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Role of gratitude and obligation in long term customer relationships

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ABSTRACT

This paper examines the role of gratitude and obligation in customer relationships. We surveyed 398 customers exiting grocery and clothing stores in Ahmedabad and Jaipur cities in India, after they had finished shopping. We analysed their responses using structural equation modelling (SEM). We found that social and structural investments by sellers created gratitude among customers, resulting in short-term purchase intensions and increased customer loyalty.

In contrast, financial investments made by sellers created obligation among customers, and reduced customer loyalty. The paper also discusses theoretical and managerial implications of these findings.

1. Introduction

Marketers' quest for understanding the dynamics of long-term customer relationships has created an important body of academic research on loyalty and its role in business sustainability (Keating et al., 2003). Marketers invest heavily in customer relationship building activities to get loyal customers who provide sustainable competitive advantage (Rust et al., 2000). Investments in relationship building activities have increased substantially from $5.6 billion in the year 1991 to $35.0 billion in 2007 globally, (Yuping and Yang, 2009). In the United States alone, companies spend $2 billion annually on relationship marketing (RM) activities. The top 16 retailers in Europe spent $1 billion on relationship building activities. Qantas alone spent $203 million in 2012 on RM programs to build stronger customer base and retain loyal customers. These numbers suggest that firms invest huge money in RM activities to avoid price competition, raise switching cost and build strong customer loyalty to increase net profits.

Irrespective of the industry, RM investments are used as a medium to tie customers in long-term relationships. In the US alone, 2.6 billion customers participate in relationship marketing activities offered by firms (Wagner et al., 2009). In the US, Customers' participation in RM activities increased 26.7 percent across all sectors between 2011 and 2013 (Hirsh, 2014). In some sectors such as department stores, customer's participation in RM activities has increased by 70 percent during 2011–2013. In the US alone, in 2013, the financial services industry had 548.3 million customer participants involved in relationship building activities offered by firms – a nearly 28 percent jump from 2011, The airlines industry had 371.2 million customer participants, followed by specialty retailers (360.5 million) and hotels (223.6 million). Restaurants showed the biggest growth, with their 26.5 million memberships marking a 171 percent increase. Acceptance of various RM activities across multiple industries across the globe suggests that RM investments have become a key component of acquiring and maintaining loyal customers. These RM activities include all financial, social and structural investments that reward customers for their repeat purchase. The objectives of these RM activities include raising revenue and/or boosting the firm's customer base by influencing customers' purchase intentions and loyalty ers have provided different theoretical bases of success of long-term customer relationships and loyalty. Morgan and Hunt (1994) theorized that trust and commitment are central in business relationships. Sirdeshmukh et al. (2002) found that trust alone leads to long-term business relationships. Whereas Anderson and Weitz (1992) suggested that commitment alone is the critical relational construct, De Wulf et al. (2001) found that relationship quality better explains long-term relationships. Recent research in buyer–seller relationships has indicated that customer gratitude also plays an important role in developing buyer–seller relationships (Palmatier, 2009).

Although researchers substantiate the efficacy of RM activities (Leenheer and Bijmolt, 2008; Shugan, 2005), it is not clear what sets a successful RM investment apart from an unsuccessful one (Kumar and Reinartz, 2006; Dewani and Sinha, 2012). The financial performance of most of the RM activities rarely meets expectations (Daryanto et al.,

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2010; Henderson et al., 2011), which often results in their termination (Nunes and Drèze, 2006). For example, Starbucks recently decided to halt its rewards program due to its poor performance (Allison, 2010), and Safeway ended its loyalty scheme due to its lack of effectiveness (Meyer-Waarden, 2007). The marketing literature has provided a variegated view on the outcome of various RM investments made by firms. These RM investments may lead to positive outcomes (De Wulf et al., 2001), ambiguous and mixed outcomes (Colgate and Danaher, 2000) or even to negative outcomes (Hibbard et al., 2001). It remains unclear why some relationship marketing activities achieve their business objectives, while others fail. Perhaps researcher's limited ability to account for the simultaneous interplay of multiple psychological mechanisms which take place in the mind of customers while encountering various RM investments is the key reason behind this.

The social psychology literature provides some explanation for this. According to the literature on social psychology, both gratitude and obligation play a central role in the development and sustenance of interpersonal relationships (Emmons and McCullough, 2004;). Despite agreement that gratitude and obligation both form the 'core' of reciprocity and the basis of interpersonal relationships, prior research in marketing is silent on the role of customer obligation in the development of buyer–seller relationships. Our paper addresses this void.

It is well-known that when people receive some favor, they tend to reciprocate (Goulder, 1960). These reciprocal outcomes may be positive or negative, depending on how people perceive a relationship investment. When an investment is perceived as given with benevolent intentions, valuable to them, and it has incurred some cost to the benefactor, it generates feelings of gratitude. In contrast, when an investment is perceived to have a 'lack of benevolence' and/or have 'some ulterior motives', it is considered to be socially undesirable and generates feelings of obligation. The extant literature on psychology and sociology has categorized gratitude as a positive feeling and obligation as a negative state. These feelings of gratitude and obligation eventually result in different action tendencies. Gratitude has been proved to generate long-term action tendencies, whereas obligation results in immediate or short-term action tendencies (Fredrickson and Levenson, 1998). If a consumer feels obligation after receiving a free benefit offered as a RM investment by a retailer, she may act in two possible ways (Goei and Boster, 2005). She may immediately reciprocate in some way and terminate the relationship. Alternately, she may avoid taking further free benefit (Dewani and Sinha, 2012).

Taking clues from psychology and sociology research, we argue that customer reactions to different marketing investments (financial, social and structural), will depend on how do they perceive those investments. If they perceive these investments as positive (negative), it would results in feelings of gratitude (obligation). We argue that gratitude creates long-term orientation of actions. On inception of gratitude, people will react in terms of building and sustaining long-term relations with their benefactor. In contrast, obligation is an unpleasant and undesirable feeling. Therefore, to get rid of such feelings of indebtedness, customers will react immediately. This immediate action tendency will be caused by a narrowed thought-action repertoire. The immediate reciprocity on inception of obligation will be a result of social norms and it will terminate the prospect of a long-term relationship between a customer and a retailer (Fredrickson and Levenson, 1998).

The marketing literature is ambiguous about the impact of different types of RM investments on customer loyalty. With this research, we seek to improve our understanding of how various RM investments lead to immediate purchase intentions and customer loyalty. We specifically look at (1) how do different types of RM investments (financial/social/structural) impact customer gratitude and customer obligation? (2) How do customer gratitude and customer obligation further impact customer purchase intentions and customer loyalty? Firstly, we offer a framework to classify and separate RM investments which leads to negative loyalty from those RM investments which leads to positive loyalty. Secondly, our framework submits two possible mediating mechanisms in terms of either gratitude or obligation. We propose that financial RM investment leads to obligation which in turn leads to negative customer loyalty. In contrast, social and structural investments triggers gratitude, which in-tern leads to positive customer loyalty. Thirdly, we empirically test this framework in a retail setting, consisting grocery and cloth stores. Finally, we identify some boundary conditions of our proposed model and explain the theoretical and managerial implications arising from this research.

2. Theoretical support

2.1. Relationship marketing investments

Relationship marketing investments are the investments done by marketers with the intention that these investments would enhance competitive advantage by increasing repeated patronage by the customers (Bolton, 1989). In the extant marketing literature, various researchers have described these relationship investments in different forms such as customer bonds (Berry, 1995), exchange mechanisms (Cannon et al., 2000), benefits provided (Gwinner et al., 1998), and different functions (Hakansson and Snehota, 2000). The commonality among the different mechanisms described above is that they have similar inherent intentions e.g. to enhance the bonding between buyer and seller. In particular, Berry's framework of RM investments has been well accepted in the marketing literature. According to Berry (1994), RM investments have been categorized into financial, social and structural investments. Therefore, in this study, we have adopted Berry's (1994) framework of relationship marketing activities.

