

THE INFLUENCE OF RELATIONSHIP MARKETING ON CUSTOMERS RELATIONSHIPS IN THE PERFORMING ARTS BUSINESS

The impact of personalization,
two-way communication, rewarding &
preferential treatment



Master thesis communication studies
University Twente, Enschede
December 19th 2012

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Abstract

Performing arts organizations are facing difficult times with the current economic climate and recent cuts in the cultural sector by governments. Last year, numbers showed a decline in ticket sales. Previous studies done in the performing arts sector suggest that performing arts organizations should focus more on retaining their current customers, because it is more profitable than attracting new ones. Relationship marketing can establish, maintain and enhance customer loyalty. First, the relationships between the relationship marketing outcomes, satisfaction, trust, commitment and customer loyalty, will be studied. Second, this study focuses on the influences of four different relationship marketing tactics (personalization, two-way communication, rewarding & preferential treatment) on relationship marketing outcomes (satisfaction, trust, commitment). Data came from a sample of 252 customers of a performing arts organization in the Netherlands. Using structural equation analysis, the relationships were measured. Higher levels of personalization, two-way communication and rewarding are shown to positively influence relationship marketing outcomes. No evidence was found for the link between preferential treatment and the relationship marketing outcomes. This study also provides strong support for the influence of commitment on attitudinal and behavioural loyalty and the influence of trust on attitudinal loyalty.

Samenvatting

Door het huidige economische klimaat en bezuinigingen op cultuur hebben podiumkunsten het moeilijk. De verkoop van tickets in de sector gaat achteruit. Eerdere studies die gedaan zijn in de podiumkunsten sector suggereren dat de podiumkunsten zich meer moeten focussen op het behoud van haar bestaande klanten. Dit zal uiteindelijk meer voordeel opleveren dan het alleen richten op het aantrekken van nieuwe klanten. Relatiemarketing zorgt voor een hogere klantenloyaliteit, en ook voor het behouden en vergroten hiervan. Eerst zal er gekeken worden naar de relatie tussen de verschillende relatiemarketing uitkomsten (tevredenheid, vertrouwen en betrokkenheid) op gedrags- en attitude loyaliteit. Vervolgens focust dit onderzoek zich op het effect van vier verschillende relatiemarketing technieken (personalisatie, tweerichtingscommunicatie, voorkeursbehandeling en beloning) op de relatiemarketing uitkomsten (tevredenheid, vertrouwen en betrokkenheid). De data voor deze studie komen van een enquête gehouden onder 252 bezoekers van een podiumkunsten organisatie in Nederland. Door het gebruik van structurele vergelijkingsmodellen, werden de geobserveerde relaties verklaard. De studie toont aan dat een hogere mate van betrokkenheid een invloed heeft op gedrags- en attitudeloyaliteit. Ook laten de resultaten zien dat vertrouwen een invloed heeft op de attitudeloyaliteit. Voor de relatiemarketing tactieken laat de studie significante resultaten zien. Een hogere mate van tweerichtingscommunicatie en beloning zorgt voor een hogere tevredenheid, vertrouwen en betrokkenheid bij de bezoekers. Voor personalisatie wordt een significant effect op betrokkenheid gevonden. Er werd geen bewijs gevonden voor een positieve relatie tussen voorkeursbehandeling en de relatiemarketing uitkomsten.

Preface

After a graduation period of 9 months, my thesis is ready! I could not have written this thesis without the support of many people. First of all, I would like to thank my supervisors Sabrina Hegner and Ardion Beldad. Sabrina, thanks for your support and guidance throughout the entire process. Both your encouragements and feedback pushed me to continuously improve my work. Also, I would like to thank Marije de Graaf and Inge Weterings of Podium Gigant, for giving me the opportunity to execute my research at their organization. Thanks for your support and feedback during the whole process, and by helping me recruit respondents for the study. Also I would like to thank all respondents who participated in this study.

Thank you to all my family and friends for their continuous support throughout my college years. Especially my parents, I could never have done it without you! Also a big thank you to Wieke, Karlijn, Marissa & Annabel (or: 'de eetclub'), for our weekly dinners where we discussed our master theses and could blow off steam. I really appreciated that, and I hope we continue our dinners in the future. I also want to thank Jelske; we spent lots of days in the university library working on our theses. Your company and the coffee talks made it much more pleasant.

Last but definitely not least, I would like to thank Roel. Thanks very much for your love, support, encouragements and patience. I could never have done it without you!

Nienke Klein Langenhorst,
Deventer, 19 december 2012

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1. Introduction

Performing arts organizations are facing difficult times. With the current economic climate, people spend less money in general (Elsevier, 2011a). People also cut back on cultural expenses. Recent numbers show a decline in ticket sales in the performing arts sector (Elsevier, 2011b). For theatres only, the sales dropped 14% with respect to last year on the Dutch market. Also the Dutch government announced that they were going to cut back on cultural expenses. It is important for performing arts organizations, next to acquiring new customers, to hold onto their current customers. In general it is less expensive to hold onto present customers than acquire new customers all the time (Blackwell, Miniard & Engel, 2006). Research shows that 15% of the customers in the performing arts business, mainly subscribers, accounted for 50% of ticket-sales income, whereas the 50% who were casual or one-off supporters brought 15% percent of the income (Tomlinson & Roberts, 2006; De Rooij & van Leeuwen, 2011). The performing arts also have a lot of competition, not only within the performing arts but also from other entertainment markets (Hume, Sullivan Mort & Winzar, 2007). Customer retention has become one of the most important business goals for the performing arts in the contemporary environment of increasingly intense competition and reduced profits. Building long-term relationships with your audience and thus long-term audience retention may aid performing arts organizations viability (Rentschler, Radbourne, Carr & Rickard, 2002).

Previous relationship marketing research makes conceptual efforts to explain the influence of relationship marketing on loyalty (Dick & Basu, 1994; Morgan & Hunt, 1994; Singh & Sirdeshmukh, 2000; Pan, Sheng & Xie, 2012). Relatively few attempts have been aimed at actually measuring the impact of different relationship marketing tactics on loyalty (Hennig-Thurau, Gwinner & Gremler, 2002; Odekerken-Schröder, De Wulf & Schumacher, 2003). Earlier research at customer loyalty and customer retention research that has been done, most of them concentrating on the retail business (Gwinner, Gremler & Bitner, 1998; Odekerken-Schröder et al., 2003; Lacey, Suh & Morgan, 2007), or in other service industries like banking, dental, hairdressing or travel agents (Ball, Coelho & Vilares, 2006; Patterson, 2007). Not much research has been done on customer loyalty and relationship marketing in the performing arts business, especially not in the Netherlands. Only in Australia, there is some research done around the performing arts sector, in which a part concentrates on the repurchase intention in the sector (Hume et al., 2007), but to our knowledge a conceptual model was never established and tested in the performing arts sector before.

The performing arts can be classified as an experiential service. How does this service differ from other (service) industries? The performing arts are less tangible than even the fine arts and musea for example. These are more possession-oriented and tangible in nature. The performing arts is people oriented, less tangible and consumption occurs in a real time specific situation (Hume et al., 2007). Also, retail and the fine arts and musea could be argued to be a durable service, as one can return at a future point in time to re-examine or re-consume (for example, as visitor can return to an exhibition) whereas live performing art shows is perishable. Hume et al. (2007) studies the repurchase intention in the performing arts industry and discovered that repurchase intention in the performing arts is a multi-dimensional equation of antecedents further complicated by consumer definition of the context. Consumers have shown in their research that they define the service through their own needs and measure subjective and objective experience attributes accordingly, related to the perception of what the experience is and what it means to them.

In other industries, marketing generally involves developing a marketing mix based on market research that results in the exchange of goods for money. According to Rentschler et al. (2002) in the performing arts this is a bit more complicated. The work of art or art product usually has to be fully

developed before exposure to the customer and testing its potential in the market place. Thus the marketing mix — the price, means of promotion, distribution and place of artistic experience — involves a carefully planned marketing strategy that fulfils the combined artistic, financial and social goals of the organization.

