Customer Relationship Strength in Relationship Marketing: 
An Investigation with Empirical Evidence from the Insurance Industry in China

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ABSTRACT

Customer relationship strength and its antecedents and consequences were studied in the context of policyholder and agent relationships in the life insurance industry in China. A three-dimension measurement model for customer relationship strength was proposed involving affective strength, cognitive strength and conative strength. A measurement scale for customer relationship strength was developed and validated based on 207 matched questionnaires (insurance agents and their clients) from a major Chinese insurance company in the provincial city of Qingdao. The instruments administered to the agents and their clients were developed through preliminary focus group interviews with 8 policy holders and a preliminary survey involving a convenience sample of 58 policy holders.

Empirical results indicated acceptable levels of reliability, unidimensionality, convergent validity and discriminant validity for the measures. Results from structural equation modeling suggest that a customer’s perceptions of relationship value, termination cost, salesperson likeability, personal selling behavior, and the customer’s innovativeness and complaint propensity are significantly correlated with customer relationship strength. The empirical findings further show that customer relationship strength significantly influences sales effectiveness and relationship profitability.
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TABLE OF CONTENTS

DECLARATION .................................................................................................................. i
ABSTRACT ...................................................................................................................... ii
ACKNOWLEDGEMENTS ............................................................................................ iii
LIST OF TABLES .......................................................................................................... viii
LIST OF FIGURES ....................................................................................................... ix

Chapter 1 Introduction ................................................................................................. 1

1.1 Research Background ........................................................................................... 1
1.2 Research Objectives .............................................................................................. 4
1.3 Significance of the Study ...................................................................................... 5

Chapter 2 Literature Review ......................................................................................... 9

2.1 Relationship Marketing .......................................................................................... 9

2.1.1 Nature and Domain of Relationship Marketing ............................................... 9
2.1.2 Process of Relationship Marketing .................................................................. 13
2.1.2.1 The Relationship Development Process Model of Dwyer et al............... 13
2.1.2.2 The Relationship Marketing Process Model of Parvatiyar and Sheth .... 14
2.1.2.3 Critique of the Models of Dwyer et al. and Parvatiyar and Sheth ......... 15
2.1.3 Key Constructs in the Empirical Studies of Relationship Marketing .............. 16
2.1.4 Relationship Marketing Research Directions ................................................. 19

2.2 Relationship Strength and Related Constructs ..................................................... 22

2.2.1 Customer Satisfaction and Commitment ......................................................... 23
2.2.2 Relationship Quality and Relationship Strength ............................................... 26
2.2.3 Tie Strength and Group Cohesiveness ............................................................. 35

Chapter 3 Theoretical Framework and Hypotheses ..................................................... 41

3.1 Theoretical Foundations ....................................................................................... 41

3.1.1 Social Exchange Theory .................................................................................. 41
3.1.2 Field Theory .................................................................................................. 44
3.1.3 Tri-component Attitude Model ....................................................................... 46

3.2 Conceptualization of Customer Relationship Strength......................................... 47

3.2.1 Definition of Customer Relationship Strength ................................................ 47
3.2.2 Dimensions of Relationship Strength ............................................................. 48

3.2.2.1 Affective Strength ...................................................................................... 49
3.2.2.2 Cognitive Strength .................................................................................... 50
5.1.1.7.1 MTMM Matrix Test................................................................. 89
5.1.1.7.2 Complementary Test of Convergent Validity....................... 90
5.1.1.7.3 Complementary Test of Discriminant Validity ....................... 91
5.1.2 Measures of Other Constructs.................................................. 92
  5.1.2.1 Measures of the Antecedents and Consequences of Relationship Strength ................................................................................................. 92
  5.1.2.2 Measures of the Constructs for Explanatory power Testing......... 94
  5.1.2.3 Measures of Control Variables............................................... 95
5.2 Hypothesis Testing........................................................................... 96
  5.2.1 Structural Equation Modeling.................................................... 96
  5.2.2 Explanatory Power Testing......................................................... 103
Chapter 6 Discussion and Conclusions............................................... 109
  6.1 The Antecedents of Relationship Strength................................. 109
    6.1.1 Relationship Value and Relationship Strength.......................... 109
    6.1.2 Termination Cost and Relationship Strength............................ 111
    6.1.3 Salesperson Likeability and Relationship Strength .................... 111
    6.1.4 Relational Selling Behavior and Relationship Strength............... 112
    6.1.5 Customer Innovativeness and Relationship Strength .................. 113
    6.1.6 Customer Complaint Propensity and Relationship Strength .......... 114
  6.2 Explanatory Power of Relationship Strength.............................. 114
    6.2.1 Relationship Strength and Sales Effectiveness......................... 115
    6.2.2 Relationship Strength and Relationship Profitability .................. 116
    6.2.3 Incremental Explanatory Power of Relationship Strength .......... 117
  6.3 Theoretical Contributions of the Study....................................... 118
  6.4 Managerial Implications of the Study......................................... 122
  6.5 Limitations of the Study ............................................................ 125
  6.6 Directions for Future Research..................................................... 126
  6.7 Conclusions of the Study ............................................................. 128
REFERENCES .......................................................................................... 130
APPENDIX I: POLICYHOLDER QUESTIONNAIRE (ENGLISH TRANSLATION) ................................................................. 156
APPENDIX II: AGENT QUESTIONNAIRE (ENGLISH TRANSLATION) ... 160
APPENDIX III: POLICYHOLDER QUESTIONNAIRE ......................... 164
APPENDIX IV: AGENT QUESTIONNAIRE .............................................. 168
CURRICULUM VITAE .............................................................................. 172