2.1.1. Financial RM investments

'*Financial Investments are any tangible or intangible rewards provided by donor which can be perceived in terms of monetary investments by receiver*' (Berry, 1994; Bolten et al., 2000). Financial investments are given to customers with the intention of increasing the patronage. These investments include, free samples, gifts, coupons, reward points and any other form of monetary promotions (e.g., Berry (1995) and Gwinner et al. (1998)). Financial offers increase customer patronage by enhancing customer's utilitarian value and thereby increasing the acquisition utility of the purchase (Ailawadi et al., 2001). Financial RM investments include incentives given prior and post purchase, e.g. coupons, reward points and price discounts etc. However, we consider only those incentives, which are given 'prior to purchase' which 'can be perceived in terms of money'. The investments given 'with the purchase' may not lead to initiation of feelings of 'obligation' or 'gratitude'. We argue that realization of both 'gratitude' and 'obligation' requires a necessary condition of '*incomplete exchange*'. Equity theory states that people like to reciprocate the same quantum of benefit received. A realization of benefit received along with desire to reciprocate would happen only in case of an 'incomplete exchange' (Greenberg and Neuendorf, 1980; Palmatier, 2009). Once the purchase has happened, the exchange process is complete. There is no reason for a customer to realize a sense of gratitude or obligation in a complete exchange process. Therefore, for this study, we consider financial investments to be those investments which happen prior to purchase and are perceived in terms of monetary incentives.

2.1.2. Social RM investments

"*Social RM investments are investments provided with the intent to create personal ties*". These investments range from interpersonal interactions, providing entertainment, special treatment and sharing personalized information (Berry, 1994; De Wulf et al., 2001). Social investments develop buyer–seller relationship by providing opportunities to interact with each other, involving them in friendly atmosphere (Wilson and Hayes, 1995) and social interaction so that buyers and sellers remain in touch (Smith, 1998). The core purpose of social investments is to understand the needs and wants of customers. These investments help in developing interpersonal bonds between buyers and sellers. For the present work, we adopt the definition provided by Berry (1994) and classification provided by De Wulf et al. (2001).

2.1.3. Structural RM investments

Structural RM Investments are defined as '*All the investments provided for offering customized and personalized products and services*' (Berry, 1994; De Wulf et al., 2001). Structural RM investments offer value-adding benefits to target customers. These value added benefits are difficult or expensive for businesses to provide and are not readily available elsewhere. For the present research work, we adopt the definition provided by Berry (1994).

2.2. Gratitude

Gratitude is defined as "*emotional appreciation of the benefits received, accompanied by a desire to reciprocate*" (Emmons and McCullough, 2004; Morales, 2005; Natalia et al., 2009). Feelings of gratitude occur when people perceive that they have received some help which was of some value to them, it has incurred some cost to the benefactor, and the help has been offered with benevolent intentions and given gratuitously rather than for social norms or ulterior motives (McCullough et al., 2001). For the present work, we adopt the definition provided by Emmons and McCullough (2004).

2.3. Obligation

"Obligation is a feeling of indebtedness resulting in a negative, uncomfortable state, determined by normative demand and is perceived to be aversive" (Goei et al., 2003; Greenberg and Bar-Tal, 1976). A number of scholars in the social sciences have equated gratitude and obligation (Komter, 2004). However, there are evidences when a person feels gratitude (obligation) but does not realize feelings of obligation (gratitude). These two variables are independent and lead to different action tendencies (Goei and Boster, 2005; Watkins et al., 2006). We argue that indebtedness is an emotional state of "arousal and discomfort" and when one is in this state, one is alert to opportunities to reduce this discomfort. For the present research, we have adopted the definition of obligation provided by Goei et al. (2003). It is considered to be a negative feeling which causes discomfort among beneficiary till it is reciprocated.

2.4. Customer purchase intentions

Customer purchase intentions are defined as "*A decision plan to buy a particular product or service created through a choice/decision process*" (Sweeney et al., 1999). Purchase intentions are customer's intentions to purchase or repurchase. Generally, purchase intentions are assumed as purchase behaviors. However, the marketing literature endorses that this is not always true (Martin and Bush, 2000). There are situations when customers buy a product without intending to purchase (i.e. buying another brand in case of stock out of one brand or buying in the case of a monopoly). For this research, customer purchase intention is defined in a manner when customers have enough choice and they are willing to purchase from a certain seller.

2.5. Customer loyalty

Customer loyalty has been defined as "*the degree to which a customer consistently purchase the same product/services within a product/service class*" (Beatty et al., 1996; Dick and Basu, 1994; Reynolds and Beatty, 1999). Customer loyalty has been considered to be one of the keys to achieving organizational success and sustainability over time (Keating et al., 2003; Reichheld and Aspinall, 1993). For this research, we consider loyalty as a measure suggested by Reynolds and Beatty (1999).

2.6. Control variables

The literature suggests that there are a few variables which affect the relationships between RM investments and customer loyalty and purchase intentions. Therefore involvement with 'product category' and 'shopping activity' (Beatty and Talpade, 1994; Zaichkowsky, 1985), 'trait gratitude' (Emmons and McCullough, 2004), 'mood of the customer' (Clark and Isen, 1982), and 'phase of the relationships' (Dwyer et al., 1987) were controlled in this study.

3. Conceptual framework and hypothesis development

3.1. Financial RM investments and obligation

Researchers across many disciplines have recognized that after receiving a benefit (e.g. financial, RM investments made by the seller), buyers feel ingrained psychological pressure to reciprocate. As a result, they try to find ways to reciprocate. According to 'equity theory' people like to reciprocate in the same quantum as the benefits received. Since the nature of the financial investments are such that they are easily evaluable, agreeable, and non-memorable in nature, people try to reciprocate immediately. Dawson (1988) reported that receiving a monetary favor resulted in feelings of indebtedness and provided a significant motive to charity giving. Similarly, receiving free samples prior to purchase caused sense of indebtedness and uneasiness among buyers (Natalia and Dodd, 2009). These feelings of indebtedness are negative feelings in nature. Further, when people received financial-based investment prior to purchase, these investments provided extrinsic motivation to reciprocate the investments. Therefore, we make the following hypothesis:

H1. Financial investments result in customer obligation.

3.2. Social RM investments and gratitude

Social RM investments have been categorized into three categories i.e. communication based investments, preferential treatment and non-price based investments (De Wulf et al., 2001). Jeffrey (1998) reported that when people received social investments, it resulted in positive social reinforcement among them. Similarly, receiving a personal communication based investment resulted in fulfillment of their desire for a friendly and close relationship. When people got non-price based investments, they remembered them for a longer period of time (Thaler, 1998). Similarly, when people received preferential treatments, it resulted in fulfillment of their desire for recognition (Jeffrey, 1998). Since it is well-documented that relationship investments, which result in fulfillment of need or desire, lead to compliance in favor of the benefactor (Goei and Boster, 2005; Jeffrey, 1998), we postulate the following hypothesis:

H2. Social investments would result in customer gratitude.

3.3. Structural RM investments and gratitude

Structural investments have been categorized into customized offers and value co creations (De Wulf et al., 2001). Researchers have found that when people received customized offers, it resulted in need fulfillment and a higher degree of customer satisfaction among people. Similarly when people received invitation for value co-creations by sellers/marketers, it resulted in perceptions of benevolent intentions of the marketers and resulted in higher satisfaction and gratification among customers. Receiving customized offers increased the perception of higher cost incurred by the seller compared to non-customized offers . Since, higher need fulfillment of customers and perception of higher cost incurred by sellers resulted in higher gratification and satisfaction among consumers, we make the following hypothesis:

H3. Structural investments result in customer gratitude.

Since it has been well documented that structural investments create bonds which are stronger than the bonds created by social investments (Berry, 1994), we hypothesize the following:

H3a. The level of gratitude felt because of structural investments is greater than gratitude felt because of social investments.

3.4. Gratitude and customer purchase intentions

Expressions of feelings of gratitude by consumers are affective responses to the relationship marketing investment activity made by a seller. These feelings of gratitude among consumers occur when they perceive that the act of “benevolence” by a seller is not intentional, it has some value to the consumer and the seller has incurred some cost in making that investment. McCullough et al. (2008) reported that when people recognized the feelings of gratitude, this generated positive attributions about the motive of the benefactor. This increased the intentions to repay the benefactor by engaging in reciprocal behavior based on feelings of gratitude (Goei and Boster, 2005). Further, feelings of gratitude increased customers' share of wallet in purchase as well as the seller's performance in terms of total sales volume (Palmatier, 2009). Based on this, we hypothesize the following:

H4). Customer gratitude results in customer purchase intentions.