In this paper we will look how relationship marketing can be used to strengthen bonds between the performing arts organizations and their customers. The focus will specifically be on different relationship marketing tactics and their influence on satisfaction, commitment, trust. We will also look at the influence of satisfaction, trust and commitment on attitudinal and behavioural loyalty. These marketing tactics are determined through an extensive literature study of earlier research at relationship marketing. We begin with an explanation of the key constructs in this research.

2. Theoretical framework

The theoretical framework will give an overview of scientific studies done related to the research topic. Relevant and current articles will be used to give an overview of the literature. Relevant concepts related to the research topic will be treated. First, relationship marketing in general and in the performing arts specifically will be treated in paragraph 2.1. Second, the goals of relationship marketing, namely customer loyalty, satisfaction, commitment and trust will be discussed. Thirdly, four different relationship marketing tactics will be treated. Finally, two conceptual models will be proposed.

2.1 Relationship marketing

A way of enhancing customer loyalty is by relationship marketing (Hennig-Thurau et al., 2002; Caceres & Paparoidamis, 2007). Another important outcome of relationship marketing is positive word-of-mouth, which in its turn attracts new customers (Hennig-Thurau et al., 2002; De Rooij & Van Leeuwen, 2011). But in this study the focus will be on the loyalty of already existing customers of performing arts organizations.

Grönroos (1994, p.6): 'Relationship marketing is to establish, maintain, and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfilment of promises.' Relationship marketing theory helps us better understand the motivations for customer loyalty (Morgan, Crutchfield & Lacey, 2000). Relationship marketing theory suggests that relation-oriented retention programs would not only tie the customer to a company for longer periods, they would also provide the company with benefits beyond the value of a series of single sales transactions. Consumer behavior theory also helps us understand retention purchases. There are behaviour-based attitude and attitude-based motivations for purchases. Attitudes tend to have longer lasting effects on individuals. It also helps us to understand the social content of relationships.

Zeithaml & Bitner (2003) researched relationship marketing in service organizations. They developed the 80/20 rule: 20 percent of the customers of an organization produce 80 percent of sales or profit. This is called the customer pyramid, developed by Zeithaml & Bitner (2003) [see Appendix A].

Morgan et al. (2000) describe the general idea behind relationship marketing: Relationships are built over time, by frequent, high quality communication; both tangible and intangible benefits – economic, physic and strategic – are created for the customer; beliefs of equity develop; and the customer comes to realize the superior value provided by the relationship and the relationship partner. Attitudes of comfort, loyalty, and trust are established by relationship marketing.

For the performing arts sector specifically, Rentschler et al. (2002) established differences

between transactional and relationship marketing (an overview can be seen in Appendix B). They also developed a model called 'relationship marketing in the performing arts' (see Appendix C). The model explains the relationship marketing strategies and tactics to the steps on the loyalty ladder. According to the researchers the latter group of performing arts organizations still has a transaction marketing orientation, focusing effort on attracting new audience members, rather than on maintaining existing audiences. When performing arts organisations know how to build enduring relationships with existing audiences, this can have a major impact their long-term viability. According to Rentschler et al. (2002) moving the single-ticket purchaser up the loyalty ladder (Appendix C) is not easy. It involves knowing what each audience member wants and differentiation to the product accordingly. The researchers conclude with the conclusion that while subscriptions seem to be the answer for performing arts organizations, because increased retention increases profit, subscriptions are not what all the audience niches wants. Particularly the youth audiences want to purchase tickets on the spur of the moment.

2.1.1 Customer loyalty

Customer loyalty is a primary goal of relationship marketing, sometimes even equated with relationship marketing itself (Hennig-Thurau et al., 2002). Customer loyalty increases profitability through cost reduction effects and increased revenues per customer. Retaining loyal customers is less cost incentive than gaining new ones (Hennig-Thurau et al., 2002; Rentschler et al., 2002; Lacey et al., 2007).

Pan et al. (2012) define customer loyalty as: 'the strength of a customer's dispositional attachment to a brand (or a service provider) and his/her intent to re-buy the brand (or repatronize the service provider) consistently in the future' (p. 151). Customer loyalty can be illustrated as the customer's commitment to a company, or the customer's desire to keep an enduring relationship with the vendor (Zhang, 2011). According to Zeithaml & Bitner (2003), who also looked at service organizations, loyal customers forge bonds with a company, and behave differently from non-loyal customers. According to Pan et al. (2012) there are two schools of thought when it comes to defining and operationalizing customer loyalty. There are researchers who approach brand loyalty strictly from a behavioural perspective (by looking at repurchase intentions and past purchases) and those who insist that a favourable attitude towards a brand, the so-called attitudinal loyalty, is also required to define loyalty. Singh & Sirdeshmukh (2000), see loyalty as a behavioural intention to maintain an ongoing relationship with a service provider. The behavioural component refers to the possibility that a party will leave a relationship, and the attitudinal component refers to feelings of psychological attachment (Dick & Basu, 1994; Morgan et al., 2000). De Rooij & van Leeuwen (2011) describe customer loyalty in the context of the performing arts business: the extent to which a customer (in terms of attitudinal loyalty and/or behavioural loyalty) remains faithful to a provider, even though there are other, better or cheaper alternatives (p. 66). They suggest measuring attitudinal loyalty by measuring: the personal feelings of the customer to the performing arts organization and its services, the tendency to recommend the organization to others (positive word-of-mouth); opportunity to complain, tendency to switch to the competitor and willingness to pay more. They suggest to measure behavioural loyalty by looking at a customer's repeat purchases, visits of the customer to the performing arts organizations and the website, frequency of the purchases, the average amount spent, share of wallet, and recency of the last purchase. We also agree that loyalty also should have an attitudinal component; therefore we include both behavioural

and attitudinal loyalty in this study. Although measuring behavioural loyalty by looking at return visits over time isn't possible for this study, we will look for a scale to measure behavioural loyalty.

There are three main influences that are acknowledged by most researchers (Rauyruen & Miller, 2007; De Rooij & Van Leeuwen, 2011). The three main drivers of customer loyalty are: satisfaction, trust and relationship commitment (Morgan & Hunt, 1994; Pritchard et al., 1999; Gerpott et al., 2001; Ball et al., 2006; Rauyruen & Miller, 2007; De Rooij & Van Leeuwen, 2011; Pan et al., 2012). We will discuss these concepts in more detail.

2.1.2 Satisfaction

Satisfaction, trust and commitment play a central role in relationship marketing and eventually lead to customer loyalty (Morgan & Hunt, 1994; Rauyruen & Miller, 2007; De Rooij & Van Leeuwen, 2011). Satisfaction is a major determinant of loyalty, according to many of researchers (Oliver, 1999; Hennig-Thurau et al., 2002; Ball et al., 2006; Hume et al., 2007; Pan et al., 2012). Hennig-Thurau et al. (2002) define customer satisfaction as: 'The customer's emotional or feeling reaction to the perceived difference between performance appraisal and expectations' (p. 232). The intangible nature of services makes it difficult for customers to evaluate prior to purchase (Berry, 1995). Oliver (1999) states that satisfaction is a requirement for customer loyalty and that they are linked inextricably. Garbarino & Johnson (1999) look specifically at overall satisfaction in their study. They adapted the definition from Anderson, Fornell and Lehmann (p. 54): 'an overall evaluation based on the total purchase and consumption period with a good or period over time'. Overall satisfaction differs from transaction-specific customer satisfaction, which looks at the affection of the most recent transaction (Garbarino & Johnson, 1999).

De Rooij & Van Leeuwen (2011) looked at customer satisfaction especially for customers in the performing arts. Did the customer get what he or she expected? Does the performance or venue meet the expectations of the customer? How about the service quality of the venue? In short: how does the customer appreciate the primary, secondary and extended product? Satisfaction alone is not enough. A satisfied customer doesn't have to be a loyal customer. A customer can be satisfied with a product or service, but they always look for even better or cheaper products or services (de Rooij & van Leeuwen, 2011). Customers who are very satisfied more frequently purchase from a company. The following hypotheses are proposed:

- H1: A higher level of satisfaction leads to a higher level of attitudinal loyalty in the performing arts business.
- H2: A higher level of satisfaction leads to a higher level of behavioural loyalty in the performing arts business.

