An integrated model of customer social exchange relationship: the moderating role of customer experience

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This article addresses how the customer social exchange relationship affects customer satisfaction and, in turn, repurchase intention. On the basis of the stimulus–organism–response model, this article argues that perceived organisational support, perceived customer support, and perceived service provider support influence customer satisfaction, which in turn affects repurchase intention. Furthermore, this study argues that perceived organisational support is the most important predictor of customer satisfaction for high-experience customers, whereas perceived customer support is the most important predictor of customer satisfaction for low-experience customers. A survey of 144 users of the foreign language institute on a university reveals that most of these hypotheses are supported.

Keywords: perceived organisational support; perceived service provider support; perceived customer support; customer satisfaction; customer experience

Introduction

A service-oriented economy creates a need to focus more attention on customer service encounters. As Bitner, Booms, and Tetreault (1990, p. 71) explain, the 'service encounter' refers to the service experience viewed from the perspective of customers. Edvardsson, Gustafsson, and Roos (2005, p. 113) argue that service is a perspective on value creation and the focus of value creation is 'through the lens of customers'. The inseparability of production and consumption in service contexts also emphasises the active role of customers. Such a process of simultaneous production and consumption involves the customer's role as a co-producer (Lovelock & Gummesson, 2004; Meuter, Bitner, Ostrom, & Brown, 2005). As such, many researchers have devoted considerable attention to the important role played by service customers. According to Vargo and Lusch (2004, p. 7), because marketing is a process of 'doing things in interaction with customers', the customers are, in effect, operant resources, active participants in relational exchanges, and co-producers of services. These studies suggest that customers can be viewed as 'partial employees' of the service organisation. Bowers, Martin, and Luker (1990) claim that management of the employee–customer interface might best be accomplished by treating customers more like employees. According to Schneider and Bowen (1995), defining the role of customers requires a job analysis, as conducted traditionally for a firm's employees. In more recent years, detailed guidelines have indeed been proposed for extending human resources management to customers of a firm – including job analysis, recruitment, training, and performance appraisal (Halbesleben & Buckley, 2004; Zeithaml & Bitner, 2003).

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Given the above reasoning, researchers have focused increasingly on empirical studies applying traditional human resource management to customers. Such studies include customer citizenship behaviour in the context of Internet service delivery (Groth, 2005), customer voluntary performance among grocery customers (Bettencourt, 1997), customer co-production behaviour in membership relationships (Gruen, Summers, & Acito, 2000), and customer–company identification (Ahearne, Bhattacharya, & Gruen, 2005). However, there has been little research on customer social exchange relationships with organisations, service providers, and other customers. An investigation of these issues is important, because customer-to-organisation, customer-to-employee, and customer-to-customer interactions are readily observable in many service environments (Lovelock & Gummesson, 2004), and marketing scholars are beginning to emphasise the importance of relationship marketing in customer markets, especially with respect to service industries (Gruen et al., 2000; Sheth & Parvatiyar, 1995).

The purpose of this study is to examine the role of customer social exchange relationships with organisations, service providers, and other customers by extending and applying human resource management research to the customer domain. Consistent with the social exchange theory that distinguishes perceived organisational support, leader–member exchange, and co-worker exchange, this study examines the effects on customer satisfaction of perceived organisational support (by customers), perceived service provider support, and perceived customer support. The research considers customer satisfaction and repurchase intention as the consequences of exchange relationships. The reason for this approach is that customer satisfaction has been embraced by practitioners and academics alike as the highest goal of the organisation (Oliver, 1997). Much research has concentrated on customer satisfaction and loyalty, as there is increasing evidence linking these factors to organisational performance (Mittal, Kamakura, & Govind, 2004; Morgan, Anderson, & Mittal, 2005; Yi & La, 2004). Consequently, the present study advances the services marketing literature by examining the applicability of social exchange theory to customers. In addition, the research focuses on the effects of three specific forms of exchange relationships on customer satisfaction. Further, customer experience is examined as a moderator that influences the strength of these links. Such an analysis can provide strategic implications for allocating organisational resources in order to improve exchange relationship, because it enables managers to develop differential management programmes for the exchange relationships so that they can spend marketing budgets more efficiently based on customer experience.

Theoretical background and hypotheses

Our study is rooted in the stimulus–organism–response (S–O–R) model developed by Mehrabian and Russell (1974) from an environmental psychology perspective. According to this theory, social stimuli in the environment (stimulus) directly influence the affective and cognitive state of a person (organism), thereby influencing his or her behaviours (response) (Mehrabian & Russell, 1974). In a similar vein, social exchange relationships among an organisation, service providers, and other customers are fundamentally social phenomena and are influential on customer behaviour. In the marketing literature, customer satisfaction has been defined as the customers' cognitive state and emotional response to the consumption experience (Oliver, 1997; Yi, 1990). According to Mehrabian and Russell (1974), the organism's response is a variety of approach–avoidance behaviours such as physical approach, for example, intentions to stay or to revisit. In particular, researchers found it useful to divide the S–O–R model into two

processes: the stimulus-input side and the response-output side. Individuals may differ from each other because of differences in response to the stimulus (Mehrabian & Russell, 1974). We, therefore, argue that customer experience moderates the relation between the stimulus and the organism because customer experience reflects the amount of interaction time and/ or the number of previous interactions.

