Developing a B2C Channel Relationship Model:

Between Apparel Consumers and Department Stores

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B2C경로 관계모델 개발에 관한 연구: 백화점 의류 소비자를 대상으로

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Abstract

본 연구는 소비자-기업간 관계마케팅모델을 개발하는 데 주된 목적을 갖고 있다. 본 연구모델은 소비자를 단순한 환경변수의 하나로 인식해왔던 기존 마케팅의 통합적 관점을 비판하고 소비자를 사업의 동반자로써 인식하는 소비자 중심의 관계마케팅 모델을 제안하였다. 소비자 중심의 관계모델은 소비자를 기업 이익의 원천으로 보는 통합적 관점이 아닌, 소비자를 사업관계의 동반자로 인식하는 내부화(internalization)를 관계마케팅의 궁극적인 목표로 제시하였다. 소비자들의 관계 내부화를 위한 관계강도(relationship strength)와 4개의 선행변수-analogy, approbation, availability, stakes-로 구성된 관계마케팅 구조방정식 모델을 유통경로의 최종 단계인 소비자-소매업자(C-R) 그리고 소비자-제조업자(C-M)관계에 적용하였다. 서울의 5개 백화점 소비자들로부터 수집된 자료는 AMOS 4.0과 SPSS 10.0 프로그램을 통해 분석한 결과, 본 연구의 제안모델은 통계적으로 검증되었고, 검증된 결과는 나아가 소매업자-소비자-제조업자의 3자 네트웍을 바탕으로 한 총체적 관점의 관계 내부화 모델 설계를 위한 하나의 실증 예로 사용 될 수 있음을 시사 하고 있다.

Key words: B2C, relationship marketing, internalization, relationship strength, department stores; B2C, 관계 마케팅, 내부화, 관계강도, 백화점

I. Introduction

The generally accepted concept of relationship marketing has been based on the integration perspective, defining relationship marketing as merely another strategy to manage consumers. This integration perspective, however, does not seem readily adaptable to the consumer market. Integration perspective is based on microeconomics thought. The micro-economic paradigm is undoubtedly valuable in its present role of providing normative decision rules for practitioners. However, when it comes to providing a basis for a theory of marketing as exchange relationships, the micro-economic view is limited in explaining the human-oriented marketing exchange. For example, its usefulness is limited to analyzing service companies where the organization is the product and human relationships are the real asset.

Although many have agreed upon the importance of building a relationship with the consumer, the consumer-firm(B2C) relationship lacks theoretical foundation. Much of the research on relationship marketing has been carried out on inter-firm relationships. As described in Gassen-

heimer(1994), consumer-firm relationships are somewhat unique in comparison with inter-firm relation-ships. He discussed differences between resale exchange and consumer exchange in terms of purchase motives, source of value, moral grounds, interdependency, exchange security, and gratification. Hence, the structure of relationship marketing used in the inter-firm relationship may not be appropriate to apply to the consumer-firm relationship, although it is quite often used in consumer-firm relationships without an adjustment.

The purpose of this study, therefore, is to develop the B2C relationship marketing model by integrating previous scholarly work. Unlike previous work on inter-firm relationships, which focused on inter-personal relationships for the most part, the relationship in consumer markets is built through many different routes, direct or indirect and tangible or intangible. The proposed conceptual framework of this study encompasses all the different aspects of building a relationship with consumers in an attempt to find a set of antecedents of relationship strength and to define internalization, suggested as the final goal of relationship marketing in this study.

II. Literature Review

1. Relationship Marketing

What is relationship marketing? Much research has been dedicated to answering this question. Although many aspects of relationship marketing are debatable, one thing agreed upon is that businesses are better off doing business with the existing consumer than doing business with the new consumer. Within the literature, two different perspectives on relationship marketing have emerged: one defining relationship marketing as merely a strategy of transaction marketing(Baker et al., 1998; Peterson, 1995) and the other defining relationship marketing as a new marketing paradigm(Grönroos, 1995; Gummesson, 1998). The definitions may be divided into two distinct categories based on their perspectives: an integration perspective and a cooperative perspective.

