

MANAGING SERVICE RELATIONSHIPS IN A GLOBAL ECONOMY: EXPLORING THE IMPACT OF NATIONAL CULTURE ON THE RELEVANCE OF CUSTOMER RELATIONAL BENEFITS FOR GAINING LOYAL CUSTOMERS

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ABSTRACT

Customer relational benefits have been identified as a driving motivation for consumers to engage in long term relationships with service providers. Such benefits can be expected to play a crucial role in the success of service firms when extending their business into other countries and cultures. Most of the previous discussion of relational benefits has been conducted almost exclusively in North-American contexts and has not addressed the impact a nation's culture may have on the relevance of relational benefits for gaining relationship outcomes such as customer loyalty. The aim of this article is to deepen our understanding of the role of relational benefits in developing long-term relationships with consumers in a cross-cultural context. Specifically, propositions focusing on the moderating role of power

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distance, individualism/collectivism, masculinity/femininity, and uncertainty avoidance for the benefits-outcomes relationship are developed. The article concludes with a discussion of potential implications for service firms and researchers.

INTRODUCTION

Today, many companies have migrated from a transactional mindset to a relational mindset in their dealings with customers. The extant literature proposes that, for many organizations, success is dependent upon the firm's ability to develop and maintain long-term relationships with individual customers (e.g. Heskett et al., 1997; Lemon et al., 2002; Morgan & Hunt, 1994). This is particularly critical in service businesses where the customer's input and even co-production of the service are often necessary components for a positive outcome (e.g. Berry, 1995). The idea that business relationships require both the service firm and the customer to benefit from the relationship has recently stimulated academic interest on the *types of benefits consumers receive* as a result of engaging in long-term relationships with sellers (e.g. Gwinner et al., 1998; Hennig-Thurau et al., 2002; Reynolds & Beatty, 1999a). Understanding these consumer relational benefits and their impact on customer loyalty will provide guidance to organizations, allowing them to focus on those benefits deemed most important to their customers.

Extant academic research on relational benefits has been conducted almost exclusively with North American consumers. Because the nature and development of relationships is highly culture-dependent, the reliance on U.S.-based research has left a large gap in our understanding of the importance of relational benefits in cultures outside the United States. As service providers, as well as companies selling tangibles with a substantial service component, increasingly expand their operations into countries and cultures other than their own (e.g. Citicorp, Hennes and Mauritz, Kentucky Fried Chicken, Starbucks, Tony and Guy, T-Mobile, Wal-Mart), developing a thorough understanding of the relational benefits that consumers desire in different cultures and culture's impact on the economic relevance of relational benefits will be of growing importance.

Against this background, this article strives to extend our understanding of the impact of national culture on the relationship between customer relational benefits and relationship marketing outcomes. We start with a review of the literature on consumer relational benefits and cross-cultural issues in relationship marketing research. On this basis, we extend the original three-benefits typology suggested by Gwinner, Gremler and Bitner (1998, henceforth cited as GGB) and then develop propositions suggesting how national culture may moderate

the influence of relational benefits on outcomes such as customer loyalty. The article ends with a discussion of potential implications for service firms and researchers.

THEORETICAL BACKGROUND

The Concept of Customer Relational Benefits

A customer's decision to enter into and maintain a long-term relationship with a company is largely driven by his or her assessment of: (1) the core product/service; and (2) the relational aspects of the exchange (Hennig-Thurau et al., 2000). In separating the core product/service from the relational aspects, one is able to begin thinking about the added value the interpersonal interaction between customers and providers has for consumers. Relational benefits focus on aspects of the relationship itself and are available only to those customers who are engaged in continuing relationships with the service provider and its personnel. Over the past few years the relationship marketing literature has begun to explore what kind of benefits customers derive from staying in long-term relationships with companies and how these benefits impact customers' behavior. This represents a major shift in relationship marketing from exclusively focusing on the benefits of long-term relationships for companies to the benefits accruing to customers.

In his seminal work, Barnes (1994) identified 24 facets of relationships between customers and service companies that are salient to customers, including dimensions of trust, provision of social support and economic advantages. Berry (1995) distinguished between two general categories of such relational motives: a desire for risk reduction and a desire for social interaction. He suggested risk-reduction to be connected with trust: "Customers who develop trust in service suppliers . . . have good reasons to remain in these relationships: they reduce uncertainty and vulnerability" (Berry, 1995, p. 242). With regard to customers' social needs, Berry argued that people long for individual and customized treatment in the context of customer-employee interactions. A later analysis by Bendapudi and Berry (1997) confirmed the relevance of trust-related benefits for customers' relational decisions.