The theoretical framework proposed by Lazarus (1991) and Bagozzi (1992) provides further support for our model. Lazarus (1991) suggests that appraisal processes of internal and situational conditions lead to emotional responses, which, in turn, induce coping responses. An appraisal is an evaluation of internal or situational conditions (Bagozzi, 1992). Prior work claims that the appraisal phase involves assessment of leader support, workgroup support, and co-worker support (Paulin, Ferguson, & Bergeron, 2006; Schmit & Allschid, 1995). Because customers engage in social exchange relationships (Groth, 2005), they are likely to make an appraisal. Bagozzi's (1992) theoretical model notes that appraisal processes will be followed by customer satisfaction (i.e., an emotional response), and that customer satisfaction has a direct effect on behavioural intentions (i.e., a coping response) to use a service in the future.

Figure 1 presents an overview of the hypothesised relationships. We assume that customer social exchange relationships affect customer satisfaction. In turn, we expect this to influence repurchase intention. Furthermore, our framework includes moderating effects of customer experience on the links between social exchange relationships and customer satisfaction. The constructs and the hypothesised relationships in Figure 1 are discussed next.

Social exchange relationships

Social exchange theory argues that individuals direct their reciprocation efforts towards the source from which benefits are received (Blau, 1964). Social exchange relationships evolve
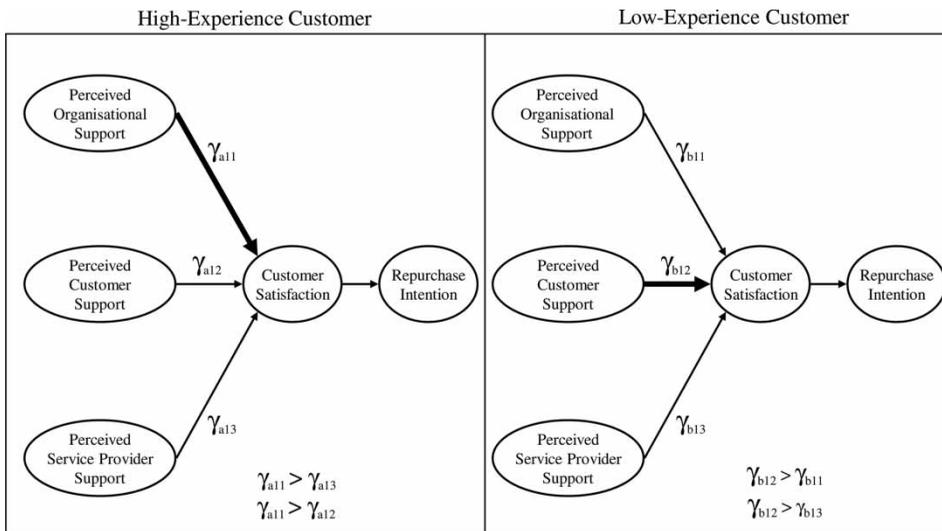

Figure 1. Conceptual research model. Note: Unlike the covariance-based structural equation modelling (i.e., linear structural relations (LISREL); analysis of moment structures (AMOS)), the component-based partial least square structural equation modelling does not permit exogenous variables to be correlated.

when an 'individual who supplies rewarding services to another obligates him. To discharge this obligation, the second must furnish benefits to the first in turn' (Blau, 1964, p. 89). In other words, social exchange entails 'an unspecified obligation' (Blau, 1964, p. 93); when one person does another a favour, there is an expectation of future return, although when exactly it will occur and in what form is unclear (Wayne, Shore, & Liden, 1997). To the extent that both parties apply the reciprocity norm to their relationship, favourable treatment by either party is reciprocated, leading to mutually beneficial outcomes (Rhoades & Eisenberger, 2002).

In line with the above reasoning, three types of social exchange have been analysed in the literature, namely between: (1) organisations and customers, (2) employees and customers, and (3) customers and customers. For example, Solomon, Suprenant, Czepiel, and Gutman (1985) argue that communication between service employees and customers is a reciprocal process. Bagozzi (1995) proposes that reciprocity is present in customer–firm relationships. Recently, it has been suggested that customers generally maintain relational exchanges with employees (Singh & Sirdeshmukh, 2000). In addition, some recent research has demonstrated that it is possible for customers to receive social support from other customers (Rosenbaum & Massiah, 2007).

Current research defines *perceived organisational support* as the extent to which customers believe the organisation values their contribution and cares about their well-being (Eisenberger, Huntington, Hutchison, & Sowa, 1986). Through continuous interaction with an organisation, customers can perceive support from the organisation, just as employees would do. As a result, customers may feel better about service delivery, be aware that the organisation recognises and rewards their 'performance' (e.g., participation), and finally be satisfied with the organisation. Considering the above discussion, it seems reasonable to predict the following:

H1: Perceived organisational support has a positive effect on customer satisfaction.

