treatment benefits	.77	.82	.82	5.1	1.5	.27***	.88				
3. Social benefits	.77	.81	.81	4.0	1.6	.17*	.48***	.88			
4. Trust	.77	.88	.86	6.1	1.0	.79***	.38***	.15	.88		
5. Commitment	.84	.91	.90	3.8	1.6	.19*	.43***	.73***	.20**	.92	
6. Loyalty	.81	.89	.88	5.4	1.2	.31***	.30***	.33***	.44***	.46***	.90
7. Word of Mouth				5.8	1.2	.37***	.27***	.27***	.44***	.34***	.79***

Note. * $p < .05$; ** $p < .01$; *** $p < .001$; AVE = average variance extracted; CR = composite reliability. Squared AVEs on diagonal.

The lowest AVE was 0.76, suggesting that, on average, the amount of variance explained by the items is higher than the unexplained variance. Discriminant validity was examined by comparing the squared AVE values to the correlations between dimensions. All the squared AVE values exceeded the correlations for each pair. CR values ranged between 0.81 and 0.91, demonstrating good reliabilities of the constructs. *Table 3* presents AVEs, CRs, Cronbach alphas, means, and inter-correlations of the study constructs.

Testing for common method variance (CMV). We employed three different tests for CMV. First, we ran the Harman single-factor test through an exploratory factor analysis constraining all items to a single factor. The obtained variance was 33%, suggesting that the items do not load on a single common factor. Second, we used the common latent-factor test and found no common factor surfacing from the data. Third, we used a marker variable to check for differences between the original CFA and the CMV-adjusted CFA. No significant differences were found between the latent-factor and marker variable to the original CFA. The results of these tests are presented in *Table 4*.

Table 4
Common method variance tests.

Fit measures	Uncorrected estimates	Adjusted estimates	
		Common latent factor	Marker variable
Chi-squared test	573.5	573.2	590.8
IFI	.92	.92	.92
CFI	.92	.92	.92
TLI	.90	.90	.90
RMSEA	.07	.07	.065

5.4. Results

The relationships between the study's constructs were tested using structural equation modeling (SEM) with AMOS 21 software. To avoid load on the analysis, we calculated the latent constructs and used them as summated constructs in the model (*Bollen, 1989*). The fit indices for the model were satisfactory ($\chi^2 = 9.0$, $p > .10$, $df = 9$, $\chi^2/df = 0.99$, $CFI = 1.00$, $TLI = 1.00$, $RMSEA = 0.00$). *Table 5* presents the analysis results.

Table 5
The relationship between the study model constructs (standardized estimates and *t* values).

Constructs	Commitment	Trust	Loyalty	WOM
Communication	.06 (1.1)	.60*** (12.2)	-.002 (-.03)	.10 (1.3)
Social benefits	.58*** (11.0)	-.07 (-1.4)	.007 (.10)	0.3 (.44)
Special treatment benefits	.11* (2.0)	.19*** (3.7)	-.007 (-.11)	.03 (.52)
Commitment			.37*** (5.3)	.22** (3.0)
Trust			.35*** (5.0)	.29*** (4.0)

Note. * $p < .05$; ** $p < .01$; *** $p > .001$. *t* values in parentheses.

Hypotheses 1 and 2 posited that special treatment and social benefits would be linked to loyalty and WOM. As can be seen in Table 5, these two hypotheses were not supported, as the links between both benefits and loyalty and WOM were non-significant. Hypotheses 3 and 4 predicted that trust would mediate the impact of the special treatment and social benefits on loyalty and WOM, and Hypotheses 5 and 6 predicted that commitment would mediate these relationships. As can be seen in Table 5, both trust and commitment were positively linked to loyalty and WOM. In addition, special treatment benefits and communication was positively linked to trust, and social benefits were positively linked to commitment.

To test the mediating role of commitment and trust, we ran a bootstrap analysis following *Preacher and Hayes (2004)*, with results presented in Table 6. Results show that trust mediated the impact of communication and special treatment benefits on loyalty and WOM, thus supporting H3 but not H4. Commitment mediated the impact of social benefits on loyalty and WOM, thus supporting H6 but not H5.

Table 6
Tests for mediations effects.

Mediators	Point estimate	Bootstrapping 95%	
		Upper CI	Lower CI
Effect of communication on loyalty			
Trust	.23	.10	.37
Commitment	.02	-.01	.07
Effect of communication on WOM			
Trust	.19	.05	.35
Commitment	.01	-.008	.05
Effect of special treatment benefits on loyalty			
Trust	.06	.025	.11
Commitment	.03	-.0007	.09
Effect of special treatment benefits on WOM			
Trust	.05	.01	.11
Commitment	.02	-.0022	.05
Effect of social benefits on loyalty			
Trust	-.02	-.07	.05
Commitment	.17	.10	.25
Effect of social benefits on WOM			
Trust	-.02	-.06	.05
Commitment	.10	.04	.17

Appendix

The survey items (Study 2)

Construct (source)	Item	Standardized loading
Special treatment benefits (Hennig-Thurau et al., 2002)	It's important to me to receive faster service from this business.	.72
	It's important to me for the business owner to make a special effort for me.	.87
	It's important to me to receive special deals and offers from this business	.74
Social benefits (Hennig-Thurau et al., 2002)	It's important to me for the business owner to know me personally.	.77
	It's important to me to have a social relationship with the business owner.	.78
	It's important to me to have a friendly relationship with the business owner.	.76
Communication (Adjei et al., 2009)	The business owner will provide me with timely information.	.50
	The business owner will provide me with accurate information.	.83
	The business owner will provide me with useful information.	.89
	The business owner will provide me with credible information.	.83
	The business owner will frequently provide me with information.	.78
Trust (Adjei et al., 2009)	That the business owner will stand behind the promises he gives.	.73
	That the business owner will always be frank and truthful with me.	.75
	That I will be able to count on the information the business owner gives me.	.69
	That the business owner considers my welfare in mind.	.85
	This business owner is trustworthy.	.82
Commitment (Hennig-Thurau et al., 2002)	I am committed to my relationship with this business owner.	.87
	My relationship with this business owner is very important to me.	.87
	My relationship with this business owner is something that I really care about.	.91
	I will make a maximum effort to maintain a relationship with this business owner.	.72
Loyalty and WOM (Yoo and Donthu, 2001)	I will continue to make purchases at this business in the future.	.65
	This business will be my first choice in the future.	.88
	I will prefer this business over other competitors.	.89
	I will prefer this business over competing chain branches.	.85
	I will recommend this business to friends and relatives.	

Questions for your consideration

- 1) What are the main research questions proposed in this article?
- 2) What research methods were applied to investigate these questions?
- 3) What are the drawbacks of the research design (data, methods, analysis)?
- 4) What managerial implications of the findings do you suggest?
- 5) For which enterprises are the proposed recommendations most applicable? Give one or more examples.