1) Channel Integration Perspective

Channel integration is the most important concept in transaction-oriented research because of the efficiency of channel management(Williamson, 1985). Such efficiency is achieved through cost reduction due to reduced uncertainty and specialized assets. To explain, when an exchange relationship is built over a long period of time, each partner becomes acquainted with the other. The acquaintance achieved through a long history of exchange reduces the transaction costs and the uncertainty of information or future benefits, and in turn increases the interdependency among partners. This interdependency again increases the importance of the related partner because of the specified resources of that partner. Since the asset specificity is high, so are the switching costs. Hence, organizations in a channel system become reluctant to change to another channel system. In the transaction-oriented relationship, the interdependent relationships are often manipulated by high investments(Söllner, 1999), by relying on a partners resources(Bendapudi & Berry, 1997), or by taking economic hostages(Heide, 1994).

Channel integration has also been an important concept within political economy theory(Stern & Reve, 1980). Political economy research has employed power to influence and gain control of channel systems, and to achieve channel integration. In this theoretical perspec-tive, the channel relationship works based on the carrot-and-stick principle; channel members commit themselves based on either the desire for economic reward or the avoidance of economic punishment(Garbarino & Johnson, 1999). Firms exert power over their partners with regard to what they have and what they perform. Once channel partners are committed to a channel system, then the channel partners are considered as being retained or integrated into the system.

An underlying assumption of integration perspective is that the customer should be integrated into the firm in order to fulfill the firms strategic purpose. This integration-oriented perspective, although gaining in popularity, is misguiding relationship marketing by centering on financial benefits through retention and integration of the customer/consumer into the firm. Customer retention and long-term financial benefits, often defined as a goal of relationship marketing, are

discussed here as arguments against the integration perspective.

(1) Customer Retention

Understanding relationships with consumers as customer retention is one of the "dangerous axioms" suggested by Saren and Tzokas(1998). The channel integration perspective is well reflected in the prominence of consumer retention as a goal of relationship marketing. Sheth and Parvatiyar(1995) stated that the individual consumer's needs are better addressed when consumers are retained. However, Bendapudi and Berry(1997) argued that a basic instinct is to be free from retention and to search for other relationships with free will. Szmigin and Bourne(1998) also stated that consumers like to have a "repertoire" of choices from which they regularly choose. Consumer retention seems to be already against the consumer's basic instinct and free will, which raises doubts about how effectively this strategy can address consumers' needs.

When consumers stay in relationships because of the constraints against leaving, the relationship may last only as long as the constraints do. When the constraints no longer apply, the consumer may feel no compelling reason to continue in the relationship(Bendapudi & Berry, 1997). Unlike many inter-firm relationships, consumers face few contractual restrictions that preclude their engaging in relationships with several different marketers at the same time. Indeed, consumers now communicate with one another through Internet channels. They can share and acknowledge problems and build their power over a company through their communication network. Hence, as consumers are exerting more control over information, they are less easily restrained by the power of firms.

(2) Long-Term Financial Benefits

Another "dangerous axiom" in defining relationship marketing is the focus on long-term financial benefits (Saren & Tzokas, 1998). The focus of relationship marketing is often set on profit maximization for the long term. Weitz and Jap(1995), for example, defined the goal of relationships as maximizing long-term financial returns. Relationship marketing has been valued solely because of financial benefits(Sheth & Parvatiyar, 1995).

However, positing long-term relationships as a marketing goal is also misguiding relationship marketing.

Firstly, it may be difficult or impossible to define how much time is sufficient to see financial returns. Secondly, the length of a relationship does not necessarily reveal anything about its quality. Reinartz and Kumar(2000) have raised doubts about the profitability of long-term relationships. Cases illustrating the failure of long-term oriented relationships are also found in Grayson and Ambler's(1999) work. They replicated Moorman et al.'s(1992) study on the impact of trust, commitment, and involvement on advertising use. Moorman et al.(1992) found a decre asing association between trust and marketing services in longer relationships. In addition, neither they, nor Grayson and Ambler(1999), could support trust and commitment as antecedents for long-term relationships.

A relationship exists when an individual exchange is assessed not in isolation, but as a continuation of past exchanges likely to extend into the future(Bendapudi et al., 1997). Once one makes an acquaintance with another, a relationship exists, no matter how long it lasts or how frequent it is. A good relationship involves having a good memory of the interaction even if it is only of one-night's duration. Todays business is more likely to be multifaceted and complicated. A permanent relationship with one partner is not realistic, and hardly appropriate in the current market environment. The length of a relationship can be an element of good relationship in retrospect, but it can be neither the goal nor the symbol of relationship marketing.