Perceived customer support is defined as the degree of consideration expressed by other customers.[1] Customers in service delivery situations interact with other customers. Because they create a positive social environment for the service experience and an opportunity to socialise, they perform a reciprocal role with other customers and thus contribute to service performance and satisfaction (Zeithaml & Bitner, 2003). Empirical evidence links interaction among individuals to improved communication, cooperation, and satisfaction (Glaman, Jones, & Rozelle, 2002). Previous research also suggests that group members can provide each other with social support and feelings of personal worth, which leads to feelings of loyalty (Sherony & Green, 2002). In addition, research demonstrates that the perceived support of co-workers is vital to the accomplishment of tasks and related to intangible issues (e.g., morale) (Susskind, Kacmar, & Borchgrevink, 2003), which leads to satisfaction.

Using a similar logic, it might be expected that customers gain satisfaction through social support with other customers and accomplish service delivery-related tasks. It has been argued that individuals experiencing positive team interactions are more cooperative and conscientious (Seers, Petty, & Cashman, 1995). Therefore, these processes are likely to produce higher levels of performance and greater satisfaction. During the service delivery process, perceived customer support enables customers to cooperate with each other, which promotes effective service delivery. As a result, customer satisfaction will increase. Based on these findings and the related literature, we propose the following hypothesis:

H2: Perceived customer support has a positive effect on customer satisfaction.

Perceived service provider support is defined as the degree of consideration expressed by the service provider. Applying social exchange theory (Blau, 1964), the present research predicts that perceived service provider support is related to customer satisfaction. According to the social exchange theory, when individuals are in a high-quality and positive relationship, they behave in ways that will benefit their exchange partner (e.g., service provider), such as performing efficiently and exerting extra efforts. As a result, the production and delivery of service is enhanced, which in turn leads to customer satisfaction.

The organisational literature could help us understand the relationship between perceived service provider support and customer satisfaction. Frequent relationships with supervisors may provide employees with affective support (e.g., personal attention), and this will induce a positive appraisal of the environment and increase job satisfaction (Babin & Boles, 1996). A similar process might apply to service providers and customers. The present research argues that the role of service providers is similar to that of supervisors. In the service exchange, service providers direct customers to follow certain standards, rules, and procedures for service delivery (Zeithaml & Bitner, 2003). Customers then draw on the help and assistance of service providers to complete the production process. By applying supervisor–employee relationships to customer–service provider relationships, it is expected that the greater the perceived support of service providers by customers, the greater the perceived satisfaction. This leads to the following hypothesis.

H3: Perceived service provider support has a positive effect on customer satisfaction.

Because both perceived organisational support and perceived service provider support involve exchange relationships with the customer, it is important to distinguish perceived organisational support from perceived service provider support. The nature of the exchange relationship is somewhat different in the customer–organisation exchange. In a customer context, because the organisation is made up of many individuals, the customer does not have a relationship with one individual representing the organisation (Wayne et al., 1997). Thus, the perception of organisational support is based on 'a history of organisational decisions', some of which were made by past service providers and still others by higher-level senior management who did not manage the customer directly (Wayne et al., 1997, p. 87). In other words, a variety of organisational representatives contribute to the perception of organisational support.

Furthermore, customers' evaluation of perceived organisational support is based on judgements made about various aspects of the organisation's treatment of the customer (Eisenberger et al., 1986). For example, the organisation may have invested in educational facility expansion or recruitment of more lecturers. Such a history of support can contribute to customers' perceived organisational support. In contrast, perceived service provider support focuses on the dyadic relationship between the current service provider and the customer. Therefore, there are conceptual differences between the two constructs.

Customer experience

We believe customer experience may change the relative impact of each social exchange relationship on customer satisfaction. Specifically, we propose that the strongest predictor of customer satisfaction is perceived organisational support for customers with much experience. On the other hand, we propose that the strongest predictor of customer satisfaction is perceived customer support for those with less experience.

According to the literature, low-experience individuals, who are focused on developing social and interpersonal relationships, are particularly attentive to interactions with

other individuals in order to understand role demands and expectations (Rapp, Ahearne, Mathieu, & Schillewaert, 2006). In addition, because customers interact with other customers in a relatively tightly coupled manner, they contribute more cooperative and collaborative efforts and receive more social rewards (Seers et al., 1995).

