

Full Length Research Paper

Modeling the relationships between customer participation and customer loyalty: The role of relationship benefits

Ren Shuxia* and Zhang Mingli

School of Economics and Management, Beijing University of Aeronautics and Astronautics,
P. O. Box 100191, Beijing, China.

Accepted 20 October, 2011

Customers are playing an increasingly active role in the service industry and the importance of their participation is gradually been recognized. This study aims to develop and test a model for investigating, how customer participation enhances relationship benefits that help in winning customer loyalty. Using a self-administered questionnaire survey, 400 respondents from personal training industry were used for this study. The results show that customer participation has an indirect effect on custom loyalty via relationship benefits. In addition, customer participation also has direct influence and indirect influence via customer-employee relationships and customer-firm relationships respectively on relationship benefits. The results also reveal that loyalty to employee has significant and positive effect on loyalty to firm as well. These findings help firms to have a better understanding of customer participation, develop competitive strategies that differentiate them from competitors and win customer loyalty in an aggressive market.

Key words: Customer participation, customer-employee relationships, customer-firm relationships, relationship benefits, customer loyalty.

INTRODUCTION

In view of the fact that the competition in the service industry has intensified, the paradigm of relationship marketing theory is increasingly recognized by businesses and theories, hence, it becomes the focus of contemporary corporate marketing strategy (Gronroos, 1996). Relationship marketing theories posit that establishing a stable relation is an important business strategy for creating competitive advantage (Morgan and Hunt, 1994, Anderson, 1989). The nature of the service industry is relationship-based. The relationship between customers and firms is a continuous, long-term, stable, and mutually beneficial partnership for establishing, developing and maintaining a good relations that will produce long-term benefits (Yong-ki and

Woo-kyu, 2008 Achrol, 1997; Ulaga et al., 2006). This theory emphasizes the customer's key roles in customer-firm relationships and states that customers not only create value, but also share it (Barney, 1994; Cannon, 2001). Companies view customers as partners and are willing to retain mutually beneficial relations with them, thus both sides can obtain benefits from long-term relationships (Wang, 2004 Anderson et al., 1997; Anderson EW, 1993; Anderson, 1990). Furthermore, the birth of a customer-centric era has caused enterprises to pay more attention to the role customers play in maintaining relationships and encourage them to actively participate in the service production and delivery (Neeli and Robert, 2006). Active participation can not only enhance customer-firm (C-F) and customer-employee (C-E) relationships, but also increases customer perceived benefits due to the enhancement of bilateral relations and ultimately produces loyal customers.

Many scholars have investigated the effects of customer participation on customer loyalty (Maria-Eugenia et al., 2008). Some argued that customer

*Corresponding author. E-mail: renxiaodan@126.com. Tel: (8610) 8233 8102 or (86) 134 8882 7550.

Abbreviations: C-F, Customer-firm; C-E, customer-employee; AVE, average variance extracted.

participation can create customer value and further promote customer loyalty by improving customer value (Eisingerich and Bell, 2006; Chan et al., 2010; Gronroos, 2009; Gronroos, 1984). Others posit that customer participation can improve service quality of providers, thereby increasing customer satisfaction and ultimately lead to customer loyalty (Christine T. Ennew and Martin R. Binks, 1999; Zeithaml, 1991). This research investigated the impact of customer participation on customer loyalty based on the perspective of relationship benefits. In other words, this paper answers the question on whether customer participation can influence relationship benefits directly or indirectly and whether customer participation can directly bring customer loyalty. Unfortunately, most customer relationship studies are based on service industry focus on C-F relations (Wansoo, 2008), but few of them explored C-E relations and mutual impact mechanism of relationships between two different levels (Macintoshi, 2002; DeWitt and Brady, 2003). However, they considered the effects of customer participation on two different levels of relations, relational benefits and customer loyalty from relational benefits view. Based on the above analyses, this study carries out an empirical research based on a personal training industry, a high degree of customer participation industry to explore whether customer participation could enhance C-E and C-F relations or whether strengthening mutual relations could help increase relational benefits and obtain customer loyalty. We are looking forward to enriching customer participation and relational benefits theory exploration.

LITERATURE REVIEW

Customer participation

Customer participation is a behavioral concept, and it specifically refers to mental and physical aspects of behavior in the service production and delivery process, including the customer's involvement and effort level (Cermak et al., 1994; Mitrega et al., 2010). Since the late 1970s, the customer participation has aroused scholars' concern in academic research, but until now, researchers have not yet formed a mature theoretical recognition. With the continuous development of service marketing theory, the research experiences the changes from the business perspective to customer perspective and competitive advantage perspective. Early investigation on customer participation encouraged enterprises to consider that customer participation could reduce organizational costs and increase productivity from an economic point of view (lovelock and Young, 1979). Although this view was questioned by some scholars, stating that service delivery systems should be isolated from customer involvement in order to reduce production uncertainty caused by customers, most researchers agreed that customers

should be taken as part of employees to improve service business productivity (Fitzsimons, 1985). With the establishment of the status of customer sovereignty, scholars focused much more on the customer as their research perspectives and explored the benefits customers gained from the participation. Although some scholars failed to reach an agreement on such issues as whether customer participation could improve service quality or reduce the cost of access to services, most of them agreed that customer participation could help to provide personalized products or service for customers (Schneider and Bowen, 2003). With the growing competition in the market, the scholars began to transfer their view from customers into how to encourage customer participation and obtain competitive differentiation (Song and Adams, 1993). Enterprises could obtain the differentiated competitive advantage through enhancing or reducing customer participation in the production or delivery of products or services (Prahalad and Ramaswamy, 2000; George, 1990). For the measurement of customer participation, Hubbert divided participation into three categories based on difference of service experience: (1) Low level of participation. Consumers simply appear in the service delivery activities, for example, air travel, fast food restaurants; (2) Moderate participation. Consumers need to involve in the service delivery process, for example, hairdressing, full service restaurant; (3) High level of participation. Consumers are the cooperative producers of services, for example, marriage counseling, and personal training and so on.