3.5. Gratitude and customer loyalty

People feel a sense of thankfulness, gratefulness and appreciation when they receive a benefit from someone. Although these feelings of gratitude are ephemeral in nature, they become the basis of long-term relationships. We argue that after receiving a favor, one reciprocates in order to complete the exchange. This reciprocal action creates a series of reciprocities between the benefactor and the recipient alternatively and onsets a relationship between them. Each party experiences gratitude and reciprocates that, followed by feelings of gratitude by the other party and a reciprocal action for him in return (Bartlet and DeSteno, 2006). Hence, it is logical to hypothesize that serial alternative reciprocation from both buyer and seller would result in more loyal customers. Therefore, we make following hypothesis:

H5. Customer gratitude results in customer loyalty.

3.6. Customer obligation and customer purchase intentions and customer loyalty

When a person receive some favor, in case he perceives that the favor has been given with some malevolent intentions and is socially undesirable in nature, they feel obligation and indebtedness (Fredrickson and Levenson, 1998). To avoid feelings of indebtedness, the beneficiary responds in favor of the benefactor by modifying his/her behavior. This modified behavior is to immediately reciprocate by showing higher purchase intentions, but the mechanism of that changed behavior is narrowed in nature. This form of reciprocity comes from tit-for-tat type of reciprocity. In this case, the beneficiary has no intention to build a relationship or to encourage interdependent relationships with his/her benefactor. Yet, she reciprocates immediately in order to avoid the emotional state of indebtedness and a “state of arousal and discomfort” (Watkins et al., 2006). When people are in this state, they are alert to opportunities to reduce this discomfort. Further, feelings of obligation may also result in perception of a threat to power and people feel restricted in their actions, untill they reciprocate. It also develops a sense of guilt, inequity and distributive injustice (Blau, 1964). To avoid these feelings, people reciprocate immediately and may develop a negative attitude towards a long term relationship with the other party from whom favors have been received.

Therefore, we make the following hypothesis:

H6. Customer obligation results in customer purchase intentions.

H7. Customer obligation is negatively associated with loyalty.

4. Methodology

4.1. Phase I qualitative research: choosing product category

Gratitude and obligation have been much researched variables in psychology. Marketing literature has recently witnessed the role of consumer gratitude and consumer obligation in business relationships (Natalia and Dodd, 2009). Few studies with fewer empirical validation of gratitude and obligation, and usage of different product and service category provided us no clear choice of product for this study. Therefore, we conducted qualitative research to find out suitable product category for this research. We conducted (02) two focus groups and (31) thirty one in-depth personal interviews using convenient sampling. Students from Indian Institute of Management Ahmadabad, ICFAI business school (Ahmadabad), Unitedworld School of Business (Ahmadabad), staff members of Unitedworld School of Business and their spouses participated in focus groups and in-depth interviews. All the Focus group and interviews were audio recorded and transcribed. Content analysis of the interviews and focus groups indicated that ‘Grocery’ and ‘Cloth’ were suitable product categories. Majority of the participants indicated that they encountered feelings of gratitude and obligation on receipt of relationship marketing investments (financial, social and structural) while buying “Grocery” and ‘Cloth’ product categories. Therefore, we choose to use these product categories (‘Grocery’ and ‘Cloths’) for further data collection.

4.2. Quantitative research

We choose survey design for the study. Marketing literature suggests that for studies which involves realization of feelings, personal data collection at shop intercept is a preferred method over other methods (Parasuraman et al., 1991). Hence, for this research work, we selected 'In-personal data collection methods' at 'shop intercept'.

4.3. Measures

In this study, we selected Likert scale for measuring items. For all the measures but 'financial RM investments' we used established measures adopted from marketing literature. Social investments were measured by six item seven point Likert scale adopted from Chiu et al. (2005). Structural investments were measured by eight item seven point Likert scale adopted from Chen and Chiu (2011). Gratitude was measured using scale adopted from Natalia and Dodd (2009), whereas for obligation, scale was adopted from Goei and Boster (2005). For customer loyalty, scale was adopted from Reynolds and Beatty (1999). Customer purchase intentions were measured using scale adopted from Sweeney et al. (1999). For control variables, we adopted scales from McCullough et al. (2002) for 'trait gratitude', Zaichkowsky (1985) for 'product category involvement', for 'shopping activity' involvement, (Adaval, 2001) for 'mood' of the customer, Dwyer et al. (1987) for 'phase of relationships'.

From literature review we found that various measures of financial RM investments used by researchers have been primarily capturing the dimensions provided by Berry (1995). All the studies (Berry, 1995; Chen and Chiu, 2011; Chiu et al. (2005); Gwinner et al., 1998) have conceptualized financial RM investment as investments perceived in terms of financial cost incurred by the investor either 'after the purchase' or 'with the purchase' only. For this research work, we conceptualized financial investments which can be perceived by the receiver of the investments in terms of financial cost incurred by the investors before the purchase has been made. Although, relationship marketing investments have also been conceptualized in terms of investments done by marketers prior to purchase, but these investments have been conceptualized and operationalized as total relationship marketing investments. These total marketing investments are summation of all the investments made by marketers (economic as well as non-economic). So far in marketing and allied streams literature, we did not come across any study, which has conceptualized financial investments made prior to the purchase of the product or service. Since the nature of the study demanded such conceptualization, it was imperative to develop a scale which measures perception of the customer about financial investments by marketers.

We developed scale for 'financial RM investments', was developed as per the established procedure suggested by Churchill (1979) and Hinkin (1995). We generated inventory of nine items from literature as well as from discussion with various consumers during 31 interviews conducted during qualitative study. This process was based on the deductive and inductive approach as suggested by Hinkin (1995). For testing the content validation of the scale, we circulated the list of items to 10 subject experts (doctoral level students who were aware of the process of content validation). We provided them the definition of the construct and list of items. Further, we asked them to provide a judgment on whether the item belonged to the nomological space of the construct or not using dichotomous scale (the experts were asked that whether the statement belonged to the construct or not). We short listed items after applying an 80 percent convergence rule. Further, we performed exploratory factor analysis (EFA) on the pretest data collected (by administering the questionnaire to 136 respondents) to check the dimensionality of items. The final scales were then used for data collection. All the scales in the study were usually seven point Likert scale except for a scale of mood which was eleven (11) point scale given by Adaval (2001).

4.4. Pre-testing

We pre-tested all the scales using a sample size of 136 respondents. The purpose of the 'pre-test' was to revalidate the scale items to be used in the study. We conducted pre-test in Ahmadabad city, India. We used survey method for that. We prepared a questionnaire using established scales from the literature as discussed earlier and the items of the scale developed. We checked face validity of all the items using response of 18 respondents (PGPX students and their spouses residing in the campus at IIM Ahmedabad). Finalized survey items were translated iteratively from English to Gujarati with the help of professional translators and retranslated to English by another group of translators. We performed iterative process of improvement till the level of difference between both versions of questionnaire (original version and the translated version) decreased to less than five (05) percent. Face validity of the Gujarati version of scales was performed by another 13 people (local B school students, faculty and non-faculty members) at Ahmadabad city. Finally, we administered the questionnaires to customers shopping at cloth stores and grocery stores in Vastrapur, Vijalpur, Bodekdev, Judges Bunglow, Gurukul, S G highway and Drive in Road areas of Ahmedabad city using convenience sampling technique.

To assess the unidimensionality of the scale, we performed Principal Component Analysis (PCA). Further, we achieved reliability of the scale by estimating Cronbach's alpha and Composite Construct Reliability (CCR). We also performed convergent and discriminant validity check of the scales using established measures suggested by Anderson and Gerbing (1988) and Fornell and Larcker (1981). In sum, we retested all the scales and revalidated them in Indian context before proceeding for final survey.

4.5. Sample

4.5.1. Sample population

Geographically, the relevant population was present all over the India, but because of cost and time consideration, we decided to conduct this study in Ahmedabad and Jaipur market. Ahmedabad is the fastest growing city in Gujarat. Similarly, Jaipur is the fastest growing city in Rajasthan. Further both the cities have highest number of cloth store and grocery stores in respective states of Gujarat and Rajasthan. Since, 'trait' of the people was controlled for the study, by measuring 'trait gratitude', we argued that choice of Ahmedabad and Jaipur were suitable for data collection.

We requested to customers, who came to purchase grocery, and/or cloths to spare some time after they made their purchase or finished their interaction with the shopkeeper. We provided them brief background of the research and requested to be honest in their responses. We further assured them about confidentiality of the information provided by them and told them that the information provided by them will be used for academic purpose only. To value the time of the respondent, we gave them a small at the end of the survey.