However, as customers gain experience, they are better able to evaluate the different service offerings given by the organisation (Bell, Auh, & Smalley, 2005). In other words, high-experience customers will be able to assess and evaluate beneath the layers of the organisational offerings. Therefore, they tend to refocus their attention from social concerns to organisational issues such as service quality, loyalty programmes, and economic benefits. For these reasons, it is expected that customer experience will affect the relative importance of the social exchange relationship in influencing customer satisfaction. Specifically, we suggest the following:

> *H4a*: The effect of perceived organisational support on customer satisfaction is stronger than the effect of perceived customer support on customer satisfaction for high-experience customers.
> *H4b*: The effect of perceived organisational support is stronger than the effect of perceived service provider support on customer satisfaction for high-experience customers.
> *H5a*: The effect of perceived customer support is stronger than the effect of perceived organisational support on customer satisfaction for low-experience customers.
> *H5b*: The effect of perceived customer support is stronger than the effect of perceived service provider support on customer satisfaction for low-experience customers.

Customer satisfaction and repurchase intention

We define customer satisfaction as a cognitive and affective response to the service encounter (Oliver, 1997; Yi, 1990). Previous research argues that satisfaction includes both cognitive and emotional components. The cognitive component refers to a customer's evaluation of the perceived performance in terms of its adequacy in comparison with some kind of expectation standards. The emotional component consists of various emotions such as happiness, joy, and disappointment (Oliver, 1997; Yi, 1990). A positive relationship between customer satisfaction and repurchase intention has received significant attention in the literature and is well established (Cronin, Brady, & Hult, 2000; Oliver, 1997; Yi, 1990). The logic is underlined in the exit–voice theory (Hirschman, 1970), which assumes that dissatisfied customers have the option of never using the services of the provider again and seeking the services of another organisation. A satisfied customer's experience with a service organisation could motivate the customer to patronise the organisation again (Lam, Shankar, Erramilli, & Murthy, 2004). Oliver (1997) proposes three dimensions of satisfaction: cognitive, affective, and conative, which conclude in repeat usage. These studies suggest that overall customer satisfaction with a service is strongly associated with the intention to return to the same service provider. Based on these considerations, the following is hypothesised.

> *H6*: Customer satisfaction has a positive effect on repurchase intention.

As evident from the above discussion, social exchange is a significant organisational issue. In this article, particular emphasis is placed on social exchange from a customer-centric perspective. The present study applies the social exchange theory to organisation–customer, provider–customer, and customer–customer relationships. To date, few empirical studies have examined these relationships simultaneously within a single model.

Method

Sample and data collection

The data were obtained from a cross-sectional survey of users of the foreign language institute on a major university campus in South Korea. The research used the language institute as a sampling frame, because it has several suitable characteristics for testing the hypotheses. First, it is a highly social context where exchange relationships can take place easily and frequently. Furthermore, it generally involves repeated interactions between customers and service providers over time. Finally, the setting allows the study of organisation-to-customer, service provider-to-customer, and customer-to-customer exchange relationships all in one location.

The survey was self-administered with instructions provided by the researcher. Customers participated voluntarily and were required to sign an informed consent form. The total sample size was 144. The sample comprised 56% males and 44% females. Ages ranged from 17 to 53. The sample consisted of 34% undergraduate students, 60% graduate students, and 6% employees.

Measure

We used measures from the relevant literature, and adapted them to the context of our study. All variables were measured on 7-point Likert scales ranging from 1 (*strongly disagree*) to 7 (*strongly agree*).

Perceived organisational support was assessed with three items from House (1981). This scale describes the extent to which the organisation is concerned with the welfare of its customers, the degree to which senior management is willing to listen to study-related problems, and the extent to which customers rely on the organisation when they have problems with their studies.

Perceived customer support was measured by three items describing the extent to which co-customers can be relied on when they have problems with their studies, are willing to listen to study-related problems, and are helpful with the general study process. This scale was derived from House (1981).

Perceived service provider support was also assessed with three items from House (1981). Specific items include: 'My lecturer is very concerned about the welfare of his/her students', 'My lecturer is willing to listen to study-related problems', and 'My lecturer can be relied on when I have problems with my studies'.

Customer satisfaction was measured with two items developed by Bettencourt (1997). These items are: 'Compared to other language schools, I am very satisfied with this one' and 'based on my overall experience with this language school, I am very satisfied'.

Repurchase intention was measured by the two-item scale developed by Cronin et al. (2000). Items include: 'The probability that I will use this language school's services again is very high' and 'If I had to do it over again, I would make the same choice'.

Customer experience was measured by the number of years and months with an organisation. Although there may be various possible ways of measuring customer experience, the relationship length or tenure is easy to measure and the most objective. This measurement approach is similar to that used in previous research (e.g., Ahearne, Gruen, & Jarvis, 1999; Burton, Sheather, & Roberts, 2003; Lin & Ding, 2005). We asked each participant how long (in years and months) he or she had been using this language centre. We converted the number of months to fractions of a year.

Partial least square analysis

We tested our conceptual model with partial least square (PLS) structural equation modelling. Unlike the covariance-based approach to structural equation modelling (i.e., linear structural relations (LISREL)), PLS makes minimal demand on sample size, thus making it especially appropriate for testing multi-group structural models with relatively small sample sizes. The sample size of 73 and 71 cases for each group is adequate for PLS analysis. It satisfies the heuristic that the sample size be at least 10 times the largest number of structural paths directed at any one construct. Further, there is precedence for the use of PLS in marketing (Chin, 1998; Hennig-Thurau, Houston, & Walsh, 2006; Kleijnen, de Ruyter, & Wetzels, 2007).