The most extensive study of relationship benefits from the customer's perspective has been presented by GGB. Through a thorough literature review as well as an extensive qualitative study, GGB developed a typology consisting of four separate relational benefits. Specifically, *social benefits* refer to the emotional part of the relationship between a customer and an employee. The customer: (1) enjoys his or her positive relationship with the employee ("it's more fun to deal with somebody

you're used to"; customer statement in GGB, p. 104); and (2) interprets his or her relationship with the respective employee as similar to friendship ("he's like a kind of friend now"; customer statement in GGB, p. 104). *Psychological benefits* include those aspects of a relationship that focus on the reduction of uncertainty ("you don't have as much anxiety and you have a higher confidence level in being a loyal customer"; customer statement in GGB, p. 104). *Economic benefits* contain monetary and non-monetary advantages (e.g. time saving) that the customer derives from maintaining the relationship and finally *customization benefits* describe those advantages resulting from individualized treatment of the customer by the service provider. In a second step of their analysis, GGB tested their four-benefit typology using a cross-sectional survey of consumers from a variety of service businesses. This analysis resulted in an aggregation of economic and customization benefits into a joint factor named special treatment benefits. In addition, psychological benefits were renamed *confidence benefits* to better reflect the structure of the factor loadings.

Since then, research in this area has extended our understanding of relational benefits and their role within the relationship marketing concept. Reynolds and Beatty (1999a, b) developed empirical consumer typologies based on relational benefits and found relational benefits to influence customer satisfaction and loyalty with the salesperson. Based on consumer-brand relationship research (e.g. Fournier, 1998), Hennig-Thurau et al. (2000) generated a framework for relational benefits and barriers and showed empirically that the importance of relational benefits differs between customer segments. They also introduced the concept of *identity-related relational benefits* and proposed that being in a relationship with a specific provider might add meaning to the consumer's self-concept. Such identity-related benefits were originally suggested by Fournier (1998) in the context of consumer goods. As their importance for consumers is based on the brand rather than the product's manifest character, identity-related benefits can be expected to be relevant to consumers of branded services. Recently, other researchers have elaborated on the importance of identification in consumer-to-business relationships (Arnett et al., 2003; Bhattacharya & Sen, 2003).

In another study, Hennig-Thurau et al. (2002) conceptualized relational benefits as antecedents of relationship quality and relationship outcomes (i.e. customer loyalty and positive word-of-mouth communication). They found both social benefits and confidence benefits to significantly impact relationship outcomes, while no such impact was found for special treatment benefits. Finally, based on a qualitative analysis of professional service relationships, Sweeney and Webb (2002) suggested the existence of another benefit type, which they labeled "symbiotic benefits" but might be more simply described as *quality-improvement benefits* in the context of consumer services. In particular, as service employees often learn

about the preferences of a specific customer through repeated interactions, they are often able to avoid mistakes and, consequently, provide the customer with a higher level of service than that provided in one-time transactions. This benefit is based on the mutual knowledge both the service provider and customer have developed during previous encounters, enabling the employee to better fulfill the customer's needs. While customization benefits stem from the differences in treatment between a customer and other customers, quality-improvement refers to the adjustment of the core service (e.g. a hair cut provided by a hair stylist or a restaurant meal).

Cultural Issues in Relationship Marketing Research

Consumer-firm relationships have been shown to be a culture-dependent concept (Ambler & Styles, 2000; Palmer, 1997, 2000; Simmons & Munch, 1996). Specifically, Palmer concludes that relationship marketers "should be as wary of prescribing universal solutions for exchange bases as they are of developing universal product and promotion policies for all markets" (Palmer, 1997, p. 321). Ambler and Styles (2000) echo this sentiment by contending business relationships are embedded in a cultural environment that must be considered to fully understand the development of long-term relationships.

In addition, several studies have demonstrated the impact cross-cultural differences can have on relationship-oriented constructs such as service quality and trust. Regarding service quality, Malhotra et al. (1994) argued that the importance of service quality dimensions differs between developed and developing countries based on cultural peculiarities. Donthu and Yoo (1998) empirically show that service quality expectations differ for four of the cultural dimensions proposed by Hofstede (1980). Furrer et al. (2000) conceptualized Hofstede's (1991) culture dimensions as moderators of the impact of five service quality dimension on outcomes (e.g. loyalty) and found support for such influence on 21 of 25 service quality-outcome relationships. This is consistent with several other studies, including Winsted (1997), Mattila (1999), Stauss and Mang (1999), Liu et al. (2001) and Witkowski and Wolfinbarger (2002), which all found service quality dimensions to be impacted by cultural variables. A study on consumer trust and culture by Doney et al. (1998), who considered "the extent to which cultural norms and values facilitate or inhibit the formation of trust" (p. 602), proffered several propositions on how trust formation differs with regard to Hofstede's cultural dimensions. As such, abundant evidence exists to suggest that an individual's perception of relationship-oriented concepts, such as relational benefits, will vary greatly depending upon one's national culture.