2.1.3 Trust

In many studies trust has been mentioned as a major driver of loyalty (Singh & Sirdeshmukh, 2000; Chaudhuri & Holbrook, 2001; Gerpott et al., 2001; Ball et al., 2006; Pan et al., 2012). The link between trust and communication has also been well established in earlier research (Morgan & Hunt, 1994; Singh & Sirdeshmukh, 2000; Ball et al., 2006). A consumer who trusts in a product is more likely to develop a favourable attitude toward the product, pay a higher price and become or remain loyal. These customers also spread a more positive word-of-mouth (Chaudhuri & Holbrook, 2001). Trust is essential for establishing long-term relationships with your customers (Morgan & Hunt, 1994; Hennig-Thurau et al., 2002). Singh & Sirdeshmukh (2000) adopted a definition of Rousseau, Sitkin, Burt, and Camerer (1998) on trust: 'Trust is a psychological state comprising the intention to accept vulnerability based on

positive expectations of the intentions or behaviours of another' (p. 395). Singh & Sirdeshmukh (2000) distinguish two parts in this definition: Trust relates to (positive) expectations about the intentions and/or behaviours of the exchange partner (the expectancy conceptualization of trust). It focuses on one's beliefs that the exchange partner would act in a manner that is responsible, evidences integrity, and is not potentially injurious. Trust also relates to one's intentions to rely on the exchange partner accepting the contextual vulnerability (the behavioural conceptualization of trust). This focuses on one's action tendencies toward exchange partners. According to Singh & Sirdeshmukh (2000) trust relates to (positive) expectations about the intentions and/or behavior of the exchange partner. They developed and tested a model which shows that trust influences customer loyalty.

In the context of customer trust, the notion of competence includes fulfilling the promised service performance in a reliable and honest way. Benevolence trust taps the probability the service providers would hold consumers' interest ahead of their self-interest. Competence and benevolence trust both jointly define the overall consumer trust (Singh & Sirdeshmukh, 2000). They also recognize that trust, like loyalty, is specific to the relationship and not only to the particular exchange episode. This leads to the following hypotheses:

H3: A higher level of trust leads to a higher level of attitudinal loyalty in the performing arts business.

H4: A higher level of trust leads to a higher level of behavioural loyalty in the performing arts business.

2.1.4 Commitment

Morgan & Hunt (1994) define relationship commitment as: 'an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it' (p. 23). That is, the committed party believes the relationship is worth working on to ensure that it endures indefinitely. Commitment is essential for successful long-term relationships (Morgan & Hunt, 1994). Pritchard, Havitz & Howard (1999) studied commitment-loyalty link in service contexts and found strong support for commitment as an important direct antecedent of customer loyalty.

According to Geyskens, Steenkamp, Scheer & Kumar (1996) there are two types of commitment: affective commitment expresses the extent to which channel members like to maintain their relationship with specific partners. Then there is calculative commitment which measures the degree to which channel members experience the need to maintain a relationship. Commitment is i.e. determined by the quality of the alternatives and the amount of time and or money the customer has investigated in the relationship. Garbarino & Johnson (1999) performed a study in the theatre business, looking at the role of commitment, satisfaction and trust. They analyzed the relationships between these constructs and to component satisfaction attitudes and future intentions. They found that trust, commitment and satisfaction play different roles in predicting future intentions for high and low relational customers. Therefore, the following hypotheses about commitment are proposed:

H5: A higher level of commitment leads to a higher level of attitudinal loyalty in the performing arts business.

H6: A higher level of commitment leads to a higher level of behavioural loyalty in the performing arts business.

2.2 Relationship marketing tactics

After extensive literature research, four relationship marketing tactics were selected to be studied. Personalization, two-way communication, preferential treatment and rewarding were selected,

after an extensive literature study. Personalization is popular nowadays, and de Rooij & Van Leeuwen (2011) suggested in their study it would be very suitable for the performing arts. According to Turrini, Soscia & Maulini (2011) performing arts organizations still focus too much in one-way communication instead of two-way communication, and two-way communication would contribute to a higher level of customer loyalty. Furthermore, rewarding and preferential treatment are chosen as part of benefits that customers perceive in a relationship with their company. Most performing arts organizations offer some form of loyalty program with these kinds of benefits (de Rooij & van Leeuwen, 2011), and we tried to establish which of these benefits have an influence on relationships.

2.2.1 Personalization

Personalization or one-to-one marketing (Peppers, Dogers & Dorf, 1999) is seen as an important aspect of relationship marketing (Holland & Baker, 2001; Odekerken-Schröder et al., 2003; Ball et al., 2006; Arora et al., 2008; Kwon & Kim, 2011). In literature, there is much confusion about what the term personalization exactly means. It has been studied in various academic fields, such as economics, management, marketing, information systems and computer sciences (Kwon & Kim, 2011). Researchers in these fields all give different definitions of personalization, and perceive it differently. 'Personalization is the final result of understanding and meeting the unique needs of the consumer', according to Holland & Baker, 2001, p. 39). Arora et al. (2008) describe personalization as: 'when the firm decides, usually based on previously collected customer data, what marketing mix is suitable for the individual' (p. 306). Other researchers like Kwon & Kim (2011) see personalization as a process that changes all this marketing mix, including the core product or service. While this might be possible in other industries, in the performing arts this is only possible to a limited extent. Ball et al. (2006) call it service personalization and give the following definition of personalization: 'any creation or adjustment of a service to fit the individual requirements of a customer (p. 3)'.

The goal of personalization is to create customer retention and creating brand loyalty. Ball et al. (2006) investigated the effect of personalization on customer loyalty in service organizations specifically. They found that personalization increases satisfaction and benevolence trust, which also have their effects on loyalty. According to Ball et al. (2006) personalization also influences loyalty directly. Odekerken-Schröder et al. (2003) looked at the influence of personalization on customer retention orientation. Their research focused on retailers. They found that when retailers treat customer in a personal way and rewarding them for their loyalty can reap benefits in terms of enhanced consumer perception of customer retention care. According to de Rooij & Van Leeuwen (2011), personalization is very suitable for the performing arts, because performing arts organizations often offer shows in different genres. Communication of the performing arts organisations about these shows can be personalized for the specific target group. Examples of personalization in the performing arts are: a website of the theatre that can be personalized by the customer. Or personalized email campaigns, focused on the personal interest of the customer. De Rooij & Van Leeuwen (2011) provide a case study, where a theatre has sent personalized emails to their customers; 37% of their customer order tickets after receiving that email.

Personalized attention to the customer also increases relational bonds with the loyalty program member and the firm, which reinforces the member's behavioural loyalty (Dorotic, Bijmolt & Verhoef, 2011). Dorotic et al. (2011) reviewed 131 papers of the last fifteen years on loyalty programs. Based on these papers, they provided a conceptual framework. They conclude that personalized communication through direct mail or newsletters boosts behavioural loyalty directly. Loyalty programs yield a wealth of personal data about individual customer behaviour (their past purchases and their responses to

previous marketing efforts). Other researchers have established the link between personalization and customer loyalty (Odekerken-Schröder et al., 2003; Ball et al., 2006; Arora et al., 2008; Kwon & Kim, 2011). These studies have all been done in various industries but not in performing arts sector. In this study, there will be looked what influences personalization has on satisfaction, trust & commitment. The following hypotheses about personalization are proposed:

- H7: A higher level of personalization leads to a higher level of satisfaction in the performing arts business.
- H8: A higher level of personalization leads to a higher level of trust in the performing arts business.
- H9: A higher level of personalization leads to a higher level of commitment in the performing arts business.