We conducted a median split in our sample based on the values of the moderator. We performed multiple group analysis to compare the two subsamples (low versus high level of customer experience). The significance of the difference between path coefficients was examined by performing an unpaired *t* test, which was based on estimates and standard errors generated by bootstrapping.

The goodness of fit index for the model can be assessed by the GoF, the Stone–Geisser criterion (Q^2), and the R^2 values (Hennig-Thurau et al., 2006; Kleijnen et al., 2007). To test for path significance (β) (similar to standardised beta weights in a regression analysis), we used bootstrapping with 500 resamples.

Results

Means, standard deviations, reliabilities, and intercorrelations among latent variables for both groups are given in Table 1. All reliabilities were greater than the recommended 0.7 (Nunnally & Bernstein, 1994).

The entire structural model was run in the form of multiple sample analysis. The results for the high-experience group are presented in Figure 2, and those for the low-experience group in Figure 3. In our model, the GoF is 0.383 for the high-experience group and 0.319 for the low-experience group. The GoF criteria for small, medium, and large effect sizes are 0.10, 0.25, and 0.36. Thus, the results indicate a good fit of the model to the data (Kleijnen et al., 2007). In addition, Q^2 values range from 0.344 to 0.690, all of which are significantly different from 0 and therefore indicate that the model has predictive power (Hennig-Thurau et al., 2006). The models demonstrate good explanatory power, because the R^2 values for the endogenous constructs range

Table 1. Correlations and summary statistics.

Construct	High-experience group			Low-experience group			POS	PCS	PPS	CS	RI
	μ	σ	α	μ	σ	α					
POS	3.799	1.207	0.826	3.962	1.116	0.776	1.000	0.488	0.607	0.145	0.018
PCS	4.516	1.103	0.899	4.587	1.151	0.926	0.267	1.000	0.437	0.449	0.163
PPS	4.995	1.143	0.876	4.817	1.063	0.812	0.578	0.596	1.000	0.199	0.081
CS	4.733	1.134	0.738	4.993	0.939	0.704	0.454	0.295	0.381	1.000	0.515
RI	5.055	1.101	0.823	5.345	0.913	0.840	0.360	0.272	0.239	0.560	1.000

Notes: POS, perceived organisation support; PCS, perceived customer support; PPS, perceived service provider support; CS, customer satisfaction; RI, repurchase intention; α, Cronbach's alpha. The correlations matrix below the diagonal is for the high-experience group. The correlation matrix above the diagonal is for the low-experience group.
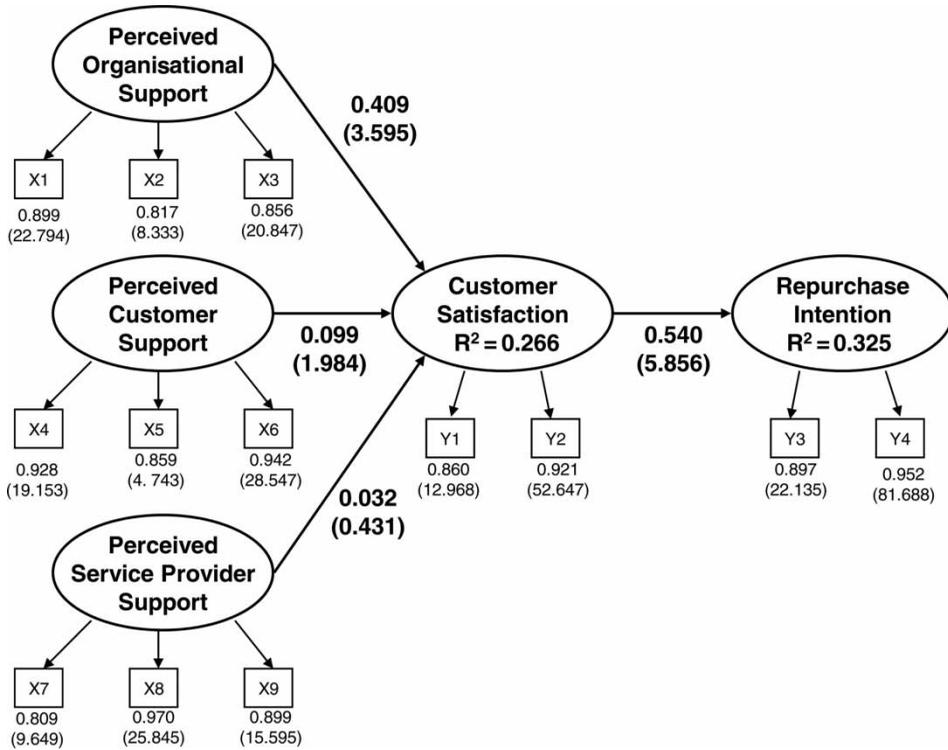
Figure 2. Results for the high-experience group ($n = 73$). Note: *t*-Values are given in parentheses.

from 0.238 to 0.325 (Chin, 1998). In accordance with the categorisation of R^2 effect sizes by Cohen (1988) (small: 0.02; medium: 0.13; large: 0.26), we can conclude these effect sizes to be medium to large (Kleijnen et al., 2007).