Customer-employee (C-E) relationships and customer-firm (C-F) relationships

C-E relationships and have defined it as "the relational strength between customers and employees". In other words, C-E relationships are customers and staff familiarity, mutual trust and business friendship with each other. American scholar Jones suggested that customers may be willing to maintain long-term business relationship with service companies just because of intimate relations between customers and employees (David and Sharon, 2000; Gounaris, 2005). According to whether the employees and customers know each other, the two sides would like to contact and exchange and to find out if both sides have the communication experience, Gutek (1999) advocated firms to divide mutual relations into three levels: (1) Long-term relationships. When Customers like a particular one or some of the employees, they only require this one or these employees to provide services for their needs. After several exchanges, two sides developed deepen understanding, mutual trust and ultimately established a business friendship, chiefly in personal training, beauty salon, medical and other industries, customers are more tend to establish, maintain

and develop such long-term relationships. (2) Surface relationships. However, Customers often present at the same firm, did not require one or some certain employees to serve them regularly (Brodie, 2009; Friman, 2002). They are familiar with the corporate brand, but not familiar with the employees. (3) Casual relationships. They occasionally accept services provided by one or certain employees; they will not necessarily purchase service again. Therefore, the relationships between customers and employees are only short contacts (Guttek, 1999; Ganesan, 1994). Gutek's findings show that companies keeping long-term relationships with customers are more likely to make customers satisfied and purchase service compared with surface relationships or casual relationships. The definition of C-F relationships focuses on the relational strength between customers and enterprises, (Hening-Thurau T et al., 1997; Johnson JL, 1999), that is, C-F relationships refer to the affection and psychological attachment towards firms during service encounter. It is a complex structure with multi-levels of result. Enhancing the C-F relationships and extending the duration of mutual business relationships is helpful to reduce the risk of bilateral cooperation and uncertainty (Ford, 1980; Ellen, 1999). Compared to C-E relationships, C-F relationships are not so longer and stronger, and the distance between each other is farther (Iacobucci and Ostrom, 1996; Hall, 1992). When employees leave a company, C-F relations will be affected in some extent (Bendapudi and Leone, 2002; Jackson et al., 1988). Improved C-E relationships are beneficial in consolidating C-F relationships, and ultimately helpful in improving customer evaluation on firms (Hausman A, 2003; Johnson et al., 2005). Therefore, employees' performance is often used as a part of marketing strategies to raise the customers' perceived benefits.

Relationship benefits

Prior to Berry's (1983) proposing the concept of relationship marketing, the researchers for relationship marketing mainly focused on the business perspective, but the role of customers has not received adequate attention like the other side of relations (Crosby et al., 1990). Although some papers chose customers as subjects, most of these studies focused on when, how and why the firms carry out relationship marketing (Morgan and Hunt, 1994; Barry and Terry, 2008). As successful relationship marketing cases were emerging, more scholars began to concentrate on the motives and desire that service providers can employ to establish long-term relationships with customers (Hennig-Thurau et al., 2000). Hennig-Thurau (2000) advocates that whether a customer decides to establish and sustain a long-term relationship largely depended on the following factors: (1) core products and services provided. (2) Other benefits obtained from the long-term relationships with employees.

Relational benefits are defined as the value customers obtained from the relational exchanges besides the core products and service. Barnes (1994) summarized twenty four important benefits for customers in mutual relationships, including provision of social supports, obtaining economic benefits and so on. Berry (1995) first explored the existence of these benefits based on the context of service industry. Similarly, Bendapudi and Berry (1997) attempted from a purely theoretical point of view to explain the antecedents and conceptual consequences on framework for maintaining such relations.

Based on the above studies, Gwinner and Bitner (1998) proposed and validated the three types of social, confidence and special treatment relationship benefits had on various service contexts through depth interviews, semantic induction, questionnaire and factor analysis, i.e. confidence benefits, social benefits and special treatment benefits (Kinard and Capella, 2006; Molina, 2007; Vazquez-Carrasco and Foxall, 2006). Confidence benefits include a range of psychological factors and relatively perceived anxiety and risk reduction after the transaction (Berry, 1995), which can reduce anxiety, maintain service providers' commitment to customers (Grönroos, 1990; Bitner, 1995).

Therefore, it is usually seen as a key factor for successful relationships (Dwyer et al., 1987; Moorman et al., 1993; Morgan and Hunt, 1994; Keller, 1993). Social benefits stem from long-term relations between customers and employees and relevant with personal bond (Czepiel, 1990). It reflects the emotional parts of relationship, including familiar, personal knowledge, friendship, kindness, and even emotional social support (Barnes, 1994; Berry, 1995). Special treatment benefits for relational customers include better prices, fast service, or additional services for individuals (Patterson and Smith, 2001). Saving money is the primary motivation for consumers to involve relationship program (Peterson, 1995). In this study, we refer to Gwinner's study which divides relationship benefits into three types: confidence benefits, social benefits and special treatment benefits. On the other hand, these three types of benefits were confirmed by lots of empirical studies and became a mature concept; on the other hand, these three types of benefits are the ones customers can perceive in firms and employees level, which are the outcomes of personal relationships, while others are related to brand (Hennig-Thurau, 2000).