The only study to explicitly address the concept of customer relational benefits in a non-North American context was carried out by Patterson and Smith (2001). They replicated the original work of GGB in Thailand and identified differences in the importance of individual relational benefits. However, despite the fact that their study adds support to the culture-dependent character of the relational benefits concept, their study suffers from a number of limitations. Most critical, as their data collection was limited to a single country (i.e. Thailand), the data does not allow for a comprehensive assessment of culture's impact on relational benefits.

Altogether, relational benefits have empirically been shown to lead to such important outcomes as customer loyalty and word-of-mouth communication in the context of the U.S. culture (Hennig-Thurau et al., 2002; Reynolds & Beatty, 1999a). Given the findings of Patterson and Smith (2001) and the cultural sensitivity of other consumption and assessment constructs (e.g. service quality and trust), we expect the impact each of the relational benefits has on such relational outcomes to vary across cultures. In addition, as service encounters are largely social exchanges between consumers and service providers, cultural values that influence social relationships should play a role in these service relationships as well. Specifically, we will propose that national culture will *moderate the relationship between relational benefits and customer loyalty*.

THE IMPACT OF NATIONAL CULTURE ON THE RELATIONAL BENEFITS-CUSTOMER LOYALTY LINK

The Moderating Role of National Culture

The term national culture is used to describe a system of values and norms that are shared by the members of a society. National culture has been conceptualized by different authors (Chinese Culture Connection, 1987; Hofstede, 1980, 1991, 2001; Schwartz, 1994; Smith et al., 1996), but the most comprehensive and most widely used (e.g. Atuahene-Gima & Li, 2002; Dawar & Parker, 1994; Lynn et al., 1993; Nakata & Sivakumar, 1996; Roth, 1995; Steenkamp et al., 1999) framework by far is the one developed by Hofstede (1980, 1991, 1998, 2001). Hofstede originally conceptualized national culture as a four-dimensional construct encompassing the following dimensions:

- (1) *Power distance* refers to the degree to which members of a society expect and accept power in that society to be distributed unequally.
- (2) *Individualism/collectivism* refers to the degree to which society members prefer to act based on their own self-interests as opposed to being concerned with conforming to group behavior.

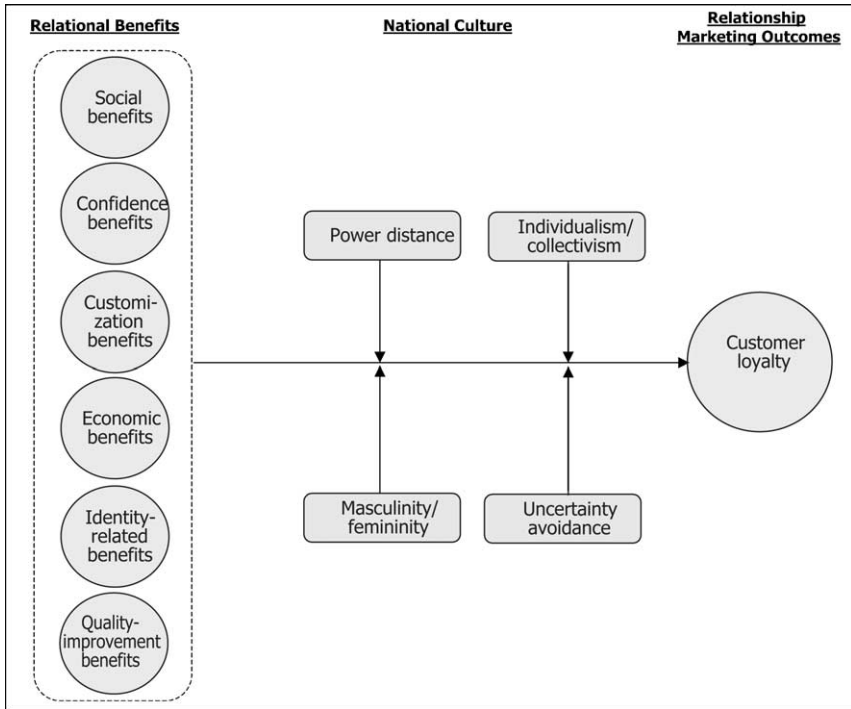


Fig. 1. The Moderating Role of National Culture for the Impact of Relational Benefits on Customer Loyalty.