All the indicators loaded significantly and substantively on their hypothesised factors ($p < 0.001$), suggesting convergent validity (Bagozzi & Yi, 1988). To assess discriminant validity, a test was conducted to determine whether the correlations among the latent constructs were significantly less than one. Because none of the confidence intervals of the ϕ values (± 2 standard errors) included the value of one (Bagozzi & Yi, 1988), this test provided evidence of discriminant validity.

A one-tailed test was employed to test the hypothesised effects, because the research tests directional hypotheses based on strong theoretical bases (Reinartz, Krafft, & Hoyer, 2004). As shown in Figures 1 and 2, there is a significant relationship between perceived organisational support and customer satisfaction in both groups ($\beta_{high} = 0.409$, $t = 3.595$, $p < 0.01$; $\beta_{low} = 0.134$, $t = 1.872$, $p < 0.05$). Hence, *H1* was supported. *H2* claims that perceived customer support will have a positive effect on customer satisfaction in both groups. For the high-experience group, perceived customer support was positively and significantly related to customer satisfaction ($\beta_{high} = 0.099$, $t = 1.984$, $p < 0.05$). For the low-experience group, perceived customer support was positively and significantly related to customer satisfaction ($\beta_{low} = 0.492$, $t = 0.417$, $p < 0.001$). Thus, *H2* was supported. *H3*, which proposes a positive relationship between perceived service provider support and customer satisfaction in both groups, was not supported ($\beta_{high} = 0.032$, $t = 0.431$, $p > 0.05$; $\beta_{low} = 0.103$, $t = 0.703$, $p > 0.05$). An explanation of this finding
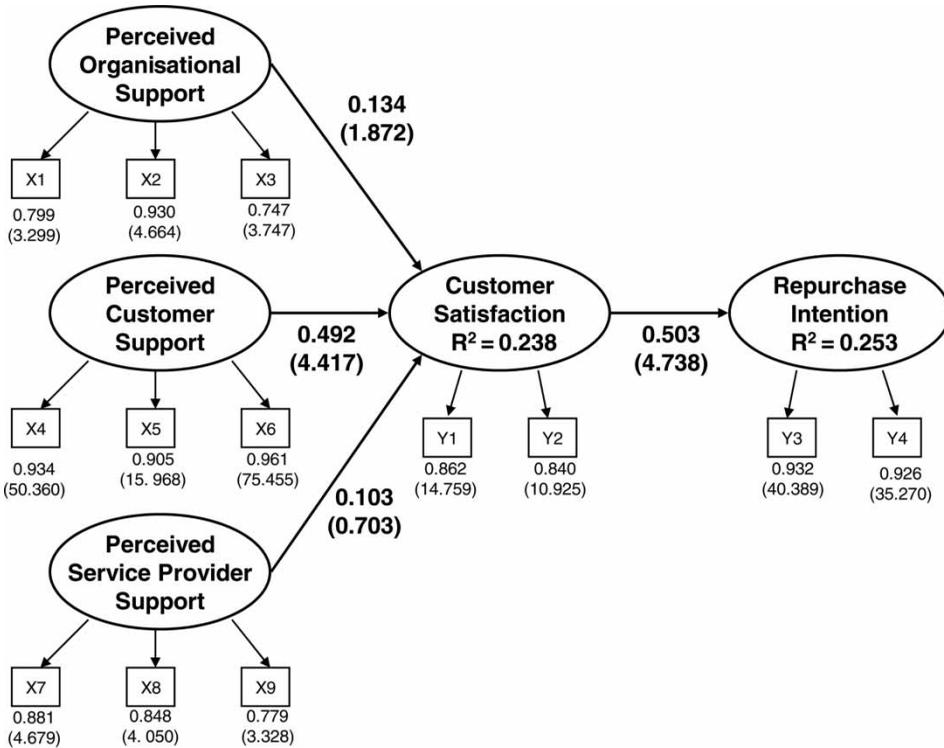
Figure 3. Results for the low-experience group ($n = 71$). Note: t-Values are given in parentheses.

might be the peculiarity of the research setting. Most language-centre programmes require students to participate actively. Rather than one-way lectures, student-to-student conversation is encouraged. As a result, the interaction with lecturers may be relatively small compared with the interaction with students, which can cause the lack of perception of service provider support. In support of *H6*, the path from customer satisfaction to repurchase intention was significant for both groups ($\beta_{high} = 0.540$, $t = 5.856$, $p < 0.001$; $\beta_{low} = 0.503$, $t = 4.738$, $p < 0.001$).