4.5.2. Sampling frame

In this study, we used MAP sampling process. In this sampling process, we divided entire city of Ahmedabad and Jaipur into 'shopping zones'. We selected top zones based on highest density of cloth and grocery stores (Appendix A1). The MAP process required dividing the 'shopping zones' into five CNEWS segments as 'Centre', 'North', 'East', 'West' and 'South'. Further, we divided each segment into five CNEWS 'sub segments'. We selected one subsegment randomly from each segment. We prepared a sample frame by listing all the shops in that 'sub-segment'. We listed separately all the grocery stores and cloth stores from the list. Finally, we listed a total of 6797 shops from five 'sub-segments' in Ahmedabad city (refer Appendix B1). 728 grocery stores and 806 cloths stores were listed out separately from that.

Since Jaipur was geographically smaller than Ahmedabad, the MAP process in Jaipur city was slightly different. We identified two segments in Jaipur, which were further divided into five CNEWS sub segments per segment. The remaining process of selection of sub-segments, and listing of shops were similar to the process adopted for Ahmedabad city. We listed a total of 933 (nine hundred and thirty three) stores from randomly chosen sub-segments. Out of that 933 (nine hundred and thirty three) shops, 187 (one hundred and eighty seven) '*grocery stores*' and 149 (one hundred and forty seven) '*cloth stores*' were listed out separately (Appendix B1).

4.5.3. Sample size

Baron and Kenny (1986) suggested that sample size should be 5 times the sum of all the variables in study. Since there were 72 indicators in the study, therefore, we decided to collect minimum of 72*5=360 responses. Since age of the customers and gender were considered as control variables for the study, we decided that sample should equally represent both the gender and age groups i.e. 360/4=90 respondents per group. It should have a minimum of 180 male respondents and 180 female respondents. Similarly, a minimum of 180 respondents from each age group of (18–30) years and (31–60) years were required.

Since 5 'sub-segments' in Ahmedabad and 2 'sub-segments' in Jaipur were used for preparation of sample frame, we decided to collect 360/7=51.4 (around 52) data points per segment. We decided to collect 52*5=260 data points from Ahmedabad and 52*2=104 data points from Jaipur.

4.6. Research setting

This study used the survey method for data collection. A survey is an appropriate method when the research objective is to 'understand attitude' and 'predictive behavior'. The unit of analysis was the 'individual customer' who has completed her buying at the store or at least completed her interaction with the shop keeper. Since the study, aims to measure feelings of gratitude and obligation, we collected data at shop intercept to avoid or minimize the loss of information (Nataliya, 2005).

Sample frame consists of list of 915 grocery stores and 955 cloth stores. We chose to collect data from every 5th shop. After selection of the shops, we further used similar systematic technique to contact the customers who had made their purchase or finished interaction with the store keepers at those shops. We contacted every fifth female and every fifth male customer to participate in the survey. The purpose of choosing every fifth female and male customer separately was to maintain equality at gender part in the sample. The customers were requested to participate in the survey. If the customer denied participating in the survey, in that case, we requested next customer to participate and so on. To capture maximum heterogeneity of the population, we collected data at different points of time e.g. morning, afternoon and evening etc. To capture quality data, we requested shop keepers to allow us to contact customers inside the shop only. In case of rejection of the request by the shop keeper, we requested the respondents to participate in the survey outside the shop, after finishing their purchase and/or interaction with the shop keeper. Similar research design has been used by Nataliya (2005) where, they collected information from the customers at retail intercept with the purpose to minimize the loss of information.

4.7. Data collection and analysis

The demographics of the sample are shown in Table 1. We contacted 586 customers at shop intercept during survey. Out of 586 customers, 452 customers agreed to participate in the survey (77.13%). Out of 452 data points, 398 (88.05%) were found suitable for further analysis. Remaining 54 (11.95%) data points were rejected because of incomplete information provided by respondents or too many missing values and response bias.

Table 1
Respondents' Socio Demographic Information and Data Distribution (N=398).

The sample distribution (Total (N)=398) (Ahmedabad:254, Jaipur: 144; Grocery Stores: 233, Cloth Stores 165)					
Gender	Male	51%	**Monthly Household Income (INR)**	Less than 10,000 INR	15%
	Female	49%		10,000 to 30,000 INR	52%
				30,000 to 50,000 INR	23%
Education	Secondary and Higher Secondary	38%		More than 50,000 INR	10%
	Graduates	20%			
	Post Graduates	33%	**Occupation**	Housewife	33%
	Others (M. Phil, Ph.D.)	09%		Employed(Government/Private/elf)	28%
				Business	25%
Age (Years)	< Less than 30	49%		Others (Like Students)	14%
	30–50	46%			
	More than 50	5%			

Data were entered into Microsoft Excel and assessed for accuracy check. The transformation was applied to reverse coded items using formula [(Maximum achievable score by the scale+Minimum achievable score by the scale)−score given by the respondent]. Therefore, in subsequent analysis and interpretation, all items were coded in the same direction.

Data were converted into SPSS format data file for analysis with SPSS 17 and AMOS 17 based on the recommendations of Kazdin (1998). We purified the data and estimated late response bias, identification of outliers handling of missing values, assessment of normality and linearity. First, we checked late response by comparing the early and late respondents in the sample of this study. Chi square test was used to determine if difference did exist in demographic characteristics of respondents (Kaynak, 2003). We adopted univariate approach to detect outliers. There were no significant outliers existed. Normality, linearity, multicollinearity, auto-correlation, homoscedasticity and common method bias analysis did not find any abnormality in the data. The final responses (n=398) had no missing values. Eleven responses which had some missing values were removed from the data before analyzing them. Considering lesser number of responses with missing values, it was completely removed from the data set before proceeding for further analysis.

4.7.1. Confirmatory factor analysis

4.7.1.1. Interpreting measurement model. We used Structural Equation Modelling (SEM) for empirical estimation of the relationships among the constructs in this study. Since SEM allows simultaneous estimation of (1) a measurement models (that relates the items in each scale to the construct they represent, by providing loadings for each items) and (2) structural model that relates constructs to one another, providing estimates of parameters (i.e. path coefficients). This method was chosen so that both a priori model accounting for measurement errors in the construct and their respective scale measurement and simultaneous estimation of those relationships for the complex model could be achieved (Anderson and Gerbing, 1988). The properties of the items of the constructs in the proposed model were tested using maximum likelihood (ML) method of estimation (Anderson and Gerbing, 1988; Bentler (1983)) in combination with the two

Table 2
Measurement Scales.

Construct	Indicators	Source	Mean	Stand. Devi.	Factor loading	α	AVE	CCR
Financial investments	Store/Store keeper offers presents to encourage purchasing	Developed for the Study	3.23	1.70	0.787	0.898	0.717	0.927
	Store/Store keeper offers tea/coffee/cold drink to me even before I make my purchase		3.63	1.41	0.831			
	Store/Store keeper offers free sample products/services before I make my purchase		3.49	1.50	0.872			
	Shop keeper invests a lot of time for catering my needs before I make my purchase		3.40	1.54	0.883			
	Store/Store keeper does not offer any refreshment before I finalize my purchase (R)		3.29	1.65	0.856			
	The store/store keeper provides prompt services for me		3.52	1.68	0.915			
Social investments	This store/store keeper keeps in touch with me	Chiu et al. (2005)	4.47	1.78	0.786	0.874	0.619	0.907
	This store/store keeper is concerned with my needs		4.63	1.39	0.725			
	This stores employees help me to solve my personal problems		4.58	1.53	0.852			
	This store/store keeper collects my opinion about products and services		4.78	1.59	0.781			
	I receive greeting cards or gifts on special days from this store/store keeper		4.86	1.51	0.828			
	This store/store keeper offers opportunity for members to exchange opinion		4.83	1.25	0.742			
Structural investments	This store/store keeper provides customized and personalized products and services according to my needs	Chen and Chiu (2011)	4.45	1.63	0.860	0.930	0.676	0.943
	This store/store keeper offers integrated services with its partners		4.31	1.60	0.846			
	This store/store keeper offers new information about its products and services		4.56	1.60	0.873			
	This store/store keeper often provides innovative products and services		4.36	1.51	0.822			
	This store/store keeper promises to provide after sales services		4.15	1.48	0.789			
	I can receive a prompt response after a complaint		4.41	1.10	0.716			
	This store/store keeper provides various ways to deal with transactions		4.40	1.77	0.829			
	The store/store keeper provides clear instructions about its products and services.		4.34	1.40	0.832			
Gratitude	I feel grateful to the store/store keeper.	McCullough et al. (2002) and Natalia and Dodd (2009)	3.96	1.74	0.911	0.922	0.812	0.945
	I feel thankful to the store/store keeper.		4.18	1.60	0.936			
	I feel appreciative to the store/store keeper		4.18	1.58	0.922			
	I felt desire to say 'thank you' to the store keeper		3.93	1.61	0.832			
Obligation	I purchased the product because I felt it was a socially proper thing to do	Natalia et al. (2009)	3.40	1.57	0.872	0.938	0.804	0.953
	I Purchased the product because I felt an ethical indebtedness		3.44	1.40	0.875			
	I purchased the product because I felt a purchase expectation from the shopkeeper/sales person		3.46	1.49	0.927			
	I purchased the product because I got Influenced by others purchasing		3.59	1.43	0.917			
	I felt compulsion to purchase the product in return of some offerings from the shopkeeper/sales person		3.53	1.49	0.890			
Purchase intentions	I would consider buying this product at this store	Sweeney et al. (1999)	4.82	1.35	0.888	0.858	0.783	0.915
	I will purchase this product at this store		4.76	1.34	0.880			
	There is a strong likelihood that I will buy this product at this store		4.79	1.16	0.886			
Loyalty	I am very loyal to this store	Reynolds and Beatty (1999)	4.82	1.63	0.904	0.940	0.849	0.957
	I am very committed to this store		4.54	1.81	0.890			
	I don't consider myself a loyal customer of this store*		4.70	1.85	0.943			
	I do not plan to shop at this shop in the future*		4.76	1.79	0.947			
Trait gratitude	I have so much in life to be thankful for	McCullough et al. (2002)	3.99	1.81	0.824	0.904	0.698	0.933
	If I had to list everything that I felt grateful for, it		4.08	1.46	0.823			