- (3) *Masculinity/femininity* is the degree to which a society is characterized by assertiveness (masculinity) versus nurturance (femininity).
- (4) *Uncertainty avoidance* refers to the degree to which uncertain situations are tolerated and accepted by a society’s members.

We argue that these four cultural dimensions¹ moderate the relationship between the relational benefits identified earlier in this article (i.e. social, confidence, economic, customization, identity-related and quality-improvement relational benefits) and customer loyalty as visualized in Fig. 1.² Table 1 overviews the impact of each cultural dimension on the different kinds of relational benefits, with each of the expected moderating influences being discussed in the following paragraphs.

Table 1. Proposed Moderating Effects of Cultural Dimensions on Relational Benefits-Customer Loyalty Relationship.

		Relational Benefits					
		Social Benefits	Confidence Benefits	Economic Benefits	Customization Benefits	Identity-Related Benefits	Quality-Improvement Benefits
Cultural Dimensions	Power distance	⊖	⊖**	n.i.	⊖**	⊕**	n.i.
	Collectivism*	⊖	⊕	n.i.	⊖	⊖	n.i.
	Masculinity	⊖	⊕	⊕	n.i.	n.i.	n.i.
	Uncertainty avoidance	n.i.	⊕	n.i.	⊕	n.i.	⊕

Notes: ⊕ indicates a positive impact on the benefits-loyalty relationship, ⊖ indicates a negative impact on the benefits-loyalty relationship and *n.i.* indicates that no impact is postulated. To illustrate, the greater the level of masculinity within a culture, the lower the impact of social benefits on customer loyalty. Also, * indicates the proposed relationship is based on the assumption that the service firm/employees are assigned to the customers' out-groups and ** indicates that the service firm/employees are assumed to be viewed by consumers as members of a lower social class.

Impact of Power Distance on the Relevance of Relational Benefits

We expect power distance to influence the impact of social benefits, confidence benefits, customization benefits and identity-related benefits on customer loyalty. On a basic level, it is expected that a less powerful person strives to reduce an existing power distance, while a more powerful person will strive to maintain or to increase it (Hofstede, 2001, p. 83).

As the impact of social relationships on society members' behavior is positively influenced by the perceived similarity of relational partners (Duck, 1994), the overall effect of *social benefits* on customer loyalty in service relationships is argued to be weaker in cultures with greater levels of power distance (i.e. in cultures with a low level of perceived similarity between customer and service provider/firm), as this implies by definition the unequal distribution of power.

PPD-1. The greater the level of power distance within a culture the weaker the impact of social benefits on customer loyalty.

When the power distance within a culture is high, individuals who perceive themselves to be of lower status relative to others will be reluctant to assert their rights when treated unfairly (Hofstede, 2001). As such, with regard to *confidence benefits*, when service employees/firms are perceived by the consumer to be of a higher social class, customers are expected to have a stronger dependency on employees' trustworthy behavior (i.e. strong impact of confidence benefits on relational outcomes), as other ways to secure "fair" treatment (e.g. confronting the provider and asserting their rights) are limited due to the belief that they have no power in the relationship. In contrast, confidence benefits are expected to have less influence on relational outcomes when service employees/firms are perceived as members of a lower social class due to customer perceptions of increased power and options.

PPD-2. When service employees/firms are perceived as members of a higher social class by consumers, the greater the level of power distance within a culture the stronger the impact of confidence benefits on customer loyalty. When service employees/firms are perceived as members of a lower social class by consumers, the greater the level of power distance within a culture the weaker the impact of confidence benefits on customer loyalty.

In a culture in which power distance is high, consumers who perceive themselves as of a higher class than the service firm/employees will take some customized treatment from their service provider for granted (Riddle, 1992). That implies, when the service firm and its employees are considered as members of a higher social class, such special treatment will be highly valued and will have a strong

impact on customer loyalty. However, the same impact may not hold for economic benefits as they are of a less personal nature and, further, depend more upon the policy of the organization rather than on the individual discretionary behavior of the employee. *Customization benefits* are therefore expected to have a stronger impact on loyalty in high power distance cultures when service employees/firms are perceived as members of a higher social class.