To test *H4–H5*, we compared the path coefficients and tested the significance of the difference between two paths. We first compared the path from perceived organisational support to customer satisfaction and that from perceived customer support to customer satisfaction in the high-experience group, which showed that the path from perceived organisational support to customer satisfaction was greater than that from perceived customer support to customer satisfaction (difference = 0.310, $t = 1.971$). Hence, *H4a* was supported. The path from perceived organisational support to customer satisfaction was greater than that from perceived service provider support to customer satisfaction (difference = 0.377, $t = 2.445$). Hence, *H4b* was also supported.

Next, the estimates in the low-experience group were compared. We compared the paths from perceived customer support and organisational support to customer satisfaction in the low-experience group, which showed that the path from perceived customer support to customer satisfaction was greater than that from perceived organisational support to customer satisfaction (difference = 0.358, $t = 4.182$). Hence, *H5a* was supported. The path from perceived customer support to customer satisfaction was greater than that from

perceived service provider support to customer satisfaction (difference $= 0.389, t = 2.602$). Hence, *H5b* was also supported.

Discussion and implications

The results of the structural equation analysis provide general support for the hypothesised model. This study extends three types of social exchange relationships from the realm of employees to that of customers. Although the literature on the customer's role in service encounters has accumulated rapidly, considerable room for development remains. One area for further development is to study the customer social exchange relationships with organisations, service providers, and other customers. Drawing on the S–O–R framework (Mehrabian & Russell, 1974) and Bagozzi's (1992) theoretical model, we attempted to address this void in the literature by modelling three types of social exchange relationships perceived by customers in service encounters. Additionally, the present research provides empirical evidence that their effects on customer satisfaction vary according to the level of customer experience. This finding is consistent with the arguments of Mehrabian and Russell (1974) that individuals differ from each other because of differences in response to the stimulus.

Theoretical implications

There are several theoretical implications of our study. First of all, our study contributes to the existing literature on customer satisfaction and loyalty. We illustrate the role of the social exchange relationship in the process of satisfaction and loyalty formation. To the best of our knowledge, this is the first study to examine perceived organisational support, perceived customer support, and perceived service provider support simultaneously in the customer domain. Although social exchange relationship plays a critical role in the service encounter, previous research has focused mainly on employees rather than on customers. This gap in the literature is surprising, given that nowadays firms conceptualise customers as 'partial employees' and human resources of the firm, and regard the effective management of customers as a strategic advantage (Bowen, 1986). In general, relationships between customers and firms are based on repetitive interactions over time, which provides opportunities for customers to develop a social relationship with the firm, service employees, and other customers (Lengnich-Hall, Claycomb, & Inks, 2000). In addition, social identity theory posits that people remain loyal when they feel that the firm values and appreciates them (Tyler, 1999). These arguments imply the importance of examining the role of social exchange relationship from the customer perspective. We have thus attempted to gain insights into how it affects the formation of customer satisfaction and loyalty.

Second, we identify a route through which social exchange relationship is related to customer loyalty. As predicted, perceived organisational support and perceived customer support were related to repurchase intention through customer satisfaction in both experience groups. Two types of social exchange relationship have been shown to positively influence customer satisfaction directly and repurchase intention indirectly. Our results of the causal path (social exchange relationship→customer satisfaction→loyalty) suggest that social exchange relationship helps build a satisfied customer base. Our research extends the customer satisfaction literature by uncovering the antecedents (e.g., perceived organisation support) of customer satisfaction. These findings suggest that customers who perceive themselves to be in a higher-quality relationship with the

organisation and customers (i.e., a high degree of perceived organisational support) are in turn more satisfied with the organisation than those who perceive themselves to be in a lower-quality relationship with the organisation and customers. The findings of the study reveal that the management of customer social exchange relationships with the organisation and customers is as important as that of employees, as it increases customer satisfaction and repurchase intention without additional advertising and promotion activities. Overall, the causal relationship from social exchange relationship to customer satisfaction and loyalty suggests that achieving customer satisfaction represents one of the pathways through which the behavioural potential of social exchange relationship is realised.

Third, we examine the role of perceived organisational support and perceived customer support in satisfaction judgement processes. Our findings suggest that perceived customer support is particularly important in the early stage of the judgement process in which customers have little knowledge or experience about the service. In other words, perceived customer support appears to play a critical role in satisfaction judgements. As experience accumulates, however, the role of perceived organisational support becomes more prominent. This finding implies the importance of identifying how the nature of experience can influence satisfaction judgements. Thus, in an effort to improve customer satisfaction and loyalty, it is critical to monitor and pay more attention to customer experience.

Fourth, our study makes a methodological contribution by illustrating how multi-group causal modelling can be used to analyse moderator effects. Most previous research on moderator effects has used moderated regression analysis.