2.2.2 Two-way communication

Many studies underline the importance of two-way communication in customer relationships. Especially in service marketing, two-way communication is seen as an important tactic in increasing bonds with your customers (Holland & Baker, 2001; MacMillan, Money, Money & Downing, 2005; Saxton, Guo & Brown, 2007). MacMillan et al. (2005) adapted the commitment-trust model of Morgan & Hunt (1994) and extended it. An important change is that the communication construct is extended with items that reflect the two-way nature of this process, both informing and listening. They extended the commitment construct of Morgan & Hunt (1994) because they think that their view of communication is limited. According to them, communication must be a two-way process involving listening to, as well as informing your clients. They tested communication with three subscales: informing, providing frequent relevant and timely information to funders, listening, seeking information about funders' needs and motivations and staff interactions, with staff who are responsive, knowledgeable and passionate about their company. The researchers found that communication impacts trust directly, and commitment indirectly through nonmaterial benefits. According to the researchers, (two-way) communication is crucial in the relationship marketing process.

Online strategies and tactics in the online performing arts pursue three goals: provide the audience with more information about the program, enable transactions like online ticket purchase or donations, and foster a two-way-interaction between the audience and the organization (Saxton et al., 2007; Turrini et al., 2011). Turrini et al. (2011) argue that one-way communication strategies have been among the most pervasive actions among top nonprofit organizations (also in the arts) in recent years, and these organizations should focus more on two-way communication. Web 2.0 applications like interactive blogs, discussion boards and personalizable intranet bulletin boards are ways for performing arts organizations to establish a two-way-interaction with their customers. This two-way interactive communication is an important part of relationship marketing. Saxton et al. (2007) did an investigation at online customer loyalty in service organizations. They did this by studying 117 community foundations. They found that fostering a two-way-interaction between the audience and the organization is important for service organizations. It plays a valuable role in strengthening bonds, creating trust and communication with your stakeholder, eventually leading to customer loyalty.

Earlier studies suggest the possibility to use two-way communication in order to increase loyalty. In some of these studies they propose a theoretical model, which they suggest should be tested in studies later on. According to Turrini et al. (2011) scholars and practitioners are still wondering whether internet tools are better suited for retaining patrons in the performing arts. Data of the

usefulness of these internet tools are still scant. That is why in this research we will look at two-way communication between a performing arts organization and their customers will contribute to a higher customer loyalty, directly and indirectly. The following hypotheses are postulated about two-way communication:

- H10: A higher level of two-way communication leads to a higher level of satisfaction in the performing arts business.
- H11: A higher level of two-way communication leads to a higher level of trust in the performing arts business.
- H12: A higher level of two-way communication leads to a higher level of commitment in the performing arts business.

2.2.3 Preferential treatment

The popularity of preferential treatment of selective customers has increased much since the emergence of relationship marketing. Preferential treatment benefits are often provided as part of relationship programs. The use of preferential treatment is criticized by some researchers because they argue that you should improve the quality of the service for all customers (Lacey, Suh & Morgan, 2007). An organisation provides additional types of special treatment benefits (for example customized service) and emotional and/or cognitive switching barriers are increased (Hennig-Thurau et al., 2002). This can result satisfaction and commitment on the part of the customer, and eventually lead to customer loyalty. Hennig-Thurau et al. (2002) studies these assumptions in their research and do not find significant results for the influence of preferential treatment on commitment, satisfaction and indirect on loyalty. They only found proof for a modest indirect impact on word-of-mouth communication.

Morgan et al. (2007) also investigated preferential treatment. They looked at preferential treatment as a proactive and extensive relationship marketing strategy. They found that higher levels of preferential treatment are shown to positively influence relationship commitment, increased purchases, share of customer, word-of-mouth and customer feedback.

Gwinner et al. (1998) & Odekerken-Schröder et al. (2003) define it as: 'a consumer's perception of the extent to which a retailer treats and serves its regular customers better than its nonregular customers'. Gwinner et al. (1998) looked in their study at different kinds of service relationships. In all these relationships the customers experienced benefits beyond and above the core service and these are displayed consistently. Odekerken-Schröder et al. (2003) did not find evidence for the claim that preferential treatment influences customer retention orientation. Preferential treatment also increases relational bonds with the loyalty program member and the firm, which reinforces the member's behavioural loyalty (Dorotic et al., 2011). According to Dorotic et al. (2011), at this time neither firms nor consumers fully benefit from the opportunities that loyalty programs offer. Examples of preferential treatment in the performing arts could be: exclusive activities for their members, like backstage meetings with artists are priority when buying tickets. The following hypotheses about preferential treatment are proposed:

- H13: A higher level of preferential treatment leads to a higher level of satisfaction in the performing arts business.
- H14: A higher level of preferential treatment leads to a higher level of trust in the performing arts business.

H15: A higher level of preferential treatment leads to a higher level of commitment in the performing arts business.

2.2.4 Rewarding

Rewarding is also an important aspect of relationship marketing (Odekerken-Schröder et al., 2003; Macmillan et al., 2005; Dorotic et al., 2011). Odekerken-Schröder et al. (2003) define rewarding as: 'A consumer's perception of the extent to which a retailer offers tangible benefits such as pricing or gift incentives to its regular customers in return for their loyalty' (p. 180). Examples of rewarding are: Frequent flyer programs, customer loyalty bonuses, free gifts, personalized cent-off coupons and other point-for-benefit 'clubs' are examples of rewarding tactics (Peterson, 1995). They developed a scale for 'rewarding' for the purpose of their study. Odekerken-Schröder et al. (2003) found a significant relationship between preferential treatment and customer retention. They did find a relationship between rewarding and customer retention orientation. Rewarding in the performing arts could for example be: giving discount on tickets for loyal customers.

According to Dorotic et al. (2011) there is a lack of understanding of the drivers of loyalty program effectiveness and insufficient generalizable conclusions across prior studies. Therefore, Dorotic et al. (2011) conducted a research where they synthesize current knowledge pertaining to loyalty programs, reconciles opposing findings by exploring the conditions that mediate and moderate the effects of loyalty program participation on consumer response. They found that loyalty programs are effective in increasing consumer purchase behaviors over time, but their impact differs across consumer segments and markets. According to Dorotic et al. (2011) a rewarded behaviour mechanism affects members' behavioural and attitudinal responses after they obtain a reward, such that the act of rewarding reinforces their attachment to the firm.

MacMillan et al. (2005) extended the commitment-trust theory from Morgan & Hunt (1994). Thereby, they also looked at the benefits gained from a relationship with your service provider. They make a distinction between material and nonmaterial benefits. They replaced the concept of relation benefits with two new constructs: material and nonmaterial benefits. In their study they found that the nonmaterial benefits have more influence on commitment than material benefits.

Mixed evidence is found for the link between the contents of loyalty programs and their influence on customer loyalty. There is a lot of discussion among researchers about the influence of the elements of relationship programs on customer loyalty. Most performing arts organizations offer memberships, with all different kinds of benefits. In this study, we will be looking at the influence of preferential treatment and rewarding on customer loyalty. Which benefits do the customers see as beneficial for them? Is rewarding your customers beneficial for the relationship between the performing arts organization and the customers?

H16: A higher level of rewarding leads to a higher level of satisfaction in the performing arts business.

H17: A higher level of rewarding leads to a higher level of trust in the performing arts business.

H18: A higher level of rewarding leads to a higher level of commitment in the performing arts business.

2.3 Research questions

How can cultural organizations create stronger bonds with their existing customers and increase customer loyalty by means of relationship marketing? In this research there will be looked at the different aspects of relationship marketing and their influence on customer loyalty, and also what the determinants of loyalty are. This leads to the following research questions:

What are the effects of satisfaction, trust and commitment on attitudinal and behavioural loyalty in the performing arts sector?

What are the effects of personalization, two-way communication, rewarding & preferential treatment on marketing relationship outcomes in the performing arts sector?