2) Cooperative Perspective

While the majority of transaction-oriented research defines relationship marketing as merely a marketing strategy, it is also being proclaimed as a new marketing paradigm(Grönroos, 1999; Gummesson, 1998). Paradigms, defined in Deshpandé(1983), are fundamental for the day-to-day work of any science. Clearly, paradigms are not theories. A paradigm inspires many debates about its name and theories, and enables a scientist to determine the issue of the phenomenon and the methods to solve the issue. Relationship marketing, as a new marketing

paradigm, provides values and ethics different from traditional marketing, urging philosophical engineering in marketing. Relationship marketing as a new paradigm can be defined in terms of the following two aspects: a consumer-orientation perspective and a cooperative perspective for co-creation marketing.

(1) Consumer-Orientation

A consumer-oriented focus is not by any means a new concept. It is found in the consumerism of the 1970s. Consumerism, as a phenomenon, was accelerated in modern society, and entered the mature stage of its life cycle in the 1980s. Although consumers have always been the main focus of businesses, marketers were not always interested in building a trusting relationship with consumers. Marketers viewed consumers as a means of increasing sales and obtaining firms' strategic benefits, not as business partners. Consumer-orientation is repeated in relationship marketing, but consumers are not yet located at the center of marketing.

Marketers ask consumers for loyalty, friendship, and respect, but few marketers actually nurture the relationship with consumers by reciprocating these qualities. Cecil(2000) suggests that marketers should take a closer look at the world as seen through the consumer's eyes in order to gain a deeper understanding of the context of consumers' day-to-day lives. Making the relationship stronger requires both a balance between giving and receiving, and stability in longitudinal and occasional dimensions. Otherwise, consumers may not want to build relationships with marketers, which would result in the failure of relationship marketing as Fournier et al.(1998) have warned. Relationship marketing will work if consumer-orientation becomes more of a general mindset of the firm rather than a strategy adaptable to each market situation. Consumer-orientation is more than a practical guide; it is the true spirit of relationship marketing as a new paradigm.

(2) The Cooperative Perspective

Cooperation, a concept that has been employed mostly in inter-firm relationships, is a distinct perspective in defining relationship marketing as a new paradigm. The cooperative perspective should start from the assumption that the consumer is a partner who performs a channel function (Gummesson, 1998). Sheth et al.(2000) also suggested that "co-creation marketing" points to a way to increase consumer loyalty and reduce business costs. Although the notion of the consumer's institutional channel role is undeniable, four decades of channel research have not provided comprehensive insights into the consumer as being inside of the channel system and an internal member.

From a macro-perspective, well-coordinated consumer cooperation could increase system efficiency, reducing resource waste and increasing the satisfaction of all channel members. From a micro-perspective, cooperative marketing can create a new value for products in a dyadic relationship. To understand how a cooperative relationship emerges, it is important to understand the motivation of cooperation. Closely related to cooperation is relationship identity. Parvatiyar and Sheth(1994) regard relationships as part of an orientation that "seeks to develop close interactions with selected customers, suppliers, and competitors for value creation through cooperation and collaborative efforts(p.1)." In other words, cooperation occurs on the basis of an identical value, and the identity makes an emotional connection with the intended partner.

An examination of internalization of mind concludes this discussion on the cooperative perspective in relationship marketing. Just as identity is important in relationships with consumers(Berry, 2000), a cooperative relationship can only be created when a relationship is internalized. Such cooperative relationships produce co-creation marketing. Therefore, as Berry(2000) suggests, relationship marketing should be about becoming internalized by consumers and achieving a high mind share. It should not be about integrating consumers and increasing market share.

2. B2C Relationship Marketing Model

This study advocates the perspective of relationship marketing as a new marketing paradigm. The perspective of a cooperative marketing with consumers is employed in this study, proposing an internalized

relationship marketing model for B2C relationships. The model suggests the concept of internalization as the ultimate goal that relationship marketing should pursue, and it distinguishes relationship marketing from the traditional marketing perspective. In the following paragraphs, terms related to the main structure of B2C relationship model are defined. These are internalization, relationship strength, stakes, analogy, approbation, and availability.