Managerial implications

A first managerial implication results from the finding that two types of social exchange relationship have been shown to positively influence customer satisfaction and repurchase intention indirectly. What can managers actually do with this information? Regarding perceived organisational support, they can possibly promote a variety of programmes that consider customer needs, including meeting their needs and expectations of service delivery, fairness, and esteem. It is also possible to develop effective direct communication tools for ensuring organisational care of customers, or to provide special events for emphasising the value of customers (Bettencourt, 1997). Eisenberger et al. (1986) suggest that perceived support is influenced by various aspects of employee treatment by the organisation, such as the organisation's likely reactions to employee performance and suggestions. Applying this to the customer context, managers need to reward customer efforts concerning service delivery and suggestions for improving service efficiency.

Regarding perceived customer support, it is advisable to encourage managers to consider various ways in which they might be able to nurture customer abilities to develop their own networks of reciprocal exchange. Managers can teach customers to develop their reciprocal exchange relationships and promote circumstances for facilitating such customer-to-customer exchange. They can encourage customers to organise informal communities to share information and reward such activities. Managers pursuing the benefits associated with customer-to-customer exchange may be able to train customers about peer-group role making. With such training, customers should be able to produce effective reciprocal exchanges with each other. Teaching customers to develop their reciprocal exchange relationships may prove an invaluable key to organisational improvement.

A second managerial implication results from finding that the three types of social exchange relationships are differently related to customer satisfaction, according to

customer experience. Thus far, little has been known about the relative importance of social exchange relationship factors in explaining customer satisfaction. Therefore, managers might intuitively assume equal importance weights for all social exchange relationship factors. Our results indicate that relative importance varies substantially depending on customer experience. They show that the assumption of equal weights for the social exchange relationship factors might lead to the faulty prediction of customer satisfaction and loyalty. This is a serious problem because it is imperative for managers to know the magnitude of effects so that they can spend marketing budgets efficiently and properly allocate resources to the various social exchange relationships that are under the firm's control. Managers need to be aware that a simple heuristic, which ignores the differences in weights among the social exchange relationship factors, is likely to cause notable deviations from firm performance. Our results demonstrate that managers need to pay attention to the relative importance of social exchange relationship when managing customer satisfaction. Findings also indicate that there appears to be value in segmenting markets based on customer experience. The data suggest the need for different marketing campaigns for different levels of experience. Marketers should exert efforts at identifying the customer experience, segmenting, and targeting to improve customer satisfaction and repurchase intention.

Taken together, the results of this study seem to make an important contribution by extending social exchange relationships, which are established in the management literature, to the customer setting. There is, therefore, a need for more research to view customers as human resources and 'partial employees' of an organisation. In light of the few related studies that have been published in the literature, this study brings perceived organisational support, perceived customer support, and perceived service provider support together in an integrated model of social exchange. Moreover, these findings confirm the benefits of pursuing a better understanding of networks of exchange and the customer's role within such networks. The study also reveals that strategies for managing customer performance can be drawn from the management techniques used for employees.

Limitations and future research directions

Although this study provides empirical and theoretical insights, there are several limitations, and potential future research directions are therefore particularly important. First and most significantly, this study was non-experimental. Statements of causality must be treated with caution when using non-experimental designs. Although the results are consistent with the proposed model, causal inferences cannot be taken for granted.

Second, the data collection for this study relied exclusively on survey information gathered at one point in time. This approach raises concerns regarding the influence of common method variance. Such variance is problematic if associations between constructs are artificially inflated, due to the manner in which the data are collected. Future work should consider a longitudinal design to delineate more clearly the causal attributions hypothesised in our research framework. In addition, the study should be replicated in a customer group where a representative sample might be obtained (and preferably not students).

Third, in order to determine the generalisability of the model and identify the boundary conditions, the model should be tested in a range of service delivery environments. Key distinguishing features of such a setting are the type of service, extent of customer contact required in service delivery, and type of relationship between the organisation and customers. The study focused mainly on settings characterised by individual

education, high customer contact, and membership relationship with organisations. More research is needed to enhance the external validity of this study.

Fourth, even though the customer experience measure used in this study has been frequently used in previous research, it has some limitations. Specifically, its item focuses on only the total time since the customer's first visit. Therefore, one could argue that it is necessary to examine other aspects of customer experience such as the frequency and amount of service usage. We also need to consider gaps in the relationship. Future research should further examine the construct of customer experience in order to gain more conceptual clarity on the exact nature of customer experience and its measurement.

Finally, the study confined the consequences of social exchange relationship to customer satisfaction and repurchase intention. However, the management literature suggests various constructs as consequences: for example, citizenship behaviour, commitment, and performance (Rhoades & Eisenberger, 2002). In order to provide a comprehensive understanding of the consequences of social exchange relationships, future research should consider various additional consequences.

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Note

1. We recognise that perceived customer support may not occur in all situations, but under a set of contingent conditions. First, there should be a high level of interaction among customers such as in educational services, one that was used in this study. Second, customers are more likely to perceive customer support when the physical proximity of customers is high and when the amount of feedback provided by other customers is great (Sturdy, 1998). Third, perceived customer support is more likely to occur when customers form relationships with other customers as friends or quasi-family members (Rosenbaum & Massiah, 2007).

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