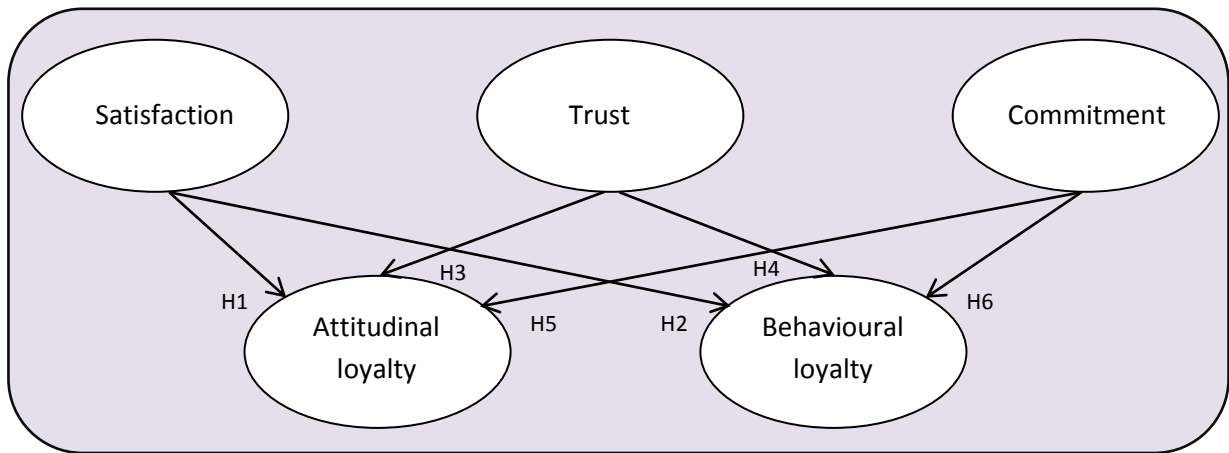


Figure 1: conceptual model 1

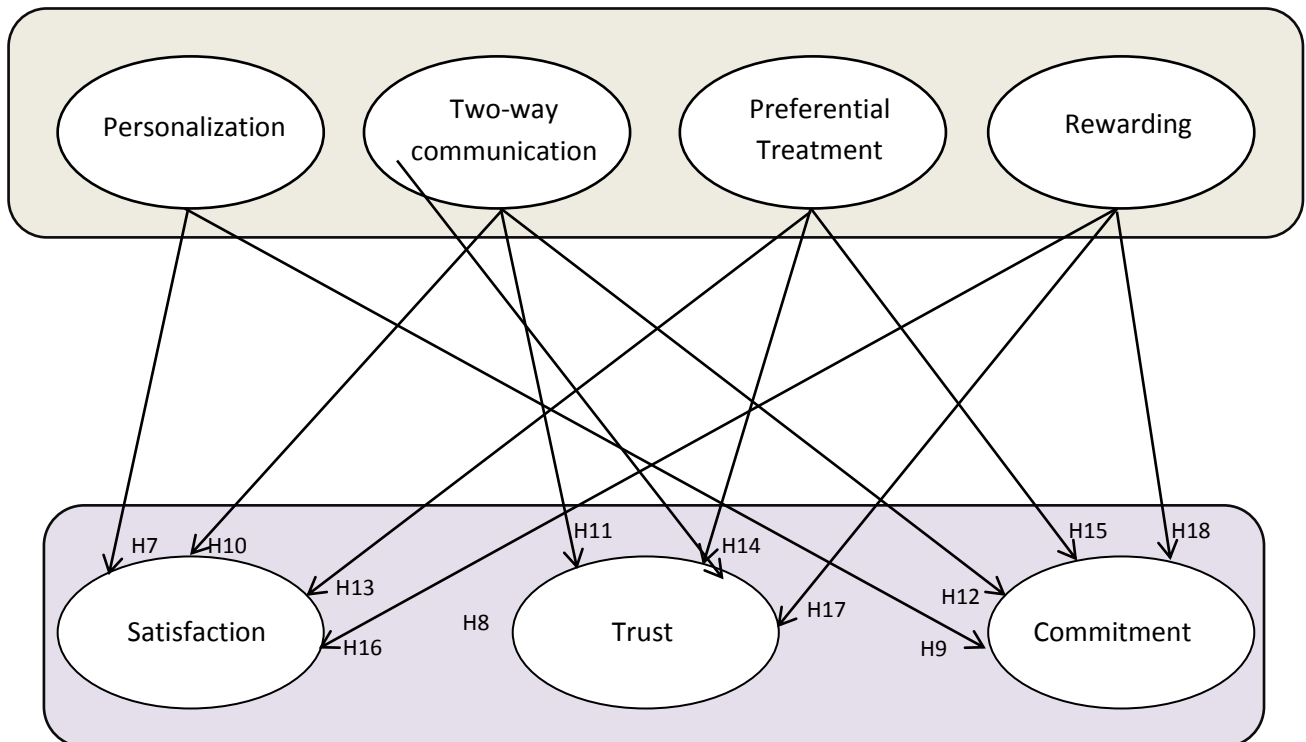


Figure 2: conceptual model 2

3. Method

3.1 Setting

The data in this study come from a survey conducted among customers of a venue Gigant located in city of Apeldoorn (the Netherlands). Gigant programmes a broad variety of events reaching from live concerts, through to art house movies, to club nights. Occasionally they also offer theatre. Gigant receives about 62.000 visitors per year. Because they offer different kinds of performing art disciplines it provides a good setting for this study.

3.2 Procedure & respondents

A total of 252 participants completed the questionnaire. To gain as much results as possible, the questionnaire was distributed in different ways: online and it was spread in Gigant during events. Online it was distributed by email and social media (on Twitter and Facebook). The questionnaires were sent via email to all Gigant customers and twice via two movie mailings. It was distributed three times on social media. To assure that the participants visited Gigant before, in the online version this question was asked first. If the participant answered 'no', then they were directed to the last page of the questionnaire, where they were thanked for their participation and the questionnaire ended.

On four different occasions the questionnaires were handed out at Gigant before and after movie screenings. Joining these movies there were also club nights and concerts. To the visitors of these events the questionnaires were also handed out. Two occasions especially were a combination of children events (only the parents were asked to fill in the questionnaire) and movies in the afternoon. This was done on different sorts of events to attract a diverse public; just like the public of Gigant is diverse. At events, when participants were asked to participate it was also asked if they were regular customers of Gigant. Of these questionnaires 140 questionnaires were filled in online and 112 offline.

3.2.1 Demographic characteristics

The majority of the respondents were female (61,2%) against male (38,8%). Of the respondents, 33,7% is under the age of 35, 43,3% is in the 36-55 age group and 23% is 56 years and older. The majority of the respondents (over 70%) have a bachelor's degree or higher. The respondents were also asked if they had a membership of Gigant. Forty-three percent of the respondents (n=108) did have a membership. In table 1, all demographic characteristics of the sample are shown.

Table 1

Demographic characteristics of the sample

	<i>n</i>	%		<i>n</i>	%
Gender			Education level		
Male	97	38.8	< High school – High school diploma	15	6
Female	153	61.2	MBO	54	21.6
			HBO	130	52
			University	50	20
Age			Membership		
under 19	8	3.2	Membership – movie	58	23
19 – 25	35	13.9	Membership – concerts	2	.8
26 – 35	42	16.7	Membership – movie concerts	48	19.2
36 – 45	53	21	No member	142	56.8
46 – 55	55	21.8			
56 – 65	42	16.7			
65 +	17	6.7			

3.3 Measures

The items related to the variables can be found in appendix D. The measurements used were mostly adapted from literature. Most of them were adapted to suit a performing arts environment. The attitudinal loyalty scale was adopted from Zeithaml, Berry & Parasuraman (1996), the behavioural loyalty scale from Chaudhuri & Holbrook (2001). The trust measure from Chiou & Droge (2006) and was adapted to the specific setting of this study. The commitment construct was from Hennig-Thurau et al. (2002), satisfaction from Keaveney & Parthasarathy (2001). Both were also adapted to the specific research setting. For the personalization construct one single item was drawn from Odekerken-Schröder et al. (2003) and reformulated. The other four personalization items were from Wolfinbarger & Gilly (2003) and were adjusted to the specific context of this research. Preferential treatment and rewarding scales are from the Odekerken-Schröder et al. (2003) study and were also adapted. The two-way communication scale is adopted from Lui (2003) and was adjusted from a website context to an organisation context. Demographic variables like gender, age, and education level were also asked. The participants also had to fill in what kind of events they visited in the past, were visiting at the time or were going to visit in the future. They could choose between film, concerts, theatre and club events.