1) Internalization

Internalization is about real partnerships with consumers in the extended boundary of a distribution channel, which has been confined to industrial firms in previous channel research. Internalized partnerships are based on a collaborative orientation, and they establish a strong network with a variety of special features. A close and strong relationship is not the end, but rather another stage of an evolving relationship. In other words, problematic situations always follow relationships even after a strong relationship has been built. Rook(1998) also states that a close relationship carries a negative side(along with a positive side), causing different kinds of problems which can be more difficult to resolve. Problematic situations drive individuals in a close relationship to question the fundamental assumptions that formed the basis for the pairing in the first place(Samp & Solomon, 1998). Such situations screen the relationship and clarify it in the long-term. Therefore, internalization, in this study, is a willingness to stay with the encountered relationship even after experiencing problematic situations, such as stock-outs and negative opinions about the related firm.

2) Relationship Strength

The consumer's decision of whether to externalize or internalize an encountered relationship hinges on the strength of its ties, as rationalized in Hirschman(1970). Relationship strength describes the extent to which the consumer feels close to, or vested in, the related partner or firm. The effect of relationship strength on internalization has not been clearly defined, but implicit findings can be found in consumer behavior research. In

general, an affective feeling breeds various forms of internalization because the nature and quality of relationships are strongly influenced by affective memory from the past. For instance, an affective image, one form of positive relationships, is found to be significant in the store visiting decision. Brand loyalty and store patronage are found to be significant factors in explaining consumer internalization even in stockout situations(Emmelhainz et al., 1991). Hence, a truly strong relationship would be preserved and subsequently internalized even though the inconvenience caused by a problematic situation may weaken it.

3) Antecedents of Relationship Strength

Antecedents of relationship strength in this study include both social and para-social relationships. Social relationships are developed through face-to-face personal interaction, and para-social relationships are developed through person-to-object(i.e., products or stores) interactions(Perse & Rubin, 1989). Based on the existing empirical evidence and theoretical perspectives described earlier, the conceptual model in this article postulates that the following factors-stakes, approba tion, availability, and analogy-play an important role in determining the strength of consumer-firm relationships.

Stakes. The level of stakes refers to the importance of the relationship with the firm. When a relationship with a firm is not important to consumers, consumers will not invest much effort in the relationship. Consequently, the relationship will be neither strong nor enduring. Stakes are often regarded as an involvement and relate to the perceived switching costs (i.e., risks)(Hunton and Price, 1997). If an individual believes that greater benefits will accrue from a relationship, s/he will be more inclined to keep or strengthen the relationship because the perceived benefits will outweigh the perceived costs. Otherwise, consumers tend to engage in additional searching behavior and the existing relationship may be dissolved.

Analogy. Analogy refers to the similarity of attributes, which the encountered parties or individuals possess. The "like-me principle"(Laumann, 1966) is a known fundamental principle of human interaction. People tend to interact with those who are like themselves(Brown &

Reingen, 1987). Similarity in physical characteristics is pinpointed as a significant indicator of relationship strength in literature(Burt, 1992). Analogy of reflection is found to add to relationship strength where the reflection is represented as common beliefs or shared values in behaviors, goals, and policies between partners(Anderson & Weitz, 1989). Analogy, thus, is proposed as one of the key antecedents to the relationship strength.

Approbation. Approbation can be considered a concept equivalent to trust, reputation, and fairness. These factors are interrelated. A good reputation is developed based on the value of fair play, which, in turn, grows trust(Ganesan, 1994). Fairness is based on regularity and stability, which reduces uncertainty and ambiguity, and increases predictability and preparedness (Heide & Miner, 1992). The degree of a firm's consumer-orientation has been an important antecedent of consumers' trust(Bejou et al., 1996). Consumers feel that they are treated fairly when the provider's behavior is decent and predictable during moments of interaction (Solomon et al., 1985). Reputation is also important in forming relationships because it influences consumers' evaluation of the firm. Since behavioral reliability is based on previous experience, unfairness and negative reputation make it difficult to generate approbation.