Table 2 (*continued*)

Construct	Indicators	Source	Mean	Stand. Devi.	Factor loading	α	AVE	CCR
	would be a very long list.							
	When I look at the world, I don't see much to be grateful for*		4.29	1.40	0.836			
	I am grateful to a wide variety of people.		4.38	1.60	0.799			
	As I get older I find myself more able to appreciate the people, events, and situations that have been part of my life history.		4.36	2.60	0.855			
	Long amounts of time can go by before I feel grateful to something or someone*		4.52	2.61	0.874			
Product category involvement	In general I have a strong interest in this product category	Beatty and Talpade (1994)	4.63	1.66	0.883	0.859	0.688	0.915
	This product category is very important to me		4.82	2.12	0.545			
	This product category matters a lot to me		4.83	1.49	0.895			
	I get bored when other people talk to me about this product category*		4.80	1.47	0.894			
	This product category is very relevant to me		4.62	1.58	0.873			
Shopping activity involvement	It is important for me	Smith (1998)	4.37	1.88	0.951	0.991	0.774	0.913
	Of no concern to me		4.67	1.75	0.913			
	Very relevant to me		4.64	1.79	0.931			
	Means a lot to me		4.60	1.74	0.940			
	Is a useful activity for me		4.61	1.87	0.955			
	It is beneficial activity for me		4.47	1.15	0.825			
	It is a trivial activity for me		4.54	1.18	0.874			
	It is a worthless activity for me		4.37	1.79	0.903			
	It is a significant activity for me		4.70	1.78	0.912			
	It is a superfluous activity for me		4.77	1.78	0.944			
	It matters a lot to me		4.66	1.70	0.947			
	It is interesting activity for me		4.58	1.92	0.949			
	It is a boring activity for me		4.61	1.38	0.923			
	It is an exciting activity for me		4.64	1.25	0.949			
	It is an unappealing activity for me		4.53	1.84	0.950			
	It is a fascinating activity for me		4.70	1.69	0.923			
	It is a non-essential activity for me		4.80	1.76	0.934			
	It is a desirable activity for me		4.70	1.72	0.948			
	It is an unwanted activity for me		4.71	1.81	0.946			
	It is a not need activity for me		4.51	1.43	0.928			
	It is a laborious activity for me		4.44	1.45	0.930			

stage process recommended by Sethi and King (1994). First we established structure of the factor by testing unidimensionality of the measures (Bagozzi, 1991). Further, we tested 'discriminant' and 'convergent' validity of all the constructs in the study before testing the structural relationships in the study.

4.7.1.1.1. Assessment of unidimensionality. Before doing factor analysis, to verify the overall sampling adequacy, Kaiser-Meyer-Olkin measure of sampling adequacy (KMO statistics) was checked. This index reflects the sampling adequacy for the factor analysis technique to be used. The value of the index ranges from 0 to 1 with at least 0.6 is deemed as acceptable (Worthington and Whittaker, 2006). The KMO test statistics of sampling adequacy of data ($N=398$) was 0.910 and Bartlett's test was also found significant (0.001) indicating that data were suitable for factor analysis. Measurement items were then purified by assessing their correlations with other items in the same construct. Principal component analysis is performed on the data to establish the factor structure. First, each measure was factor analyzed by PCA with orthogonal rotation (VARIMAX rotation) as usually done in past studies (Table 2).

Secondly, we aggregated the measurement items and performed factor analysis again (Table 3). The factor analysis provided seven factors with factors having 75.4 percent variance explained. The results further shows that all the items were retained and the items of each factor were found loaded on a single factor. All the items showed a factor loading > 0.50. Further, no cross loading of the items on different factors was also ensured. Any indicator variable that loads high across two factors (0.40) does not contribute uniquely to the factor that theoretically it is supposed to. The factor correlation matrix (Table 4) provides correlation between the factors. A very high correlation (> 0.80) would lead to question the discriminant validity of the factors. It was found that correlations between the factors were less than 0.80. In sum, unidimensionality of each construct is supported.

4.7.1.1.2. Reliability and validity. We established reliability and validity of measures using standard procedure suggested by Anderson and Gerbing, (1988) and Fornell and Larcker, (1981). Table 2 provides Cronbach's Alpha measures, Composite Construct Reliability (CCR) and AVE for pooled data of Ahmedabad and Jaipur data for each latent variable in the study. Discriminant validity (of pooled data) was ensured using method suggested by Fornell and Larcker (1981) (refer Table 5). For discriminant validity, the AVE on the diagonal should be greater than the off diagonal elements.

5. Results and discussion

5.1. Interpreting structural model

We analyse and interpret the structural model as follows. Fig. 1 provides a diagrammatic representation of the structural model. Table 6 provides various fit indices for the structural Model. First, the structural model was estimated using the pooled data set from Ahmedabad and Jaipur cities. The pooled model exhibited good

Table 3
Assessment of Unidimentionality (Factor Analysis).

Rotated component matrix[a]

Item	Components						
	1	**2**	**3**	**4**	**5**	**6**	**7**
Gratitude1	**.760**						
Gratitude2	**.627**						
Gratitude3	**.601**						
Gratitude4	**.635**						
Ogligton1				**.786**			
Ogligton2				**.783**			
Ogligton3				**.867**			
Ogligton4				**.879**			
Ogligton5				**.832**			
Purchase intentions1							**.826**
Purchase intenstions2							**.838**
Purchase intentions3							**.764**
Loyalty1					**.800**		
Loyalty2					**.808**		
Loyalty3					**.808**		
Loyalty4					**.809**		
Financial RM investments1		**.767**					
Financial RM investments2		**.758**					
Financial RM investments3		**.812**					
Financial RM investments4		**.811**					
Financial RM investments5		**.884**					
Financial RM investments6		**.884**					
Social RM investments1						**.800**	
Social RM investments2						**.723**	
Social RM investments3						**.789**	
Social RM investments4						**.660**	
Social RM investments5						**.702**	
Social RM investments6						**.613**	
Structural RM investments1			**.792**				
Structural RM investments2			**.839**				
Structural RM investments3			**.801**				
Structural RM investments4			**.790**				
Structural RM investments5			**.782**				
Structural RM investments6			**.788**				
Structural RM investments7			**.846**				
Structural RM investments8			**.851**				

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

[a] Rotation converged in 7 iterations.

model fit in terms of all the fit indices (refer Table 6). The pooled data model (Ahmedabad and Jaipur) gave a chi square/df ratio 4.07, which was less than the established upper limit of 5.0 indicating a good model fit. Further, the NFI, IFI, TLI, CFI indices were also above 0.95, indicated a good model fit. The p-value was less than 0.0001 for the model, the RMSEA was reported to be between 0.84 (lower bound) and 0.88 (upper bound) thus, indicating a reasonable model fit (<0.10) (Byrne, 2001). Moreover, the Hoetler index was found to be 108 at 0.05 percent confidence level and 113 at 0.01 level of confidence (above 75), also indicating a good model fit. To summarize, based on the values of all the fit indices, structural model for pooled data showed a good model fit. (Fig. 2).