PPD-3. When service employees/firms are perceived as members of a higher social class by consumers, the greater the level of power distance within a culture the stronger the impact of customization benefits on customer loyalty. When service employees/firms are perceived as members of a lower social class by consumers, the greater the level of power distance within a culture the weaker the impact of customization benefits on customer loyalty.

The perception of service employees' power status is also expected to influence the importance of *identity-related relational benefits* and, consequently, their impact on customer loyalty. Specifically, if the firm (as a relational partner) is perceived as belonging to a lower social class, then identity-related benefits will be of greater importance to the consumer when the power distance is large, as the consumer can exercise power and confirm his self-concept in a satisfying manner. In contrast, if the firm is perceived as a higher social class entity, the consumer will be polarized between dependence and the desire to reject dependence ("counterdependence"; Hofstede, 1991, p. 27) in a high power distance culture, resulting in an extreme diversity of feelings of the consumer towards the firm and a large emotional distance between the consumer and the firm/employees. This emotional distance is part of the identity of a less powerful person in a culture with high power distance, but it will not serve as a motive to maintain a relationship as it is too ambiguous to be valued as a benefit.

PPD-4. When service employees/firms are perceived as members of a lower social class by consumers, the greater the level of power distance within a culture the stronger the impact of identity-related benefits on customer loyalty. When service employees/firms are perceived as members of a higher social class by consumers, the greater the level of power distance within a culture the weaker the impact of identity-related benefits on customer loyalty.

Impact of Individualism/Collectivism on the Relevance of Relational Benefits

Individualism can be argued to moderate the influence of social, confidence, customization and identity-related relational benefits on customer loyalty. Regarding

social benefits, the strict distinction between in-groups and out-groups in collectivistic cultures has to be taken into account. In-groups are usually characterized “by similarities among the members and individuals have a sense of ‘common fate’ with members of the ‘in-group’ ” (Triandis, 1995, p. 9), while out-groups are groups to which the consumer does not belong to and feels he has little in common with. In cultures scoring high on collectivism, relationships within in-groups are very close and social by definition, whereas it is almost impossible to get into existing social networks as a member of an out-group (Hofstede, 2001; Smith & Bond, 1998; Triandis, 1995), with the consequence that social benefits are not valued if they come from out-group members. We therefore believe the impact of social benefits on customer loyalty will be weaker if the service firm and its employees are not considered as part of the customer’s in-group and that it will be stronger when the firm and its employees are part of the customer’s in-group.

P_{IC-1}. When a service firm employee is regarded as part of the customer’s out-group, the greater the level of collectivism within a culture the weaker the impact of social benefits on customer loyalty. When a service firm/employee is regarded as part of the customer’s in-group, the greater the level of collectivism within a culture the stronger the impact of social benefits on customer loyalty.

In collectivistic cultures there is the expectation that members of a society will take care of each other and not attempt to take advantage of each other (Yamagishi & Yamagishi, 1994). Generally, this high level of trust in collectivistic cultures is only prevalent with regard to society members which are considered to be part of the individual’s in-group, while the opposite will be the case with respect to out-group society members (Björkmann & Kock, 1995; Hofstede, 2001). Presuming that service firms and their employees are assigned to out-groups by the customer, we predict the added level of comfort *confidence benefits* offer will be viewed positively by the customer as it will serve to overcome mistrust in the firm. Therefore, the offer of confidence benefits is expected to be more highly valued in collectivistic cultures under these conditions. When the service firm/employee is a member of the customer’s in-group, confidence benefit offers will be considered less important in collectivistic cultures due to the high level of interpersonal trust already present between in-group members.

P_{IC-2}. When a service firm/employee is regarded as part of the customer’s out-group, the greater the level of collectivism within a culture the stronger the impact of confidence benefits on customer loyalty. When a service firm/employee is regarded as part of the customer’s in-group, the greater the level of collectivism within a culture the weaker the impact of confidence benefits on customer loyalty.

With regard to culture's influence on the customer's valuation of *customization benefits*, one has to distinguish between two different kinds of customization offers. First, group-based customization benefits (e.g. in-group members are given credit by a grocery store owner based solely on him knowing about the people's in-group membership) are not offered to individual consumers but to all members of the in-group and make the in-group stand out from the rest of the society (i.e. the out-group). Such group-based customization benefits will only be offered when the service firm and its employees are part of the in-group. Under these conditions, group-based customization will result in a strong impact of customization benefits on loyalty in collectivistic cultures, as particularism (i.e. "taking particular relationships into account" Hofstede, 2001, p. 30) represents a common feature in collectivistic cultures (Hofstede, 2001; Smith et al., 1996). Second, customization benefits offered to individual consumers make the individual stand apart from the group, which goes against group norms in collectivistic cultures (Steenkamp et al., 1999) and will therefore be more highly valued in individualistic cultures than in collectivistic cultures.