Customer loyalty

Customer loyalty can be divided into loyalty to employees and loyalty to firms according to firms and individual level. The former refers to service loyalty, while the latter refers to the individual loyalty (Liliana, 2000; Baier, 1986). Loyalty is a very complex concept, from the existing marketing literature, we can summarize current work into

three main perspectives: behavioral (Tellis, 1988), attitude (Bennett and Rundle-Thiele, 2002; Trawick et al., 1981) and comprehensive perspective (Day, 1969; Yu-Hern et al. 2007; Lin et al., 2008). Behavioral theory argues that loyalty is based on the amount of purchased products or services (Tranberg and Hansen, 1986; Balmer et al., 2003). Therefore, loyalty can be measured by service provision frequency or purchase amount percent. Attitude theory posits that customer loyalty is explicit acts of attitude and functions (Jones and Sasser, 1995; Guenzi, 2010), which emphasizes psychological process importance behind the customer behavior. In the field of attitude loyalty, scholars also identify a series of different attitude loyalty concepts, such as positive word of mouth (Andreassen and Lindestad, 1998; Guiltinanm, 1980), recommendation (Zeithaml et al., 1996), and so on (Bettencourt and Brown, 1997). Comprehensive theory advocates that behavior and attitude should be combined to measure loyalty (Dick and Basu, 1994).

We infer from Dick's findings, that we measure customer loyalty with behavioral and emotional dimensions of loyalty. Behavioral loyalty has been defined as "willingness of customers to repeatedly purchase product or service provided by firms or employees and maintaining relationships with firms or employees tendency"; while attitude loyalty refers to "psychological attachment, trust and dependence level between customers and firms or employees".

CONCEPTUAL FRAMEWORK and HYPOTHESES

Service industry is labor-intensive, the biggest characteristics of which is customer participation in service delivery (Gronroos, 1978; Zeithaml et al., 1985). The reasons of customer participation in service production and delivery include economic bonds and social bonds. Economic bonds mainly refer to customers seeking for personal benefits and convenience, while for the social bonds; the primary purpose of participation is obtaining other things in service encounter. For example, friendly interpersonal contacts could help to establish good social relations with service firms or employees under social norms. Heish and Chang (2004) also argued that the most important reasons that customer participation refers to pursuing the needs in social level, that is, the need to be loved, cared and respected in psychological aspect besides the largest degree pursuing the utility in economic and physical levels (Swan et al., 1985). Consequently, this study proposes the following hypotheses:

H₁: Customer participation has positive effects on C-E relations;

H₂: Customer participation has positive effects on C-F relations;

Through customers participate in service production and

delivery, companies can gain very valuable customer information resources, including potential or actual demand information, the usage of service utility and their comments and suggestion on service provision (Wind and Rangaswamy, 2000; Prahalad, 2004), which helps companies to receive timely feedback on customer requirements, and improve the degree of service customization. Customers perceive benefits from mutual good relations. Therefore, we propose:

H₃: customer participation has a significant positive effect on relationship benefits.

Researchers contend that there is a strong relationship between customer participation and customer loyalty (Gwinner et al., 1998; Hening-Thurau et al., 2002; Reynolds and Beatty, 1999; Olson et al., 2001). In previous researches, an investigation on the relationship between customer participation and customer loyalty is generally divided into two perspectives: the first is that, customer participation has a direct impact on customer loyalty (Andreas and Simon, 2006; Palmatier, 2007). They advocated that firms should open up more channels for customer participation since customers play an increasingly important role in service production and delivery, which can effectively reduce the possibility of customers switching behavior (Roberts et al., 2007). Second, customer participation had no direct influence on customer loyalty (Christine and Martin, 1999). They argued that customer participation could help customers better understand the services, allow customers to form actual expectations in line with firms and employees true ability, reduce uncertainty and risk in service delivery, improve service quality of firms or employees, thereby enhance customers satisfaction. In other words, customer participation has indirect impact on customer loyalty via improving service quality and customer satisfaction. In this paper we are in the team of the first view, leading to the following hypothesis:

H₄: Customer participation positively influences customer loyalty to employee;

H₅: Customer participation positively influences customer loyalty to firm;

In the C-E relationship related research, the researchers found that first-line employees were not just part of corporations; their relationship with customers would also affect customer relations with firm to some extent (Crosby et al., 1987; Dodds et al., 1991; Iacobucci and Ostrom, 1996; Nguyen et al., 2001). When customers established personal relations with employees, their trust and commitment to employees would directly affect the customers' attitude toward firms and willingness to buy (Qin et al., 2010). In the contrast, for those customers who did not establish a relationship with employees, they must make more efforts to change their attitude toward firms, if

companies aimed to improve their willingness to purchase. C-E relationships will help them to enhance the C-F relationships (Wansoo et al., 2010; Rauyruen, 2007). Yim has also confirmed the transformation from C-E emotions to C-F emotions. Therefore, we propose:

H₆: C-E relationships have advantages related to C-F relationships;

For customers, they can obtain relationship benefits from the relations either with firms or employees. This is the motive of two sides to develop relationships with each other and drive those two sides to improve relationship quality. Customers could get confidence benefits, social benefits and special treatment benefits from better relations with firms or employees (Gwinner et al., 1998; Czepiel, 1985). The establishment of good relations can bring a feeling of comfort and security for customers, and reduce the uncertainty caused by anxiety. Customers who have confidence in the products and service can enhance confidence benefits. Meanwhile, the establishment of bilateral relations can better meet the emotional needs of customers; they are more likely to response to social benefits provided by firms or employees. In addition, customers easily obtain additional services with the establishment of good relationships, including economic benefits, customization benefits, discount price, fast service, or additional services (Hennig-Thurau et al., 2002; Yen and Gwinner, 2003). Since relationship benefits in firms and employee level are common to some extent, in order to simplify the integrated model, we merged the two level relationship benefits. Thus, we propose:

H₇: C-E relationship has positive impact on relationship benefits;

H₈: C-F relationship has positive impact on relationship benefits;

Relationship benefits were recognized as a key concept in relationship marketing research, as they were argued to have influence on a series of relational results, including employees satisfaction (Reynolds and Beatty, 1999), loyalty to employee (Gwinner et al., 1998 ; Hennig-Thurau et al., 2002; Patterson and Smith, 2001; Suh et al., 2010), loyalty to the firm (Gwinner et al., 1998; Marzo-Navarro et al., 2004), positive word of mouth (Gwinner et al., 1998; Hennig-Thurau et al., 2002), an ongoing relationship (Gwinner et al., 1998), commitment to firms (Hennig-Thurau et al., 2002) and purchase intentions (Patterson and Smith, 2001) and so on. So we propose:

H₉: Relationship benefits have an influence on loyalty to employee;

H₁₀: Relationship benefits have an influence on loyalty to firm;

As the competition in the service industry has intensified,

Most researches focused on customer loyalty. Relationship marketing (Palmatier et al., 2006), brand management (Rust et al., 2000), customer satisfaction (Oliver, 1999), customer value (Sirdeshmukh et al., 2002; Cronin, 2000) and other theoretical studies have found that customer loyalty to firm can improve firms performance. Besides loyalty to firm, there also exists the other type of loyalty, that is, loyalty to employee. In many circumstances, loyalty to firm is based on loyalty to employee (Beatty, 1996; Bove and Johnson, 2002; Shostack, 1977). Further research indicated that customer loyalty to certain employees represented their loyalty to the firm; only loyalty to one is not necessarily equivalent to his loyalty to the company. If this employee leaves, more customers may quit and move to competitors provided similar products and services. We propose:

H₁₁: loyalty to employee has positive impact on loyalty to the firm.

Based on the above theoretical analysis and hypotheses, we proposed a model that integrates customer participation, C-E relationships, C-F relationships, relationship benefits and customer loyalty. The proposed model presented in Figure 1 shows the effect of customer participation on relationship benefits which in turn influences customer loyalty.

RESEARCH METHODOLOGY

Methods

This study used survey method and was conducted in the personal development industry. Given that the measurement instruments were taken from previous consumer research, we examined all the correlations between concepts, statements and vocabularies of original scale to ensure its proper application in Chinese consumer market and finally formed the initial scale after two translations (Anderson JC et al., 1988). In the pre-survey, we selected ten MBA students and eight PhD candidates who had no training experience. According to the feedback from the pre-survey, the contents of the questionnaire were modified and ultimately determined. All the items were measured using a seven point scale (1="strongly disagree", 7="strongly agree"), the different figure meant different degrees of acceptance.

Measurement

The questionnaire measured six key variables: customer participation, customer-employee relationships, customer-firm relationships, relationship benefits, loyalty to employee and loyalty to firm. All measurements were adopted or adapted from previous research. Customer participation was measured using the scale adopted from Bettencourt (1997). The items of C-E relationships and C-F relationships were both adapted from Robert and Kenneth (1996) respectively and modified according to characteristics of specific situations. For the variable of relationship benefits, we selected the relevant items adapted from Gwinner (1998) proposed "confidence benefits, social benefits, special treatment benefits" based on service industry. We used four items to measure loyalty to

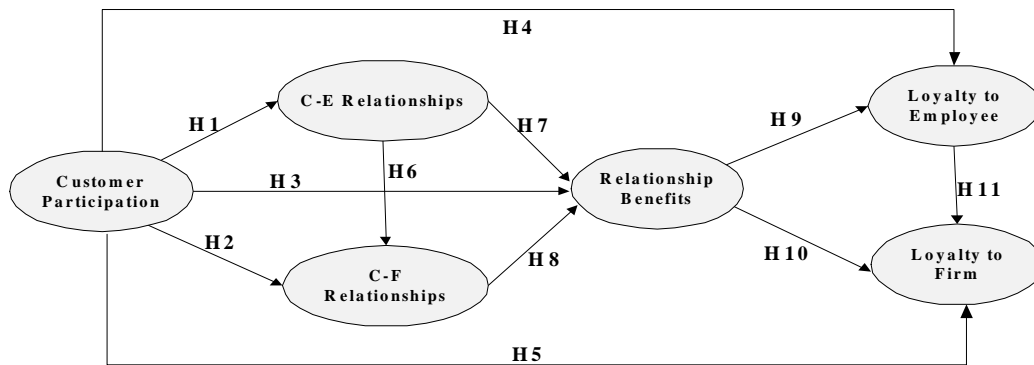


Figure 1. Conceptual framework of customer participation, relationship benefits, and customer loyalty.

Table 1. Sample characteristics.

Characteristic	Classification	Frequency	Percent (%)
Gender	Male	172	52.5
	Female	155	47.5
	Under 18 years old	46	14.1
	18~25 years old	81	24.7
Age group	25~40 years old	144	44.1
	40~55 years old	41	12.5
	Over 55 years old	15	4.6
	High school	17	5.3
Education	College or undergraduate	116	35.4
	Master	132	40.4
Types of training	Doctor	62	18.9
	Language	34	10.4
	IT	25	7.6
	Art	18	5.5
	Driving training	31	9.4
	Certification	80	24.5
	Financial accounting	59	18.1
	Professional training	68	20.8
Other	12	3.7	

employee and loyalty to firm adapted from Kristy and Sharon (1999) respectively.

Sample collection

As mentioned above, we carried out pre-test on questionnaires before official release. We selected people who had business training during the formal investigation, and adapted the snow-balling method to keep on our investigation since this group was rather special. A total of 400 questionnaires were distributed among them and 327 were received back with a response rate of 82%. Sample statistics are shown in Table 1.