Next, we also estimated the model separately for each city (Ahmedabad and Jaipur); and each type of product (grocery and cloth). All the models fit indices indicated that all the models e.g. model based on only Ahmedabad data ($N=254$), model based on only Jaipur data ($N=144$), and model for both for the product categories (cloth model and grocery model) exhibited a good model fit. There was no variation across the cities and product categories.

5.2. Summary of hypothesis

Table 7 shows the beta coefficients and significance level of various paths shown in the model and summary of results. All the hypotheses proved to be significant, with p-value <0.0001, except for H5 which had $p=0.009$. It is evident from the results that financial RM investments led to obligation. The path coefficient was found to be significant with $p<0.0001$ ($\beta_{\text{financial RM investments}\rightarrow\text{obligation}}=0.394$). Thus, hypothesis H1 was supported. Similarly, social and structural RM investments lead to customer gratitude. The path coefficients from social RM investments to gratitude and structural RM investments to gratitude were found to be significant with $p<0.0001$. Thus, hypothesis H2 and H3 were also fully supported. Further, we found that gratitude felt because of structural RM investments was higher than gratitude felt because of social RM investments ($\beta_{\text{structural RM investments}\rightarrow\text{gratitude}}$ $(0.724)>\beta_{\text{social RM investments}\rightarrow\text{gratitude}}$ (0.235)). This indicates that structural RM investments led to more gratitude as compared to social RM investments. Hence, hypothesis H3a was also fully supported. Further, we found that the path coefficients between gratitude and purchase intentions ($\beta_{\text{gratitude}\rightarrow\text{purchase intentions}}=0.495$, $p<0.0001$) and path coefficient between gratitude and loyalty ($\beta_{\text{gratitude}\rightarrow\text{loyalty}}=0.750$, $p<0.0001$) were significant. Thus, we derived complete support for hypothesis H4 and H5. It was evident that customer gratitude leads to immediate purchase intentions as well as loyalty. Our findings were consistent with the studies in related fields where researchers have previously shown that social investments such as 'thank you' letters by managers served as effective re-enforcer to clients (Clark et al., 1988). Similarly, Rind and Bordia (1995) observed that expressing gratitude by saying 'Thank you' by a restaurant waiter resulted in higher tips from restaurant patrons. Gratitude changed the purchase behavior of people (Dahl et al., 2005) and grateful customers rewarded the firm for the extra effort (Goei and Boster, 2005). Our findings were also in line with the insights in Palmatier et al. (2009). They reported that gratitude resulted in an increase in the amount spent by customers in B2C context. In B2B context, they reported that gratitude resulted in an increase in the patronage intentions of customers.

Table 4
Factor Correlation Matrix.

Correlations

	GQ6	**INVOL**	**GRAT**	**OBLI**	**PINT**	**LOY**	**FRMI**	**SRMI**	**STRIM**	**INVOLSA**
GQ6	1	0.041	0.111	−0.011	0.116	0.048	0.141	0.124	0.173	−0.059
INVOL[a]		1	0.071	0.176	0.214	0.115	−0.059	0.303	0.137	0.108
GRAT			1	−0.555	0.223	0.724	−0.169	0.498	0.777	0.013
OBLI				1	0.182	−0.436	0.372	−0.188	−0.238	0.004
PINT					1	0.343	0.194	0.174	0.309	0.034
LOY						1	−0.185	0.368	0.591	0.016
FRMI							1	−0.487	−0.141	−0.058
SRMI								1	0.382	0.02
STRI M									1	0.044
INVOLSA										1

[a] Kindly read as: GQ6: 'Trait gratitude', INVOL: 'Product Category Involvement'. GRAT: 'Gratitude'; OBLI: 'Obligation'; PINT: 'Purchase Intentions'; LOY: 'Loyalty'; FRMI: 'Financial Relationship Marketing (RM) Investments, SRMI': 'Social RM Investments', STRMI: 'Structural RM Investments'; INVOSA: 'Shopping Activity Involvement'.

Table 5
Assessment of Discriminant Validity-Inter Correlation Matrix[a].

Variables[b]	**FRMI**	**SRMI**	**STRMI**	**GRAT**	**OBLI**	**PIT**	**LOY**	**GQ**	**INVOL**	**INVOLSA**
(1) FRMI	**0.846**									
(2) SRMI	0.432	**0.787**								
(3) STRMI	0.112	0.366	**0.822**							
(4) GRAT	0.146	0.432	0.447	**0.901**						
(5) OBLI	0.399	0.227	0.190	0.664	**0.897**					
(6) PINT	0.015	0.150	0.256	0.242	0.287	**0.845**				
(7) LOY	0.251	0.319	0.358	0.721	0.510	0.303	**0.921**			
(8) GQ	0.074	0.123	0.149	0.201	0.085	0.006	0.039	**0.835**		
(9) INVOL	0.247	0.267	0.064	0.034	0.067	0.30	0.233	0.055	**0.829**	
(10) INVOLSA	0.134	0.345	0.166	0.136	0.164	0.222	0.206	0.104	0.424	**0.880**

All the values of correlations are taken only modulus values.

[a] The Diagonal elements are the square root of the variance shared between the constructs and their measures. Off Diagonal elements are the correlations between measures. For Discriminant Validity, the diagonal elements should be larger than any other corresponding row or column value (Fornell and Larcker, 1981).

[b] Labels are as: GQ 'Trait gratitude', GRAT: 'Gratitude', OBLI: 'Obligation', FRMI: 'Financial RM investments', SRMI: 'Social RM Investments', STRMI: 'Structural RM Investments', PINT: 'Customer's Purchase Intentions', LOY: 'Customer's Loyalty', INVOL: 'Product Category involvement' and INVOLSA: 'Shopping Activity Involvement'.

