Editorial

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In this final issue of volume 21, I am pleased to introduce six papers covering relationship strategy, both B2B and B2C, switching behaviours, price sensitivity and rewards programmes and financial literacy.

It has long been acknowledged that staff–customer interactions in service settings have a significant impact on the quality of the relationship. Intuitively, the emotions that service staff display towards customers must be an important factor in the staff–customer relationship. Despite this, there exist relatively few studies that have explicitly focused on the emotional side of this relationship and the impact of it on relationship quality. In the first paper, *Customer emotional regulation and relationship quality: Evidence from the banking industry*, Ibrahim Alnawas and Shadi Altarifi examine the extent to which customer perceptions of employee emotional regulation influence customer emotional regulation, and the degree to which this impacts the level of relationship quality.

Employees regulate their emotions via either deep acting or surface acting. Deep acting reflects a sincere interest in serving customers and is expected to lead to customers reciprocating and exhibiting cooperative behaviours. Surface acting reflects fake or unauthentic emotions towards customers. When noticed by customers, it is expected to lead customers to question the sincerity and motivation of employees, thus reducing customers' confidence in the service provider. The study examines customers' perceptions of employee emotions and the impact of this on customers' own emotion regulation.

Based on a survey of 276 customers drawn from 13 Jordanian banks, the study finds that when customers encountered employees

displaying authentic emotions (i.e. deep acting), they were more likely to modify their own internal feelings to match the genuine emotion and were less likely to express unauthentic emotions. On the other hand, though, when customers encountered unauthentic emotions, they were less likely to express unauthentic emotions. Moreover, customer deep acting was found to be positively associated with relationship satisfaction, commitment and trust, whereas customer surface acting was found to be negatively associated with relationship satisfaction and trust.

Thus, genuine emotions displayed by employees and the authenticity they show during the service encounter may have a stronger impact on service outcomes than insincere smiles and politeness. This suggests that customer service goes far deeper than external expressions of customer care and points to the importance of hiring the right people for the job: individuals who have a genuine interest in and care for serving customers.

Continuing with the theme of customer relationships, in the second paper, *A Framework for understanding the evolution of relationship quality and the customer relationship development process*, Peter Atorough examines the changing nature of relationship quality across the phases of the relationship development process. Relationship quality is perceived as an outcome of relationship marketing strategies. The role of relationship quality in developing and maintaining relationships with customers is critical. Relationship quality is the sum of several dimensions including satisfaction, trust and commitment. The study examines the salience of the dimensions across the different phases of relationship development: exploration, build-up and maturity.

Based on a survey of 150 bank customers in the Egyptian capital of Cairo, and using structural equation modelling, the study finds that overall trust has the greatest impact on the perception of relationship quality, followed by commitment and then satisfaction. However, during the exploration stage of relationship development, satisfaction has the highest impact, followed by trust and commitment. During the build-up phase, customers place more emphasis on trust and commitment than on satisfaction, whereas in the maturity stage, commitment has the greatest impact compared to trust and satisfaction.

The paper presents a clear distinction between the factors that have an impact on relationship quality at different phases of relationship development, and highlights the need for marketers to be aware of the current stage of the customer relationship and to pay attention accordingly to dimensions that exert the greatest impact.

The third paper in this issue, *Examining the impact of the attractiveness of alternatives on customers' perceptions of price tolerance: Moderation and mediation analyses*, is by Mohamed Sobhy Temerak. The author notes that price tolerance has received limited attention compared to other indicators of loyalty. Price tolerance is defined as the maximum increase in a price that customers are willing to tolerate before switching. The paper examines a number of mediators and moderators – such as positive switching barriers, negative switching barriers and customer satisfaction of the relationship between the attractiveness of alternatives and price tolerance.

Based on 162 respondents of a random sample in the financial brokerage context, the results show that the attractiveness of an alternative service provider is likely to reduce customer willingness to accept any moderate increase in prices. However, customer satisfaction with the service provider partially mediates the effect of alternatives on price tolerance. Negative, not positive, switching barriers were found to weaken the effect on price tolerance of the attractiveness of alternatives.