PIc-3a. When a service firm/employee is regarded as part of the customer's in-group, the greater the level of collectivism within a culture the stronger the impact of group-based customization benefits on customer loyalty.

PIc-3b. The greater the level of collectivism within a culture the weaker the impact of individual customization benefits on customer loyalty.

Finally, we expect the relevance of *identity-related benefits* to be greater in a consumer's in-group in a collectivistic culture, as members of collectivistic cultures generally put more emphasis on exchanging identity-related resources such as love and status rather than money and information (Foa & Foa, 1974; Triandis, 1995). This is because identity-related relational benefits focus on strengthening the consumer's self-concept, which is interdependent in collectivistic cultures but generally independent in individualistic cultures (Markus & Kitayama, 1991). In contrast, consumers' relationships with service firms, employees, or brands which are considered to be part of an out-group will not add meaning to the self-concept in a collectivistic culture because out-group members are of limited importance to the consumer.

PIc-4. When a service firm/employee is regarded as part of the customer's out-group, the greater the level of collectivism within a culture the weaker the impact of identity-related benefits on customer loyalty. When a service firm/employee is regarded as part of the customer's in-group, the greater the level of collectivism within a culture the stronger the impact of identity-related benefits on customer loyalty.

Impact of Masculinity/Femininity on the Relevance of Relational Benefits

The masculinity/femininity cultural dimension is postulated to moderate the impact of social, confidence, economic and quality-improvement benefits on relational outcomes. Given that the interest in relationships with other society members plays a central role in *social benefits* and because consumers in masculine cultures place less value on interpersonal relationships and people (Hofstede, 2001), we predict social benefits will have a weaker impact on customer loyalty when the level of masculinity within a culture is high.

PMF-1. The greater the level of masculinity within a culture the weaker the impact of social benefits on customer loyalty.

Regarding confidence benefits, as members of masculine cultures are strongly “ego oriented” (Hofstede, 2001, p. 299), this widespread pursuit of ego goals might imply a greater level of uncertainty within relationships. Consequently, we expect trust and the offer of *confidence benefits* through the service provider to be more important for loyalty in a highly masculine cultural context.

PMF-2. The greater the level of masculinity within a culture the stronger the impact of confidence benefits on customer loyalty.

Economic incentives such as money are generally more highly valued in masculine than in feminine cultures (Hofstede, 2001). As *economic benefits* focus on this sort of economic incentives, we expect economic benefits to have a greater impact on customer loyalty in cultures with a high level of masculinity.

PMF-3. The greater the level of masculinity within a culture, the stronger the impact of economic benefits on customer loyalty.

Impact of Uncertainty Avoidance on the Relevance of Relational Benefits

Uncertainty avoidance is expected to impact the influence of confidence, customization and quality-improvement benefits on customer loyalty. By definition, in cultures with a high level of uncertainty avoidance, offers that reduce consumers’ uncertainty are more highly valued (Hofstede, 2001). Because *confidence benefits* add to consumer certainty, we expect confidence benefits to have a greater impact on customer loyalty when the culture has a high level of uncertainty avoidance. Moreover, members of cultures high in uncertainty avoidance hold the attitude that most people *cannot* be trusted (Hofstede, 2001; Inglehart et al., 1998), which also implies that confidence benefits will be more highly appreciated in those cultures.

P_{UA-1}. The greater the level of uncertainty avoidance within a culture the stronger the impact of confidence benefits on customer loyalty.

Customization and quality-improvement benefits can both be thought of as a way to deliver goods and services that meet a consumer's individual preferences. To the extent that those benefits provide the consumer with clear expectations (Gudykunst, 1995) they serve to eliminate the surprise component of consumption (i.e. one receives what he or she asks for, not a "one-size-fits-all" solution). Consequently, both customization and quality-improvement benefits are expected to have a greater impact on customer loyalty in high uncertainty avoidance cultures.

P_{UA-2}. The greater the level of uncertainty avoidance within a culture the stronger the impact of customization benefits on customer loyalty.

P_{UA-3}. The greater the level of uncertainty avoidance within a culture the stronger the impact of quality-improvement benefits on customer loyalty.