3.4 Pretest

The questionnaire was pretested among 10 people. The mixed group of participants consisted of: master students of the track communications studies, bachelor students of other studies and people working in different kinds of sectors, who often visit performing arts organisations. People from different kinds of ages participated in the pretest. The items of all constructs were pretested. The participants were asked to read the questions and to judge the questions on their intelligibility, and to state which problems they encountered. One by one the questions were treated. The people of which was known they visited performing arts organisations often were asked to keep that organisation in mind while reading the questions, which turned out to be a good method. Also, many of the questions

had to be reformulated a bit because the original scale was translated from English to Dutch. Several questions were adjusted, based on the results of the pretest.

Table 2

Results of measurement model

		Cronbach's alpha	Variance explained	Loadings	R ²
Attitudinal loyalty	How likely are you to..	.92	.35		
	..say positive things about Gigant to other people.			.87	.76
	..recommend Gigant to someone who seeks your advice.			.96	.93
	..encourage friends and relatives to visit Gigant.			.85	.72
	..consider Gigant your first choice to when you think of going to a venue/movie theatre. *				
Behavioural loyalty	..visit Gigant more often.*	.90	.70		
	I will buy tickets at Gigant the next time I will visit a performing arts organisation.			.88	.78
	I intend to keep purchasing tickets at Gigant.			.88	.78
	As long as the present service and programming continues, I doubt that I would buy my tickets elsewhere.			.82	.68
Trust	Gigant is honest.	.92	.40	.90	.81
	Gigant is reliable.			.90	.80
	Gigant is responsible.			.86	.73
	Gigant understands her consumers.*				
	Gigant is always professional.*				
Commitment	Gigant acts with good intentions	.94	.70	.77	.59
	I feel committed to Gigant.			.78	.61
	My commitment to Gigant is important to me.			.93	.86
	My commitment to Gigant is something I care about.			.97	.94
	My relationship with Gigant deserves my effort to maintain.			.90	.81
Satisfaction	On the whole, I am satisfied with my experience with Gigant.	.93	.48	.94	.89
	Overall, my negative experience outweighs my positive experience with Gigant.			.86	.73
	In general, I am happy with Gigant.			.90	.82
Personalization	I would appreciate it if I could store my preferences at Gigant and Gigant offers me extra services of information based on my preferences.*	.89	.41		
	I would appreciate it if Gigant would give me personal attention in their communication outings (for example about their offerings and mentioning my name).			.60	.36
	I would appreciate it if Gigant takes time to get to know me as their customer.			.75	.56
	I would appreciate it if Gigant would give me suggestions about the offerings based on my previous purchases at Gigant.			.87	.75
	I would appreciate it if Gigant makes effort to discover what I like and makes suggestions.			.93	.87
Two-way communication	Gigant is effective in gathering visitors' feedback.	.92	.58	.83	.69
	Gigant facilitates two-way communication between the visitors and Gigant.			.85	.73
	It is difficult to offer feedback to Gigant.			.83	.69
	Gigant makes me feel it wants to listen to its visitors.			.84	.70
	Gigant encourages their visitors to give feedback.*				
Preferential treatment	Gigant gives visitors the opportunity to talk back (to them).	.88	.65	.86	.73
	Gigant makes greater efforts for their members than for non-members.*				
	Gigant offers better service to members than to non-members.			.86	.87
Rewarding	Gigant does more for members than for non-members.	.73	.31	.75	.74
	Gigant rewards their members for their patronage (for example, discounts at tickets).			.85	.73
	Gigant offers discounts to their members for their patronage.			.69	.47

*These items have been removed during analyses in AMOS.

4. Results

In order to analyze the conceptual model, we divided the model in two parts. First, the relationships between the relationship marketing tactics and satisfaction, trust and commitment were established. After that, the relationships between satisfaction, trust and commitment on loyalty were measured.

4.1 Measurement evaluation conceptual model 1

A two-step approach was used to ensure both the measurement model and the structural model were both adequate. First, the measurement model was tested. The internal consistency of each construct was assessed using Cronbach's alpha in SPSS. The α values are all above .8 for all constructs, which is good (Pallant, 2005). After that a confirmatory factor analysis was performed in AMOS 20. Based on these results, several items of different constructs were eliminated from the model, because of their low loadings on their specific construct. This resulted in four trust items instead of six, and three attitudinal loyalty items instead of 5. In table 2 can be seen which items were eliminated. After that, the fit values of the measurement model were assessed. These fit values can be found in table 3. GFI is and CFI are great. RMSEA is moderate. SMRM is good (Kline, 2005). After that, convergent and discriminant validity were assessed. These items can be found in table 4. Convergent validity is good, because $CR > AVE$, and all AVE values are > 0.5 . Discriminant validity is good, because all MSV values are $< AVE$ values and all ASV values are $< AVE$ values (Hair, Black, Babin & Anderson, 2010). To assess the unidimensionality of each construct, the items have to load at least .65 on the hypothesized variable, with a loading no larger than 0.3 on other items. There can be concluded that the measurement model fits the data well, and the model is accepted.

Table 3
Fit values model 1

<i>Fit values</i>	<i>Measurement model</i>	<i>Structural model</i>
CMIN/DF	234,155	258.659
Chi-square	1.919	2.103
GFI	.910	.901
CFI	.973	.967
RMSEA	.061	.066
SRMR	.0448	.0662

Table 4
Assessment of reliability, convergent and discriminant validity & unidimensionality of model 1

	<i>CR</i>	<i>AVE</i>	<i>MSV</i>	<i>ASV</i>	<i>Satisfaction</i>	<i>Attitudinal loyalty</i>	<i>Behavioural loyalty</i>	<i>Trust</i>	<i>Commitment</i>
Satisfaction	.928	.813	.542	.185	.901				
Attitudinal loyalty	.923	.800	.223	.146	.343	.894			
Behavioural loyalty	.898	.745	.223	.145	.245	.472	.863		
Trust	.920	.700	.542	.203	.736	.384	.282	.837	
Commitment	.947	.817	.219	.095	.147	.310	.468	.209	.904

4.2 Structural model evaluation model 1

The second step of the two-step approach is the evaluation of the structural model. After performing structural equation modeling in AMOS, we looked at the fit values. These can also be found in table 3. The values of the structural model don't differ much from the measurement model. Also with the structural model, we can conclude that the overall model fit is good (Kline, 2005).

Strong support is found for the influence of commitment on both attitudinal and behavioural loyalty. Also, trust and satisfaction have an influence on behavioural and attitudinal loyalty, but only the relationship between trust and attitudinal loyalty is significant. In table 5, an overview of the hypotheses and the estimates is given.

Table 5
Hypotheses and estimates model 1

<i>Hypotheses</i>	<i>Parameter</i>	<i>Standardized estimate</i>	<i>Hypotheses supported?</i>
H1	Satisfaction → attitudinal loyalty	.116	No
H2	Satisfaction → behavioural loyalty	.108	No
H3	Trust → attitudinal loyalty	.223*	Yes
H4	Trust → behavioural loyalty	.176	No
H5	Commitment → attitudinal loyalty	.133***	Yes
H6	Commitment → behavioural loyalty	.334***	Yes

* $p < 0.05$ ** $p < 0.01$ *** $p < 0.001$

4.3 Measurement evaluation of model 2

Also with model 2, a two-step approach was used in order to determine model fit. The internal consistency of each construct was assessed using Cronbach's alpha in SPSS. The α values are all above .8 for all constructs except rewarding ($\alpha = .74$) which is still considered very good (Pallant, 2005). After analyzing in SPSS, a confirmatory factor analyses was performed in AMOS. Based on these results, several items of different constructs were eliminated from the model, because of their low loadings on their specific construct. This resulted in five two-way communication items & four trust items instead of six. The fit values of the model are reported in table 6. CFI and GFI are good, RMSEA is moderate. SRMR is considered good. With most ratios' being acceptable (Kline, 2005) and again having a model which is quite complex, this model fit is considered as good, and the model is accepted.