The findings offer a deeper understanding of the psychological mechanisms that may mediate or moderate the influence of the attractiveness of alternatives on customer willingness to accept a moderate price increase.

Credit card providers offer rewards in the hope that this will stimulate loyalty and lead to profitability. Previous research by Murthi et al. (2011), however, concluded that rewards cardholders were not more profitable than non-rewards cardholders, putting into question the practices of many credit card companies and their rewards programmes. However, their research did not examine rewards cardholders' engagement with the rewards on offer, neither did it consider the relationship profit of customers beyond that of the specific credit card. In response, in the fourth paper in this issue, *Point redemption matters: A response to Murthi et al. (2011)*, J. Paul Leavell specifically examines the level of rewards redemption by credit cardholders and wider relationship profit.

Although customers may be members of loyalty programmes, loyalty may be mediated more by points' redemption than by mere programme membership. The paper examines the behaviour and profitability of customers redeeming below and above average rewards points. The study is based on equal samples of 556 rewards and 556 non-rewards credit cardholders from a single credit union in the southeast of the USA.

In contrast to Murthi et al.'s study in 2011, this study finds that rewards cardholders were slightly more profitable than non-rewards cardholders at the product level. Moreover, the more that rewards customers redeem reward points, the more profitable they are in both account profitability and relationship profitability. The authors advise that loyalty programmes should reduce barriers to loyalty points' redemption and increase communication to encourage point redemption, thus leading to increased profitability and loyalty.

In the fifth paper, *An intersectional approach to evaluating consumer financial literacy*, Genevieve O'Connor and Mohammad G. Nejad argue that examining financial literacy only by broad

unidimensional factors, such as age and gender, fails to appreciate the differences between key sub-sections of society. This may be a partial explanation for the lack of effectiveness of many financial literacy programmes, because they may not be specific enough for the needs of particular groups. The authors argue for the ability to identify vulnerable groups at a more granular level, which allows for better allocation of resources and development of more specific literacy programmes.

Based on demographic and financial literacy data from 1047 respondents from a national panel of consumers residing in the United States, the analysis finds that females displayed lower levels of financial literacy as did African Americans and Hispanics. However, financial literacy was found to be the weakest among younger generations of females who are African American or Hispanic.

Generational effects were also identified. Baby boomers were found to exhibit the highest level of financial literacy, whereas Generation Y consumers revealed the lowest level of financial literacy and lacked essential financial skills. This is a concerning finding as Generation Y is the first generation to earn less than their parents, yet they typically spend more and lack the necessary financial literacy to make effective financial decisions. Generation Y have also lived at home for longer than other generations, suggesting a greater reliance on parents for financial support. This may potentially lead to a sense of complacency and lack of involvement in financial matters. Generation Y males were found to be more confident, pos-

sibly leaving them overconfident and open to suboptimal practice/decisions.

The study highlights the identification of pockets of vulnerability that require specific attention. Financial education is not a value-free curriculum. The authors argue that financial literacy programmes need to take account of the specific context.

The final paper in this issue, *Nigerian SMEs – Commitment and Loyalty to their Banks*, by Mark Ojeme, focuses on the relationship between SMEs and their banks, in particular the role of commitment in the relationship. Commitment has been identified as having a significant impact on relationships. This study explores the differential impact of commitment on relationships using cluster analysis.

Based on 199 SME respondents to a survey administered to Nigerian banks, the study identifies four distinct SME clusters differing in degrees of affective and calculative commitment. The clusters are not characterised by SME size, sub-sector, location or length of banking relationship.

For banks, the analysis is useful in highlighting appropriate relationship strategies for each cluster. In the development of a long-term banking relationship, developing greater mutual understanding provides the means through which banks can assess credibility and afford, as appropriate, suitable financial support.

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