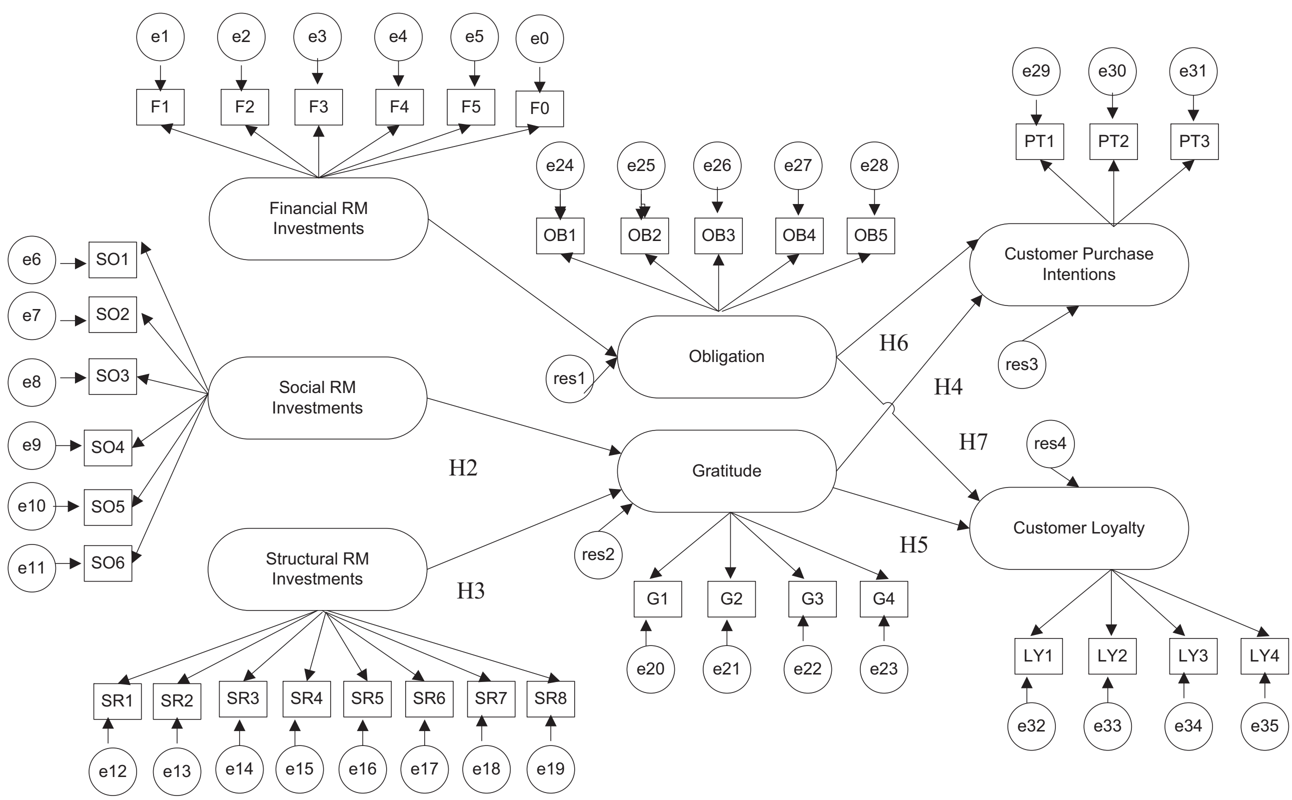

Fig. 1. Proposed Conceptual Model in the Study.

Similarly, Natalia and Dodd (2009) reported that gratitude resulted in an increase in the amount spent by customers in B2C context of winery purchase. Further, the interpersonal relationships literature suggests that gratitude is a relationship-sustaining emotion (Young, 2006). It has impact on the sustenance and development of short-term as well as long-term relationships and resulted in development of trust in relationships (Algoe et al., 2008).

Our results further suggest that obligation increases customers' immediate purchase intentions ($\beta = 0.427$, $p < 0.0001$). However, obligation was found to be negatively associated with loyalty ($\beta = -0.153$, $p < 0.0001$). Hence, hypothesis H6 was fully supported and hypothesis H7 was also supported with $p = 0.009$. Our findings were consistent with prior research in related fields. Berger et al. (1997) reported that in interpersonal relationships people reciprocated to immediate favors because of norms of reciprocity, where norms of reciprocity do not mandate an open-ended obligation to return the favor in long term. Darr (2003a, b) reported that gifts provide the social basis for a moral economy by creating obligation in the sales network. Similarly, obligation (which visitors realize after tasting wine at a wine shop) was found to be the most accountable factor driving the amount of money visitors spent at wineries (Natalia et al., 2007). Our findings suggest that obligation is negatively associated with loyalty. The interpersonal relationships literature has reported that owing to negative feelings arising out of obligation, people terminate the relationships for future and avoid facing the relational partners from whom help had been sought initially (Frederickson et al., 2003). We argue that obligation brings negative feelings of indebtedness, resulting in the termination of future orientation of the relationships. This suggests that one of the probable reasons why customers showed positive intentions towards making an immediate purchase was to get rid of negative feelings of

Table 6
SEM fit Indices of Structural Model.

Fit Measure	Pooled model (based on Ahmedabad and Jaipur data)
Discrepancy	2376.967
Degrees of freedom	584
P value	0.000
Number of parameters	118
Discrepancy/df	4.070
Normed fit index	0.950
Incremental fit index	0.961
Tucker-Lewis index	0.956
Comparative fit index	0.961
RMSEA	0.088
RMSEA lower bound	0.084
RMSEA upper bound	0.091
P for test of close fit	0
Akaike information criterion (AIC)	2612.967
Hoelter .05 index	108
Hoelter .01 index	113

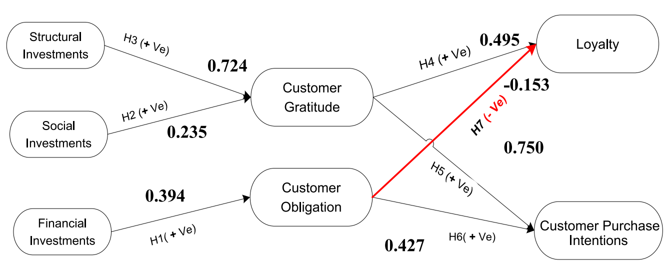

Fig. 2. Path Coefficients in Proposed Model.

obligation and avoid buying in future.

Our research indicates that gratitude results in an increase in loyalty as well as on customer purchase intentions. However, we found β_{loyalty} (0.750) to be greater than $\beta_{\text{purchase intentions}}$ (0.495). This suggests that gratitude plays a more important role in sustaining and building relationships. These findings are supported by prior related research (Algoe et al., 2008; Natalia et al., 2010). In interpersonal relationships, gratitude was found to both promote the formation of relationships as well as maintain relationships. It was found to engender cooperative exchanges at the expense of individual gain even when the individual gains were higher than the co-operative gains. Gratitude was also found to promote positive word of mouth and result in long term relationships. Our findings were in line with the previous findings of research in marketing and allied streams.

It is evident from the results that financial investments made by marketers with the intent to get loyal customers actually increase only the customers' immediate purchase intentions.

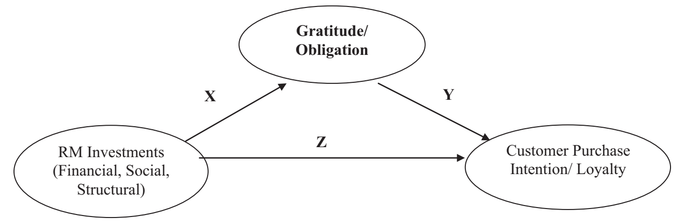

Fig. 3. Gratitude and Obligation as Mediator of RM investments and Loyalty/Customer Intentions.

Considering a long-term perspective of relationships, obligation is negatively related to loyalty. Whereas social and structural RM investments lead to gratitude, which further leads to immediate purchase intentions and loyalty positively. These findings provide some explanation for why the outcomes of RM investments are not always positive (Colgate and Danaher, 2000). The study provides theoretical justification of different outcomes of RM investments with the help of broaden and build theory of positive feelings, which endorse the different action tendencies of positive feelings i.e. gratitude and negative feelings i.e. obligation.

To explore these issues further, we investigated which social and structural investments are most valued by customers. We found that among social investments, scale items related to preferential treatment scored the highest scores of 4.98. This was followed by scale items related to communication-based investments (mean scores= 4.66), subsequently followed by non-price investments (mean score of 4.48). On this basis, we suggest that providing preferential treatment to customers should be a better RM investment, followed by communication-based investments and non-price investments.

Similarly, in case of structural investments, we compared the mean scores of items belonged to customized offers with the mean scores of items of value co-creation. We found that the items which belonged to customization of the offerings scored higher mean scores of 4.89 as compared to the mean scores of 4.52 for items belonged to value co creations. On the basis of these results, we conclude that customized offers were more effective as compared to providing value co-creations, which resulted in feelings of gratitude and in turn customer purchase intentions and customer loyalty.

5.3. Testing mediation

To test whether mediation effects in the core structural model, we tested two potential mediators. Following the approach suggested by Baron and Kenny (1986), we regressed obligation on financial RM investments (path X separately in Fig. 3). The coefficient was found to be significant. Similarly, we regressed customer purchase intentions on obligation and customer purchase intentions and financial RM

Table 7
Standardized Coefficients of Structural Model and Summary of Results.

Hypothesis	Variables[a]	Pooled model (based on Ahmedabad and Jaipur data)					Remark
		Direction of relationship	Stand. coefficient	*t*-values	*p*-values		
H1	OBLI	<–	FRMI	0.394	8.448	0.000***	Supported
H2	GRAT	<–	SRMI	0.235	6.006	0.000***	Supported
H3	GRAT	<–	STRMI	0.724	14.400	0.000***	Supported
H4	PINT	<–	OBLI	0.427	8.973	0.000***	Supported
H5	LOY	<–	OBLI	−0.153	−2.609	0.009**	Supported
H6	LOY	<–	GRAT	0.750	14.575	0.000***	Supported
H7	PINT	<–	GRAT	0.495	9.785	0.000***	Supported

[a] Read Labels as, GRAT: 'Gratitude'; OBLI: 'Obligation'; PINT: 'Purchase Intentions'; LOY: 'Loyalty'; FRMI: 'Financial Relationship Marketing (RM) Investments, SRMI': 'Social RM Investments', STRMI: 'Structural RM Investments'.
** $p < 0.01$; *** $p < 0.001$.

investments separately (path Y and Z in Fig. 3). Both the path coefficients were found to be significant. However, when we regressed customer purchase intentions with obligation and financial RM investments, the path between financial RM investments and customer purchase intentions (i.e. path Z) became insignificant, whereas path X and Y remained significant, thereby supporting full mediation (Baron and Kenny, 1986). Similarly, the mediation effect of obligation between financial RM investments and loyalty and the mediation effect of gratitude between social and structural investments as independent variables and customer purchase intentions and loyalty as dependent variables were performed.