ANALYSIS AND RESULTS

Structural equation modeling software SmartPLS2.0 was employed to calculate the indexes, path coefficient estimates, and the inner relations among the latent variables. For the factor loadings, path coefficients and other important parameters of PLS model, Bootstrap re-sampling method was commonly applied to significance testing, that is, through the initial sample with replacement of repeated random re-sampling, re-sample of each group samples of the same model estimate, constructed statistics

with multiple sets of parameters obtained, and thus test the important parameters of PLS model. Table 2 shows the PLS statistical test parameters list.

Reliability analysis

Reliability analysis was mainly used to test the stability and consistency of the same concept when we measured a set of items. Stability was mainly used to test the reliability of indicator variables and the internal consistency of a group of observed variables. Cronbach's α coefficient was commonly used to measure the level of reliability. Coefficient greater than 0.7 meant the scale has good reliability in general. All the coefficients of the variables were above the recommended value 0.7 (Bagozzi and Yi, 1988), or close to 0.7, which indicated that the scale had good reliability (Table 2). Composite reliability was used to measure internal consistency test. High composite reliability coefficient meant observed variables were highly inter-related, while low meant low intrinsic correlation among observed variables. The lowest ones among all the coefficients of latent variables was 0.794, which was greater than 0.7, indicate that our scale had good internal consistency.

Validity analysis

Validity tests were carried out to establish whether, the measurement tools can correctly measure the extent of the problem to be measured. To test for validity is to confirm whether the data collected can be able to get to the conclusion or reflect the issues to be discussed, and also for theoretical models identified in the latent variable to judge the rationality. Validity includes convergent validity analysis and discriminant validity analysis.

Convergent validity refers to "the degree of correlation between the measured items of same construct". Convergent validity can be measured by measuring standardized factor loadings of the index factor variables and statistical significance. If the standardized factor loadings are greater than 0.5 and statistically significant, this means most of the variance can be explained by the corresponding factor variables. Fornell and Larcker (1981) also recommended using the average variance extracted (AVE) to measure the convergent validity of measurement model. AVE can calculate average explanatory level of variables' variation. Greater AVE means higher convergence of each construct. Table 2 shows that all factor loadings of measured indexes are greater than 0.5, and are statistically significant, which indicates good convergent validity of each variables.

Discriminant validity has been defined as "the degree of differences between the measured items of different constructs" (Bagozzi and Yi, 1988). Table 3 shows all the square roots of latent variables' average variance

extraction greater than correlation coefficient, and also values greater than recommended value 0.5, indicates the convergent validity confirmation.

Hypotheses testing

Hypothetical test results are shown in Table 4. Positive coefficient of each positive variable means positive relations, while negative value means negative relations. As we can see from Table 4, all the represented parameters of path coefficients among latent variables are the same with assumed influence directions except H4 and H5, and all parameter estimates of path coefficients are statistically significant.

CONCLUSION AND IMPLICATIONS

The objectives of this study were achieved both theoretically and empirically. This study presents preliminary evidence into the investigation of the effect of customer participation on customer loyalty from relationship marketing perspective, and further explored the effects of C-E relationships and C-F relationships on relationship benefits. We carried out our research based on the personal training industry and draw some useful conclusions as follows.

Customer participation is found significantly related to relationship benefits directly and indirectly influences relationship benefits via C-E relationships and C-F relationships. Customer participation in service delivery could effectively improve and enhance the relations between customers and employees or firms, and bring benefits for two parties through the establishment of this long-term stable relationship from a customer's perspective. Meanwhile, customer participation itself could provide valuable information and suggestion for employees or firms to help firms to better understand customer needs, bringing benefits for both sides through providing customers with more personalized products.

Customer participation has indirect impact on customer loyalty via relationship benefits. Relationship benefits plays an important role in obtaining customer loyalty since customer participation itself cannot bring it directly. It is believed to be a "black box" situation, the way customer participation influences customer loyalty. This research aims to explore the impact of the intermediate mechanism from relationship marketing perspective. The findings suggest that relationship benefits are key variables between customer participation and customer loyalty and it wouldn't obtain customer loyalty if customer participation does not produce benefits. Customer loyalty to employee has a direct positive impact on customer loyalty to firm. Previous researches that loosely investigated customer participation were conducted from the customer's perspective, few of which divided customer loyalty into

Table 2. PLS statistical test results.

Construct	Item	Loading	t	Cronbach's α	CR	AVE
Customer participation	This training institution provides information as much as I need.	0.667	8.795	0.701	0.794	0.595
	This training institution could make me know my training plan timely.	0.665	9.962			
	I often have my training courses with questions.	0.559	5.104			
	I am actively consider and find solutions to problems I meet in training process.	0.515	4.672			
	Trainers could inspire my passions for learning and make training become happy.	0.701	10.013			
	I truly view my feedback after training.	0.644	8.720			
C-E relationships	I am very familiar with my trainer.	0.820	24.413	0.883	0.914	0.681
	I know my trainer exactly.	0.829	23.059			
	My trainer also familiar with me.	0.832	23.262			
	I have established friendship with my trainer.	0.831	25.007			
	I have a high-quality relationship with my trainer.	0.812	21.901			
C-F relationships	I am very familiar with this training institution.	0.773	17.532	0.794	0.867	0.619
	I know this training institution exactly.	0.834	28.265			
	My trainer gives me a feeling of trust.	0.786	16.996			
	I have a high-quality relationship with this training institution.	0.752	14.204			
Relationship benefits	I feel I can trust this (service provider).	0.653	8.396	0.767	0.837	0.561
	I am confident the service will be performed correctly by this (service provider)	0.645	7.949			
	I recognized by this employees.	0.667	10.243			
	I have developed a friendship with this employee.	0.712	13.907			
	I receive better prices or special deals that most customers do not.	0.658	8.282			
	They provide services to me that they do not provide to most other customers.	0.737	16.547			
Loyalty to employee	I am very loyal to my trainer	0.727	14.121	0.667	0.799	0.501
	I am willing to go the extra mile to work with my trainer	0.651	8.919			
	I feel committed to the relationship with my trainer	0.708	12.556			
	I view the relationship with my trainer as a long-term partnership.	0.740	17.104			
Loyalty to firm	I am very loyal to this training institution	0.758	17.591	0.771	0.853	0.592
	I am willing to go the extra mile to work with this training institution	0.765	20.269			
	I feel committed to the relationship with this training institution	0.777	18.615			
	I view the relationship with this training institution as a long-term partnership.	0.779	21.079			