As is evident from the prior discussion, it is probable that some contrasting culture effects will off-set each other in the moderating process. That is, when one starts to examine the national culture of a country cluster or a single country in depth, it is apparent that some of the predictions made by our propositions may be in conflict with each other. For example, how does the moderating influence relative to social relational benefits work in a feminine culture (suggesting a stronger influence of this benefit type on customer loyalty) where individualism is low (suggesting a weaker influence between out-groups)? As predicting the relative importance of each moderator would be highly speculative, this remains an empirical question that should be investigated by collecting and analyzing data collected in a variety of cultural settings.

DISCUSSION AND IMPLICATIONS

The theoretical analysis of the influence of culture dimensions on the impact of relational benefits on relationship marketing outcomes such as customer loyalty provides important insights for the internationalization of service providers' business activities. We now point out some implications of our analysis for service providers and researchers.

In order to derive expressive conclusions, we formed country clusters out of cultures which are similar on Hofstede's national culture dimensions instead of presenting implications for individual countries (e.g. Kale, 1995). Based on Hofstede (2001) and other researchers (for an overview, see Ronen & Shenkar, 1985), Table 2 shows a five-cluster typology distinguishing between an Anglo cluster, a Nordic

Table 2. Selected Country Cluster and Hofstede’s Cultural Dimensions Scores.

	Power Distance	Individualism	Masculinity	Uncertainty Avoidance
Anglo cluster	From low to very low	Very high	High	Very low
Australia	36	90	61	51
Canada	39	80	52	48
Great Britain	35	89	66	35
Ireland	28	70	68	35
New Zealand	22	79	58	49
United States	40	91	62	46
Nordic cluster	Very low	From very high to high	Very low	From low to very low
Denmark	18	74	16	23
Finland	33	63	26	59
Netherlands	38	80	14	53
Norway	31	69	8	50
Sweden	31	71	5	29
Germanic cluster	Very low	High	Very High	Medium
Germany	35	67	66	65
Switzerland	34	68	70	58
Austria	11	55	79	70
East Asian cluster	From very high to medium	From low to very low	From high to medium	From medium to very low
Hong Kong	68	25	57	29
People’s Republic of China	80	20	66	30
Taiwan	58	17	45	69
Independent cluster	Medium	Medium	Very high	Very high
Japan	54	46	95	92

Note: Scores are reported in Hofstede (2001) with all scales ranging from 0 to 100. Larger values indicate a greater level of the respective culture dimension.

cluster, a Germanic cluster, an East Asian cluster and an Independent cluster, index scores on the national culture dimensions for each country and an assessment of the relative level on national culture dimensions on the cluster level. To reduce complexity, in our discussion we assume that: (1) service firms and their personnel are predominantly assigned to the customers' out-groups; and (2) that firms and employees are generally considered as members of a lower social class.

Anglo Cluster (Australia, Canada, Great Britain, Ireland, New Zealand and United States): Countries from this cluster score high on individualism, fairly high on masculinity, quite low with regards to uncertainty avoidance and low to very low when it comes to power distance. Compared to other cultures, the provision of economic benefits are likely to be more valued by service customers of this culture cluster. In contrast, quality-improvement benefits can be argued to be relatively less effective in this cultural context based on the arguments laid out in this article. The relevance of social, confidence, identity-related as well as individual-level customization benefits remains unclear, as contradictory findings exist with regard to these benefits.

Nordic Cluster (Denmark, Finland, Netherlands, Norway, Sweden): This cluster represents countries where the power distance is very small, individualism is high and masculinity and uncertainty avoidance are quite low. According to these characteristics and the propositions stated above, service firms in these markets should, in comparison to other cultural environments, put strong emphasis on the offer of social benefits because of this cluster's individualistic and feminine character and the low degree of power distance. We would expect individual-level customization benefits to be valued due to the low power distance and the high levels of individualism and femininity. Economic, confidence benefits and quality-improvement benefits can be argued to have a relatively weak effect on loyalty compared to other cultures and should therefore be offered cautiously. For identity-related benefits, no clear recommendation can be given as theoretical findings are ambiguous.

Germanic Cluster (Germany, Austria, Switzerland): This cluster is composed of countries in which the power distance is very low, individualism is medium to high, masculinity is very high and uncertainty avoidance is medium. With regard to this cluster, our earlier discussion suggests a strong emphasis should be put on the offer of confidence benefits because of the low power distance and the high masculinity in this culture. Similarly, attention should be devoted to individual-level customization as power distance is low in this cluster and individualism is high. We would also anticipate economic benefits to be relatively effective due to the cluster's high masculinity. In contrast, social and identity-related benefits are likely to be less effective in a Germanic culture than in other cultural environments and for quality-improvement benefits, no impact of culture can be found.