It was found that gratitude fully mediates the relation between social RM investments and customer purchase intentions; structural RM investments and customer purchase intentions; social RM investments and loyalty; and structural RM investments and loyalty. On the other hand, obligation fully mediates the relation between financial RM investments and customer purchase intentions. It partially mediates the relationships between financial RM investments and loyalty. Our findings were in line with previous studies in related fields. Morales (2005) found that gratitude mediated the effect of seller's effort on consumer's behavior. Further, ‘reciprocity’ and ‘gratitude’ were also found to be mediators of this relationship paradigm (Palmatier, 2009). Similarly, the interpersonal relationships literature confirmed that favor-compliance relationships were mediated by gratitude, indebtedness and liking (Goei et al., 2007).

6. Managerial implications

Our findings suggest that financial RM investments lead to a sense of obligation among the customers and this leads to an increase in their immediate purchase intentions. However, this sense of obligation is negatively related to customer loyalty. On the other hand, social and structural RM investments lead to feelings of gratitude among customers. Structural investments result in more gratitude than social investments. These feelings of gratitude not only increase the immediate purchase intentions of customers, they also generate loyalty among the customers. Therefore, our findings suggest that managers and retailers should focus more on social and structural RM investments as compared to financial RM investments. For customers who are loyal and in a relationship with the retailer for long time, retailers should think of alternative means to keep them in relationships along with investing into them through social and structural investments.

7. Theoretical implications

The present study provides an ‘affective’ basis to explain the theory of relationship marketing. This paper also explains the mediating role of ‘gratitude’ and ‘obligation’ between investments made by marketers and intentions and behavior of the customers in response to these investments. Since, ‘*gratitude*’ fully mediates the relationships between RM investments and customer purchase intentions and loyalty, we posit that ‘*gratitude*’ plays a central role in long-term customer relationships, and hence does not restrict its role in interpersonal relationships only. Further, the study explains the mediating role of ‘obligation’ between RM investments and customer purchase intentions. Hence, this paper contributes to theory of relationship marketing.

This paper further attempts to explain the boundary conditions in which customers feel ‘*gratitude*’ from the conditions in which consumers feel ‘*obligation*’. Since both the feelings result in different action tendencies; the study segregates the RM investments resulting in ‘*obligation*’ from those resulting in ‘*gratitude*’.

8. Limitations of the study

Several limitations in this study arose from (1) practical consideration of data collection; (2) the boundaries that were set for the analysis of the proposed theoretical model, (3) the sample chosen; (4) our conceptualization of financial RM investments. We conceptualize financial RM investments to be consumer perceptions about financial investments done by the retailers prior to the purchase. We know that there are many possible investments such as price and quantity discounts, coupons and loyalty points, which customers realize either with the purchase of after the purchase. Our study did not consider these kinds of investments.

The study does not capture the effect of culture on gratitude and obligation arising from relationship marketing investments (financial, social and structural). We do not deny the effect of culture. However, accounting for it was beyond the scope of this study and we acknowledge this limitation. It has also been found that relationships have active and passive phase. Similarly, it is possible that some customers buy from a particular shop because of morality between buyer and seller. The study does not account for morality either. We suggest that these issues may be further explored in future research.

9. Future research directions

There are several potential issues that deserve the attention of future researchers. There is an opportunity to refine the framework developed in this study by incorporating other product categories and services. As discussed in the Limitations, the effect of culture can be hypothesized, explored and validated.

This paper developed a cross sectional study. The literature on interpersonal relationships suggests that feelings of gratitude and obligation changes with time, especially in continued relationships (Emmons, 2004). Further, investments (i.e. structural) initially done with benevolent intentions can be used to create high switching cost for the customers in the long term (Grayson and Ambler, 1999). We believe that, such situations in relationships might change the positive feelings of gratitude to feelings of obligations. It was a limitation of the study to capture such effects, since the study captures only cross-sectional data. Future researchers can theoretically hypothesize such changes in the relationships with respect to time and test them empirically.

Appendix A.

See Fig. A1.

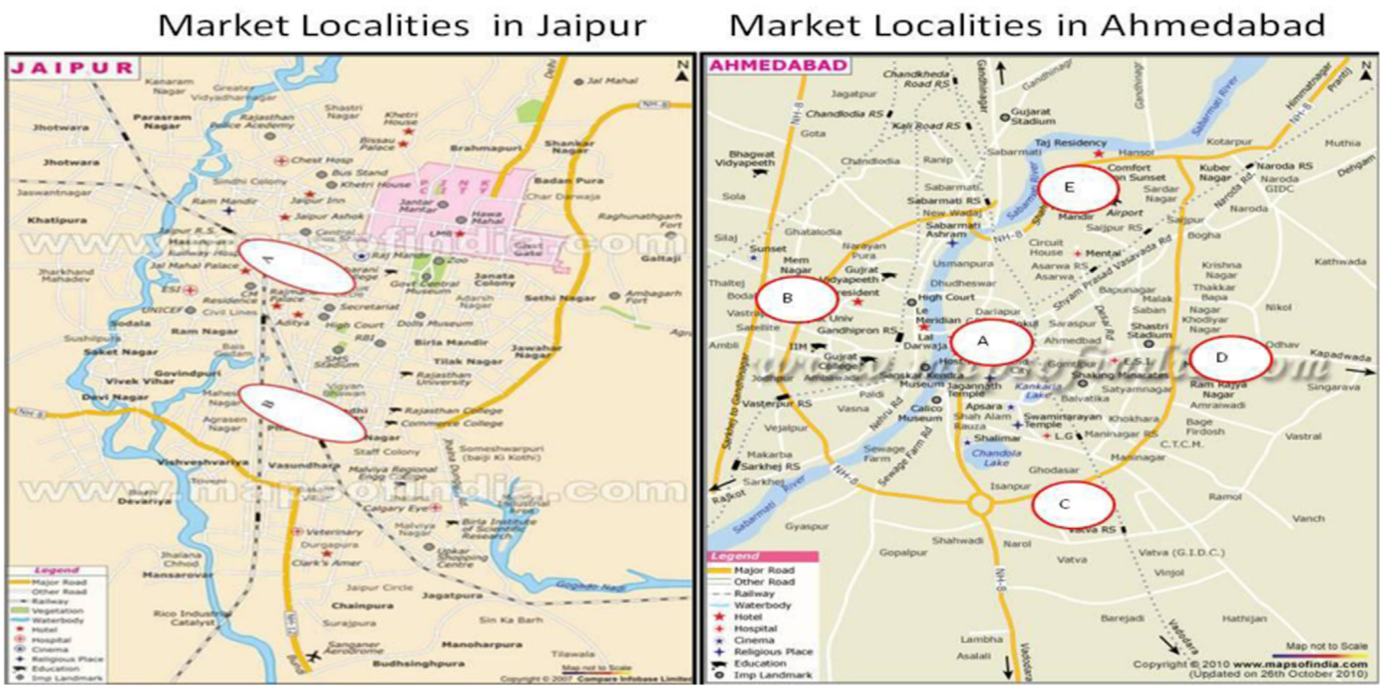

Fig. A1

Appendix B.

See Table B1.

Appendix B1
Summary of the sample frame used for data collection in final survey.

S. no.	City and zone	Total number of stores listed	Number of grocery/provision/kirana stores	Number of cloth stores/readymade garments stores
1	**Jaipur**			
	Jaipur zone A	502	138	85
	Jaipur zone B	431	49	64
	Total (Jaipur)	**933**	**187**	**149**
2	**Ahmadabad**			
	Ahmedabad zone A	1192	117	67
	Ahmedabad zone B	1407	102	182
	Ahmedabad zone C	1202	251	103
	Ahmedabad zone D	1584	110	247
	Ahmedabad zone E	1412	148	207
	Total (Ahmadabad)	**6797**	**728**	**806**
	G. Total (Ahmadabad and Jaipur)	**7730**	**915**	**955**

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