Note: ***P<0.001.

Table 3. Correlations and AVE.

	CP	C-E	C-F	RB	LE	LF
CP	0.771					
C-E	0.345	0.825				
C-F	0.452	0.551	0.787			
RB	0.143	0.522	0.231	0.749		
LE	0.129	0.497	0.548	0.543	0.708	
LF	0.106	0.818	0.312	0.219	0.521	0.769

Note: CP, C-E, C-F, RB, LE, LF refers to "customer participation", "customer-employee relationships", "customer-firm relationships", "relationship benefits", "loyalty to employee", "loyalty to firm" respectively.

Table 4. Hypotheses testing results.

Hypothesis	Standard path coefficient	t-value	Result
H1: Customer participation has positive effects on C-E relations;	0.33	3.77***	Supported
H2: Customer participation has positive effects on C-F relations;	0.19	2.75**	Supported
H3: Customer participation has a significant positive effect on relationship benefits.	0.15	2.09*	Supported
H4: Customer participation has a significant positive impact on loyalty to employee;	0.09	1.40	Not supported
H5: Customer participation has a significant positive impact on loyalty to firm;	0.08	1.41	Not supported
H6: C-E relationships has positive related to C-F relationships;	0.61	9.95***	Supported
H7: C-E relationship has positive impact on relationship benefits;	0.52	5.69***	Supported
H8: C-F relationship has positive impact on relationship benefits;	0.23	2.51*	Supported
H9: Relationship benefits have an influence on loyalty to employee;	0.54	7.74***	Supported
H10: Relationship benefits have an influence on loyalty to firm;	0.22	2.48*	Supported
H11: loyalty to employee has positive impact on loyalty to the firm.	0.55	7.04***	Supported

Note: * P<0.05, ** P<0.01, ***P<0.001

two levels: individual level and firm level. The findings of this study reveal that customers are easily to build loyalty to employees, and individual loyalty has direct positive impact on loyalty to firm.

Managerial implications

This research provides some useful advices for those firms that try to encourage customer's participation in service delivery.

As the roles of customers have been fundamentally changed and competitions increasingly intensified today, companies should guide customers to participate in the products or service delivery. Enterprises should improve their service details to create a convenient environment for customer participation, provide required technical equipment supports, and make management procedures simple, in order to help the customers obtain easy access to service delivery. Firms should actively encourage employees to establish better personal relations with customers. Good personal relationships can make the customers purchase products or services in a friendly atmosphere, and feel happy, thus they are more likely to

accept additional products or services, which will help firms, consolidate the relations with customers and improve customer perception. Therefore, service companies should try to promote exchanges, improve the quality of bilateral relations, raise perceived benefits from both sides, and ultimately achieve customer loyalty to firms.

The enterprises should pay attention to the cultivation of employee loyalty and retain good employees. In many circumstances, customer loyalty to the firm is based on customer loyalty to employee, and customer loyalty to employee is easier formed than customer loyalty to firm. Enterprises should actively guide customer loyalty to employee upgrade into loyalty for firm, since customer loyalty to employee is "fragile loyalty", and customers will turn to competitive firms providing similar products or services as employee leaves. Customer loyalty to firm is true loyalty and it is also an important source of competitive advantage for companies. Thus, employee is critical for service business to survive and develop, and service enterprises should continue to enhance employee loyalty to the firm, retain good employees, reduce staff turnover, and the customer loyalty to employee will upgrade into loyalty to firm.

LIMITATIONS AND DIRECTIONS FOR FUTURE RESEARCH

When interpreting our results, it is important to remember that all data are collected from persons with no prior training experience, and the context only limited to personal training industry. In addition, it needs to be further verified whether our results can also apply to other industries or marketing contexts. Furthermore, we combine relationship benefits between individual levels and firm level due to their common characteristics, so the relationship benefits can be further divided into different dimensions in the future to research in order to better reveal the effects mechanism of relationship benefits on customer loyalty. Finally, this study only investigated customers-employee relationships and customer-firm relationships as intermediate variables, without considering other mediate variables including perceived control, consumer emotions, and other variables. In future studies, these variables can be investigated to further explore the effects mechanism of customer participation on relationship benefits.