Further assessment of the measurement model was done on unidimensionality, convergent validity, reliability and discriminant validity. These results can be found in table 7. Convergent validity is good, because $CR > AVE$, and all AVE values are > 0.5 . Discriminant validity is good, because all MSV values are $< AVE$ values and all ASV values are $< AVE$ values (Hair, Black, Babin & Anderson, 2010). For reliability of the constructs, all composite reliability (CR) measures have to be above .7. Table 7 shows that they all are above .7. To assess the unidimensionality of each construct, the items have to load at least .65 on the hypothesized variable, with a loading no larger than 0.3 on other items. There can be concluded that the measurement model fits the data well.

Table 6

Fit values model 2

<i>Fit values</i>	<i>Measurement model</i>	<i>Structural model</i>
CMIN/DF	497.946	498.638
Chi-square	2.194	2.177
GFI	.867	.867
CFI	.945	.946
RMSEA	.069	.068
SRMR	.0463	.0475

Table 7

Assessment of reliability, convergent and discriminant validity & unidimensionality of model 2

	<i>CR</i>	<i>AVE</i>	<i>MSV</i>	<i>ASV</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>
1. Commitment	.945	.811	.116	.058	.901						
2. Two-way communication	.924	.708	.176	.092	.235	.841					
3. Personalization	.871	.633	.116	.038	.341	.115	.796				
4. Rewarding	.760	.619	.162	.113	.300	.358	.183	.787			
5. Preferential treatment	.892	.806	.162	.060	.128	.288	.220	.402	.898		
6. Trust	.880	.711	.573	.169	.215	.420	.115	.403	.212	.843	
7. Satisfaction	.929	.814	.573	.134	.145	.311	.024	.323	.080	.757	.902

4.4 Structural evaluation of model 2

After assessing the measurement model, a confirmatory factor analysis was done in AMOS 20. The fit values of the structural model are also reported in table 6. With most ratios' being acceptable (Kline, 2005) and again having a model which is quite complex, this model is accepted. Table 8 reports the results related to the structural model. Seven of the 13 hypothesized paths are significant in their hypothesized direction. Personalization has a strong influence on commitment. Personalization also has an influence on trust, but this relationship is not significant. No support is found for the influence of personalization on satisfaction. Strong support is found for the impact of two-way communication on all the dependent variables. For rewarding, also strong support is found for the relationship between rewarding and all the dependent variables. For preferential treatment, negative relationships were found on the dependent variables. Therefore, all hypotheses concerning preferential treatment were rejected.

Table 8

Hypotheses and estimates model 2

<i>Hypotheses</i>	<i>Parameter</i>	<i>Standardized estimate</i>	<i>Hypotheses supported?</i>
H7	Personalization → satisfaction	-.036	No
H8	Personalization → trust	.027	No
H9	Personalization → commitment	.389***	Yes
H10	Two-way communication → satisfaction	.218***	Yes
H11	Two-way communication → trust	.260***	Yes
H12	Two-way communication → commitment	.153*	Yes
H13	Rewarding → satisfaction	.353***	Yes
H14	Rewarding → trust	.331***	Yes
H15	Rewarding → commitment	.342**	Yes
H16	Preferential treatment → satisfaction	-.084	No
H17	Preferential treatment → trust	-.002	No
H18	Preferential treatment → commitment	-.073	No

* $p < 0.05$ ** $p < 0.01$ *** $p < 0.001$

5. Discussion

5.1 Conclusions

This study was aimed at finding an answer on two research questions. The results will be addressed one-by-one. *What are the effects of satisfaction, trust and commitment on attitudinal and behavioural loyalty in the performing arts sector?* In an attempt to find an answer to this question, a model was proposed and tested. All dependent variables influence attitudinal or behavioral loyalty, but only three out of six relations were significant. Commitment has a significant influence on both attitudinal and behavioural loyalty, and trust has a significant influence on attitudinal loyalty. The second research question was: *What are the effects of personalization, two-way communication, rewarding & preferential treatment on marketing relationship outcomes in the performing arts sector?* In an attempt to answer this question, a second model was proposed and tested. We found that higher levels of two-way communication significantly influence satisfaction and trust positively. Higher levels of rewarding have a significant influence on all relationship marketing outcomes. Rewarding has the strongest influence on all the dependent variables. For personalization, only the influence on commitment is significant. Personalization does influence trust, but this influence isn't significant. Personalization doesn't influence satisfaction. The results for rewarding and two-way communication largely support the proposed relationships in the model.

The results of this study contribute in to relationship marketing literature in the performing arts. Measuring the relationship between satisfaction, trust, commitment and loyalty has been done before in the performing arts (Johnson & Garbarino, 1999), but never before in the Netherlands. Developing and testing a conceptual models about relationship marketing tactics to measure their impact on relationship marketing outcome, hasn't been done before in the performing arts sector, as far as we know. With the second model we demonstrate that different relationship marketing tactics have an impact on relationship marketing outcomes in the performing arts sector. Next, we will discuss these relationships in more detail.

5.2 Discussion

This study provides support that for the claim that commitment positively influences behavioural and attitudinal loyalty. Satisfaction and trust also influence attitudinal but only the link between trust and attitudinal loyalty is significant. This is not in line with the study of Hennig-Thurau et al (2002), they did find a significant relationship between satisfaction and customer loyalty. For the performing arts business, a reasonable explanation can be given. If a customer is satisfied about a show, it does not mean he or she will go to the same venue next time. The opposite is also possible: when a customer is dissatisfied about a show, it won't mean they will never go to that venue again. With other services, like hairdressing or dental services, if a customer is dissatisfied he or she will probably go to another service provider next time around. Hume et al. (2007) mentioned in their study that experiential service settings such as the performing arts should challenge traditional marketing theory that repurchase intention is driven by value, service quality and customer satisfaction alone. The researchers found in their study that the degree of satisfaction is derived from desired level of performance with functional and/or technical quality. In future research, more attention should be paid to satisfaction in the performing arts, and different sorts of satisfaction in the performing arts. For example, several types of satisfaction could be distinguished in the

performing arts; from satisfaction about the performances from satisfaction about the other services (like ticket sales and hospitality of that particular venue).

We will discuss the influence of the relationships marketing tactics on the dependent variables one-by-one. Two-way communication has a strong influence on almost all dependent variables, which is in line with the results found by Macmillan et al. (2005) and in the study of Saxton et al. (2007). All the hypotheses concerning rewarding were significantly confirmed. This study proves that two-way communication is a strong tactic to improve satisfaction, trust and commitment in the performing arts sector. This is in line with the predictions of Turrini et al. (2011). This study shows that two-way communication would be a good method to increase bonds between the performing arts organization and their customers. Our results are also in line with the results of Macmillan et al. (2005). They found a positive effect of two-way communication on trust, an also an indirect effect on commitment.

Personalization has a significant influence on commitment. It also influences trust and but these relationship is not significant. Personalization increases relational bonds between the member and the organizations, which in its turn reinforces the members' loyalty (Dorotic et al., 2011). Contrary to our predictions, no support is found for the influence of personalization on satisfaction and attitudinal loyalty. Ball et al. (2006) did find support for the personalization – trust and the personalization – satisfaction link. They executed their study in the banking sector, where personalization might be appreciated more by the customers, because it involves such a high risk product. A ticket to a performing arts event is, for most people, a low risk product.

This study provides support that a higher level of rewarding have a positive effect on trust, satisfaction and commitment. All hypotheses concerning rewarding are confirmed. This is in line with the results of Odekerken-Schröder et al. (2003) and Dorotic et al. (2011). Rewarding is proven to be an important aspect in the relationship between performing arts organizations and their customers. Rewarding customers for their visits has a positive influence on the relationship components. Performing arts organizations could use rewarding to reward the customers' loyalty.