East-Asian Cluster (Hong Kong, People's Republic of China, Taiwan): Primarily due to divergent political developments in the last century, countries in this cluster show more variance on the national culture dimensions than the other ones, but because of their close links concerning history and language they can be regarded as one cluster. The high degree of collectivism implies a differentiated treatment depending on the customer's perception of being an in-group versus out-group member. In order to become a member of the consumer's in-group, service firms should offer customization benefits that are tailored to the consumer's group needs. Also, the offer of identity-related benefits should correspond with an interdependent, collectivistic construal of the self. With regard to other kinds of relational benefits, no clear recommendation can be given based on ambiguous findings, medium level culture dimensions (for masculinity/femininity) and high intra-cluster heterogeneity (for uncertainty avoidance).

Independent Cluster (Japan): Japan builds an independent cluster all by itself due to characteristics which are particular for the Japanese culture (Doi, 1973; Yamagishi & Yamagishi, 1994; Yamaguchi, 1994). On the national culture dimensions Japan ranks medium on power distance and collectivism and scores very high on masculinity and uncertainty avoidance. The latter two scores imply a high impact of confidence benefits for developing long-term relationships. Similarly, economic benefits should exert a strong impact on customer loyalty due to the extremely high level of masculinity in this culture and quality-improvement benefits are recommended based on the cluster's high uncertainty avoidance. In contrast, as high masculinity suggests social benefits are likely to have a weak effect on loyalty, such measures should be carefully reconsidered in the Japanese culture. For customization benefits, results are ambiguous and no clear recommendation can be derived on theory alone. For identity-related benefits, no recommendation can be given as no moderating impact of masculinity and uncertainty avoidance is postulated and the other culture dimensions are medium for this cluster.

While empirical validation of the propositions offered in this study is needed, marketing managers should consider how the proposed relationships summarized in Table 1 can be used in improving service relationships across different cultures. By taking into account the impact of national culture dimensions, service firms will be enabled to manage relationships with customers in a culture-sensitive manner and avoid the problems associated with implementing standardized strategies across diverse global markets. Specifically, a firm can consider the dominant cultural type of a given market segment (from Table 2) and then reference Table 1 to determine which relational benefits are expected to have the largest influence on consumers in that region. This information could be used to better inform a company's resource allocation decisions. For example, in a culture where uncertainty avoidance is high (such as Japan) a firm may be guided to spend relatively large

amounts on information technology that will improve the customization capabilities of front-line employees by tracking a customer's service preference history and, consequently, will have a positive effect on customer loyalty.

Directions for Future Research

As this article is developed using a theoretically based, deductive approach, validation of the propositions should come from an empirical investigation of the moderating role of national culture on the relational benefits-customer loyalty relationship. As mentioned at the end of the propositions section, one particularly interesting area of investigation involves examining how contrasting culture effects may off-set each other in the moderating process. Because different kinds of relational benefits in different cultural environments may be confounded in some cases by contrasting national culture effects, an empirical study would help to identify which national culture dimension is dominant under which conditions.

In efforts to empirically test the proposed propositions, future research should consider collecting data to control for service *type* influences since the importance of relational benefits has been shown to differ between service types (see GGB). As such, including services from two or more different service categories identified by Bowen (1990) may yield interesting service type differences. For example, data collection could be limited to two different service types in all countries (e.g. hairdressers and banking). In selecting the specific service types it is important that the service serves a similar function across cultures.

NOTES

1. Hofstede later added a fifth dimension titled *long-term orientation* (the degree to which society members value past and present rather than considering the effect of actions being important in the future). Because long-term relationships are less valued when a culture's long-term orientation is low (Hofstede, 2001), the benefits received by customers based on their *ongoing relationships* with service providers are expected to have a larger impact on relational outcomes in cultures with a high long-term orientation. As such, this fifth dimension is applicable to all of the relational variables and thus is not as interesting as those where the influence may vary. Long-term orientation is not considered further in this study in order to concentrate on those cultural dimensions that have the potential to help us understand greater variation.

2. Although GGB combined economic and customization benefits using a post-hoc factor analysis, we decided to treat them separately because of the different facets they represent when it comes to understanding the moderating impact of national culture on relational benefits.

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