REFERENCES

- Achrol RS (1997). Changes in the theory of interorganizational relations in marketing: Toward a network paradigm. *J. Acad. Mark. Sci.*, 25(1): 56-71.
- Anderson E, Weitz B (1989). Determinants of continuity in conventional industrial channel dyads. *Mark. Sci.*, 8(4):310-323.
- Anderson EW, Fornell C, Rust R (1997). Customer satisfaction, productivity and profitability: difference between goods and services. *Mark. Sci.*, 16 (2):129-145.
- Anderson EW, Sullivan MW (1993). The antecedents and consequences of customer satisfaction for firms. *Mark. Sci.*, 12(2):125-143.
- Anderson JC, Gerbing DW (1988). Structural equation modeling in practice: A review and recommended two-step approach. *Psychol. Bull.*, 103(3):411-423.
- Anderson JC, Narus JA (1990). A model of distributor firm and manufacturer firm working partnerships. *J. Mark.*, 54 (1):42-58.
- Andreas B, Eisingerich, Simon JB (2006). Relationship Marketing in the Financial Services Industry: the Importance of Customer Education, Participation and Problem Management for Customer Loyalty. *Acad. Manage. Rev.*, 10(4):49-54.
- Bagozzi RP, Yi Y (1988). On the evaluation of structural equation models. *J. Acad. Mark. Sci.*, 16(1):74-94.
- Baier A (1986). Trust and antitrust. *Ethics*, 96(2):231-260.
- Balmer JMT, Gray ER (2003). Corporate brands: what are they? What of them? *Eur. J. Mark.*, 37(7/8):972-997.
- Barnes JG (1994). The issues of establishing relationship with customers in service companies: When are relationships feasible and what form should they be? Paper presented at the third annual Frontiers in Services Conference, American Marketing Association and Vanderbilt University Center for Services Marketing, Nashville, TN. October: 6-8.
- Barney JB, Hansen MH (1994). Trustworthiness as a source of competitive advantage. *Strat. Manage. J.*, 15(1): 175-190.
- Barry J, Terry TS (2008). Empirical study of relationship value in industrial services. *J. Bus. Res. Ind. Mark.*, 23(4):228-241.
- Bendapudi N, Berry LL (1997). Customers' motivations for maintaining relationships with service providers. *J. Retail.*, 73(1):15-37.
- Berry LL (1983). "Relationship marketing" In emerging perspectives on services marketing. Eds Leonard L Berry, G Lynn Shostack, and Gregory Upah Chicago. IL American Marketing Association. pp. 25-28.
- Berry LL (1995). Relationship marketing of services: growing interest, emerging perspectives. *J. Acad. Mark. Sci.*, 23(4):236-245.
- Bitner MJ (1995). Building service relationships: It's all about promises. *J. Acad. Mark. Sci.*, 23(4):246-251.
- Brady MK, Cronin JJJ (2001). Some new thoughts on conceptualizing perceived service quality: a hierarchical approach. *J. Mark.*, 65(3): 34-49.
- Brodie RJ, Whittome JRM, Brush GJ (2009). Investigating the service brand: A customer value perspective. *J. Bus. Res.*, 62(3):345-355.
- Busch P, Wilson DT (1976). An experimental analysis of a salesman's expert and referent bases of social power in buyer-seller dyad. *J. Mark. Res.*, 13(1):3-11.
- Cannon JP, Homburg C (2001). Buyer-supplier relationships and customer firm costs. *J. Mark.*, 65(1):29-43.
- Chang Yung-Yang, He Li-Hsing (2005). A study on PRC market entry mode and operational performance of Taiwanese Small-medium enterprises under asymmetric information circumstances. Paper presented at the third annual "Academic Seminar on Management Thinking and Pragmatic". Graduate School of Technology Management. Chung Hua University. Xinzhu. Taiwan. pp. 15-35.
- Cronin JJ, Brady MK, Hult GTM (2000). Assessing the effects of quality, value and customer satisfaction on consumer behavioral intentions. *J. Retail.*, 76(2):193-218.
- Crosby L, Evans KR, Cowles D (1990). Relationship quality in services selling: an interpersonal influence perspective. *J. Mark.* 54(3): 68-81.
- Czepliel JA (1990). Service encounters and service relationships: Implications for research. *J. Bus. Res.*, 20(1):13-21.
- Czepliel JA, Solomon MR, Surprenant CF (1985). *The service encounter*. Lexington MA: Lexington Books.
- David E. Bowen, Robert Johnston (1999). Internal service recovery: developing a new construct. *Int. J. Ser. Ind. Manage.*, 10 (2):118-13.
- Dall'Olmo RF, de Chernatony L (2000). The service brand as a relationship builder. *Br. J. Manage.*, 11:137-150.
- Ellen G, Johnson MS (1999). The different roles of satisfaction, trust, and commitment in customer relationships. *J. Mark.*, 63(2): 70-87.
- Fornell C, Larcker DF (1981). Evaluating structural equation models with unobservable variables and measurement error. *J. Mark. Res.*, 18(1): 39-50.
- Friman M, Gärling T, Millett B, Mattsson J, Johnston R (2002). An analysis of international business-to-business relationships based on the Commitment-Trust theory. *Ind. Mark. Manage.*, 31(5): 403-409
- Ganesan S (1994). Determinants of long term orientation in buyer-seller relationships. *J. Mark.*, 58(2):1-19.
- George WR (1990). Internal marketing and organizational behavior: a partnership in developing customer-conscious employees at every level. *J. Bus. Res.*, 20(1):63-70.
- Gounaris S (2005). Measuring Service Quality in b2b Services: An Evaluation of the SERVQUAL Scale Vis-a-vis the INDSERV Scale. *J. Serv. Mark.*, 19 (6/7): 421-436.
- Grönroos C (1984). A service quality model and its marketing implications. *Eur. J. Mark.*, 18(4): 36 -44.
- Grönroos C (2009). Marketing as promise management: regaining customer management for marketing. *J. Bus. Ind. Mark.*, 24(5/6): 351-359.
- Gronroos, C. *Service Management and Marketing* (2000). *Eur. J. Mark.* 16(2): 3-31.
- Guenzi P, Georges L (2010). Interpersonal trust in commercial relationships: Antecedents and consequences of customer trust in the salesperson. *Eur. J. Mark.*, 44(1/2):114-138.
- Guiltinan J, Rejab I, Rodgers W (1980). Factors influencing coordination in a franchise channel. *J. Retail.*, 56(3): 41-58.
- Gwinner K, Gremler D, Bitner MJ (1998). Relational benefits in service industries: the customer's perspective. *J. Acad. Mark. Sci.*, 26 (2): 101-114.
- Hausman A (2003). Professional service relationships: a multi-context study of factors impacting satisfaction, re-patronization, and recommendations. *J. Serv. Mark.*, 17(3): 226-242.
- Hennig-Thurau T, Klee A (1997). The impact of customer satisfaction and relationship quality on customer retention: a critical reassessment and model development. *Psychol. Mark.*, 14(8):737-764.
- Jackson R, Cooper P (1988). Unique aspects of marketing industrial service. *Ind. Mark. Manage.*, 17(2):111-118.
- Johnson D, Grayson K (2005). Cognitive and affective trust in service