Preferential treatment is the only tactic that doesn't influence the dependent variables. The results of this study are in line with the results of Hennig-Thurau et al. (2002) and Odekerken-Schröder et al. (2003). They also didn't find any support for preferential treatment on the relationship marketing outcomes. Hennig-Thurau et al. (2002) suggest as an explanation for these findings that those customers who do not receive preferential treatment may feel neglected by the company. This also was the main critique on the preferential treatment scale during our pretest. The participants of the pretest said that they expect performing arts organizations to treat every customer in the same way. Another explanation could be that the concept of preferential treatment might work temporarily to attract new customers but in the end fails to contribute to a stronger bond between the customers and the company. If a competitor offers a similar benefit, and their price is lower, the customer still switches to the competitor. Another explanation could be that cultural background plays an important role in people's attitude towards preferential treatment. This study was executed in the Netherlands and the study of Odekerken-Schröder et al. (2003) and Hennig-Thurau et al. (2002) in Germany. The study of Gwinner et al. (1998) took place in the United States of America. People in the Netherlands and Germany are known to be more down-to-earth than for example American people (Diener, Helliwell & Kahneman, 2010). It could be that Americans attach more meaning to preferential treatment by a company. This would be a topic for future research.

5.3 Limitations & directions for future research

The study is based on a sample of 252 respondents of one performing arts organization only. Including more organizations was not an option, seen the time and resources available for this study. The organization where the research took place is an organization with different kinds of performing art disciplines. Therefore, the results aren't limited to a specific kind of performing arts alone. However the generalizability of the findings would be stronger if the results could be extended to more performing arts organizations.

Another limitation is the measurement of behavioural loyalty. Although best efforts were put into finding a behavioural loyalty measurement scale, the best way to measure behavioural loyalty is to look at return visits over time. Again, seen the time and resources available for this study, this was not possible. Therefore in this study, a scale was used to measure behavioural loyalty.

In this study, overall satisfaction was measured. In future research, it would be better to distinguish different types of satisfaction in the performing arts industry and measure their relationship on loyalty. As said before there are many different aspects within a performing arts organization which customer can judge. It would be interesting to see if for example satisfaction with a play has a higher influence on loyalty than the hospitality of a performing arts organization.

Only four different relationship marketing tactics have been studied here. There are much more relationship marketing tactics, which especially for the performing arts organizations, are worth studying. For this research, a choice between the tactics had to be made. Interesting variables for example would be product category involvement in the arts (Odekerken-Schröder et al. 2003) and other aspects of loyalty programs (Dorotic et al., 2011).

Future researchers could study preferential treatment into more detail. Perhaps another method like in-depth interviews with customers of the performing arts can give more insight to their attitude toward preferential treatment. A cross-national study could give an answer to the question if citizens in different countries have different attitudes toward preferential treatment, as suggested before. Also interesting to study for the performing arts sector would be the influence of age on loyalty. Patterson (2007) found significant influence of age on repurchase intention and loyalty behaviour. Mature groups display significant more loyal behaviour than their younger counterparts. If the same results could be replicated for the performing arts sector, performing arts organizations could take this into account when determining their relationship marketing strategy.

Future research could focus on the two-way communication between the customers and the organizations. How do the customer of performing arts organizations want to communicate with the organizations?

5.4 Managerial implications

Performing arts organizations should shift from a transaction marketing orientation to a relationship marketing orientation (Rentschler et al., 2002). In this study, four different relationship tactics are studied which could help performing arts organizations to put their effort in keeping their existing audience with these relationship marketing tactics. Our results suggest that two-way communication is very important in the relationship with customers in the performing arts, and a two-way communication between the customer and the organization should therefore be established. Performing arts organization should examine how their customers want to communicate with them, and if there are differences between their customer groups. Web 2.0 applications like interactive blogs, discussion boards and personalizable intranet bulletin boards contribute to a two-

way-interaction with the customers (Saxton et al., 2007). There are loads of opportunities for organizations to communicate with their customers. Also this study proves that rewarding has a strong influence on trust, satisfaction, commitment and both loyalty components. This study suggest that rewarding customers for their loyalty toward the organization makes them even more satisfied, committed customers and it increases their trust in the organization. Performing arts organizations should reward their regular customers for their visits. Performing arts organizations could consider personalized cent-off coupons or customer loyalty bonuses to their regular customer in return for their loyalty. These rewarding could be offered as part of a loyalty program. Personalization should also be applied to the communication of performing arts organizations. At this time, no advice can be given about the use of preferential treatment. Future research should point out if it is applicable in the performing arts sector or not.

Appendix A

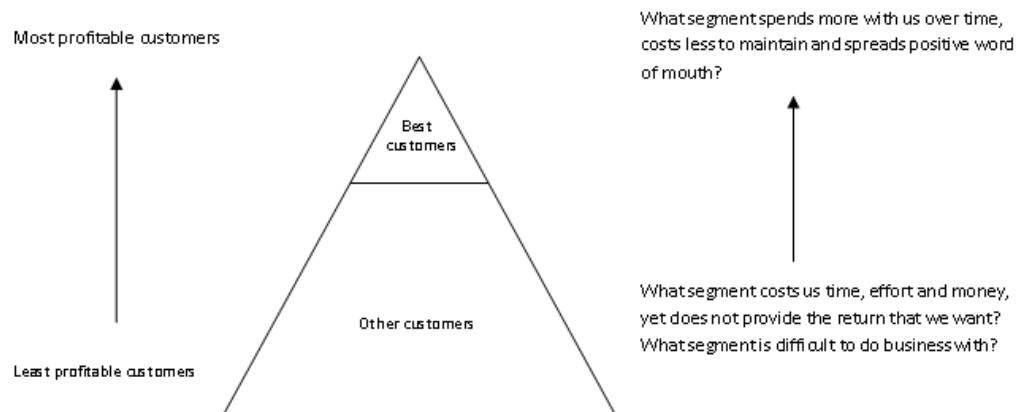


Figure a1. Customer pyramid, developed by Zeithaml & Bitner (2003)

Appendix B

Transactional marketing

- focus on single ticket purchase
- orientation on product features
short time-scale
- little emphasis on audience service
- limited audience commitment
- moderate audience contact
- quality is primarily a concern of production

Relationship marketing

- focus on audience retention
- orientation on product benefits
long time-scale
- high audience service emphasis
- high audience commitment
- high audience contact
- quality is the concern of all

Figure a2. Differences between transactional and relationship marketing in the performing arts (Rentschler et al., 2002, p. 124)

Appendix C

Loyalty ladder	Marketing objectives	
advocate	<ul style="list-style-type: none"> motivation interdependence fulfillment of promises 	Loyalty marketing
member/donor	<ul style="list-style-type: none"> satisfaction of social and cultural needs shared risk trust commitment development loyalty 	
subscriber	<ul style="list-style-type: none"> customer service interaction mutual knowledge shared values incentives 	Relationship marketing
repeat customer	<ul style="list-style-type: none"> cultural and social influences social exchange (participation, personal experience) financial exchange 	Transactional marketing
single-ticket purchase/ customer	<ul style="list-style-type: none"> promises and expectations entertainment, enjoyment, stimulation, service 	
prospect	<ul style="list-style-type: none"> information, interest, sell, raise awareness (marketing mix) 	

Figure a3. Relationship marketing in the arts (Rentschler et al., 2002, p. 125)

Appendix D

Table a1

Constructs used in this study

Construct	Source
Attitudinal loyalty	Zeithaml, Berry & Parasuraman (1996)
Behavioural loyalty	Chaudhuri & Holbrook (2001)
Trust	Chiou (2006)
Commitment	Hennig-Thurau et al. (2002)
Satisfaction	Keaveney & Parthasarathy (2001)
Personalization	Odekerken-Schröder et al. (2003)
	Wolfenbarger & Gilly (2003)
Two-way communication	Lui (2003)
Preferential treatment	Odekerken-Schröder et al. (2003)
Rewarding	Odekerken-Schröder et al. (2003)

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