- relationships. *J. Bus. Res.*, 58(4):500-507.
- Johnson JL (1999). Strategic integration in industrial distribution channels: managing the inter-firm relationship as a strategic asset. *J. Acad. Mark. Sci.*, 27(1):4-18.
- Keller K (1993). Conceptualizing, measuring, managing customer-based brand equity. *J. Mark.*, 57(1):1-22.
- Kimmy WC, Chi Kin Y, Simon SKL (2010). Is Customer Participation in Value Creation a Double-Edged Sword? Evidence from Professional Financial Services Across Cultures. *J. Mark.*, 74(3):48~64
- Marzo-Navarro M, Pedraja-Iglesias M, Rivera-Torres MP (2004). The benefits of relationship marketing for the consumer and for the fashion retailers. *J. Fash. Mark. Manage.*, 8(4): 425-436.
- Mitrega M, Katrichis JM (2010). Benefiting from dedication and constraint in buyer-seller relationships. *Ind. Mark. Manage.*, 39(4):616-624.
- Morgan RM, Hunt SD (1994). The commitment-trust theory of relationship marketing. *J. Mark.*, 58(3):20-38.
- Nguyen N, Leblanc G (2001). Corporate image and corporate reputation in customers' retention decisions in services. *J. Retail. Consum. Serv.*, 8(4): 227-236.
- Olson JC, Dover P (1979). Disconfirmation of consumer expectations through product trial. *J. Appl. Psychol.*, 64(2): 179-189.
- Palmatier RW, Dant RP, Grewal D (2007). A comparative longitudinal analysis of theoretical perspectives of interorganizational relationship performance. *J. Mark.*, 71(4):172-194
- Palmatier RW, Rajiv PD, Grewal D, Evans KR (2006). Factors influencing the effectiveness of relationship marketing: a meta-analysis. *J. Mark.*, 70(4):136-153.
- Parasuraman A, Zeithaml VA, Berry LL (1985). A conceptual model of service quality and implications for future research. *J. Mark.*, 49(4):41-50.
- Patterson PG, Smith T (2001). Modeling relationship strength across service types in an eastern culture. *Int. J. Serv. Ind. Manage.*, 12(2):90-113.
- Prahalad CK, Ramaswamy V, Co-creation Experiences (2004): The next practice in value creation. *J. Int. Mark.*, 18(2): 5-14.
- Qin S, Yanwu C, Jixiang D (2010). A study on measuring service quality in B2B context based on certification service industry. *Manag Rev.*, 22(7): 105-113, 128.
- Rauyruen P, Miller KE (2007). Relationship quality as a predictor of B2B customer loyalty. *J Bus Res.*, 60(1): 21-31.
- Roberts PW, Dowling GR (2002). Corporate reputation and sustained superior financial performance. *Strateg Manage J.* 23(12): 1077-1093
- Shostack GL (1977). Breaking free from product marketing. *J Mark.*, 41(2):73-80.
- Sin LY, Tse CB, Oliver HM, Chow PM, Lee SY, Lau BY (2005). Relationship marketing orientation: scale development and cross-cultural validation. *J. Bus. Res.*, 58(2):185-194.
- Smith JB (1998b). Buyer-seller relationships: bonds, relationship management and sex-type. *Canadian J. Adm. Sci.*, 15(1):76-92.
- Suh T, Houston MB (2010). Distinguishing supplier reputation from trust in buyer-supplier relationships. *J. Ind. Mark. Manage.*, 39(5):744-751.
- Sull DN, Spinosa C (2007). Promise-based management: the essence of execution. *Harvard Bus. Rev.*, 85(4):78-86, 141.
- Swan JE, Trawick IF, Silva DW (1985). How industrial salespeople gain customer trust. *Ind. Mark. Manage.*, 14(3): 203-231.
- Trawick F, Swan JE (1981). Satisfaction related to predictive vs. desired expectation? In *New Finding on Customer Satisfaction and Complaining*. Eds. Ralph Day and Keith Hunt. Bloomington: Indiana University School of Business. pp. 7-12.
- Ulaga W, Eggert A (2006). Relationship value and relationship quality: Broadening the nomological network of business-to-business relationships. *Eur. J. Mark.*, 40(3/4):311-327.
- Walsh G, Beatty SE (2007). Customer-based corporate reputation of a service firm: Scale development and validation. *J. Acad. Mark. Sci.*, 35(1):127-143.
- Yong-Ki Lee, Woo-Kyu Ahn and Kyoungsik Kim (2008). A Study on the Moderating Role of Alternative Attractiveness in the Relationship Between Relational Benefits and Customer Loyalty, *J. Bus. Ind. Mark.*, 9(1): 52-70
- Zeithaml VA Berry LL, Parasuraman A (1991). The nature and determinants of customer expectations of service. *J. Acad. Mark. Sci.*, 21(1):1-12.