Availability. Availability refers to the ease with which the consumer can reach the provider via direct or indirect contact(e.g. through various media). Since consumers cannot build or strengthen a relationship without media such as information, products, and/or service(e.g., convenience), availability of these elements is a necessary condition for a relationship. In this study, availability includes the concepts of resource availability and availability of the moment. In channel management research, resource availability is associated with "information exchange"(Heide & Miner, 1992), "information sharing"(Nielson & Wilson, 1994) and "communication"(Anderson & Weitz, 1989). Moreover, resource availability should also include factors such as convenience of location and availability of product, as well as the provision of an information technology system, backup support, and promotional materials. Availability of the moment refers to the frequency of

contact and the duration of relationships. To build a relationship with a firm, consumers must have sufficient opportunities for interactions or for the "moment of truth" (Gummesson, 1987). Otherwise, the relationship is likely to be terminated.

III. Method

1. Research Model

The purpose of this study is to develop a B2C relationship model, which contributes to building a theoretical foundation in relationship marketing with consumers. The conceptual model presented in Fig. 1 is a proposed model of this study. This model is applied to the consumer-retailer(C-R) relationship and consumer-manufacturer(C-M) relationship. Consumers perceive the relationship with a retailer and a manufacturer through experiences with the store and the brand, respectively. Therefore, the C-R and C-M relationships are represented in this study through the consumers experiences with stores and brands.
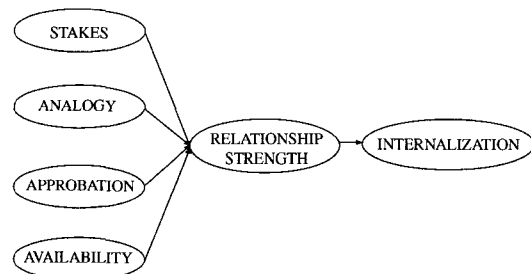

Fig. 1. B2C Relationship Marketing Model

2. Measurement

Developing a questionnaire for this study involved multiple steps, including item extraction from literature, a pilot study on 19 college students, and a small-scale survey conducted with 50 college students. The final questionnaire contained the questions concerning the respondents' relationship with one branding firm and one retailing firm and the demographic information. This study includes six constructs: internalization, relationship

Table 1. Operationalization of Variables

Variables	Operationalization	Item References
Internalization (5 items)	A willingness to stay with the encountered store and brand even when faced with a negative situation (an active form of loyalty, affection, and commitment).	Anderson & Weitz(1992)
Relationship strength (8 items)	The intensity with which the customer favors a particular store and brand relative to other firms (the integrated concept of loyalty, affection, and commitment).	Blodgett et al.(1993); Kumar et al.(1992); Anderson & Weitz(1992)
Stakes (7 items)	The perceived risks and benefits associated with having a relationship with the encountered firm (the concepts of switching costs, involvement, and importance).	Anderson & Weitz(1992); Parsons(1997); Kumar et al.(1992)
Analogy (7 items)	The similarity in value of the related firm and its employees (the integrated concept of shared value and similarity).	French et al.(1982)
Approbation (8 items)	The degree to which a consumer believes in the dependability of a firm (the concepts of trust, reputation, and firm performance).	French et al.(1982); Ganesan(1994); Kumar et al.(1992)
Availability (7 items)	The ease with which the consumer can reach the store and the brand (an integrated concept of duration of relationship, frequency of visits, and resource accessibility).	Andaleeb & Basu(1994); Bienstock et al.(1997)

strength, stakes, analogy, approbation, and availability. All the construct related items were measured on a Likert scale, ranging from (1) strongly disagree to (5) strongly agree. The six constructs were operationalized as presented in Table 1.

3. Data Collection

The apparel product was selected as a product medium for building the relationship because of a considerable high asset specialty involved in the business. Indeed, consumers' acknowledgement of the store and brand is very important to this study. Thus, the data were collected from highly recognizable department stores that carry brands promoted nationally. The cluster random sampling method used in this study as follows: 1) restricting the geographical area to Seoul, 2) dividing the city into clusters along commercial geographic boundaries, 3) selecting the largest department stores from each district, and 4) randomly selecting within sampled clusters. The data were collected through a store-intercept survey. Due to a natural periodicity in consumers' shopping habits, several factors, including selecting store entrances, sampling intervals during the week and during the day, were considered during the intercept survey. Data were collected from 525 consumers shopping in the five selected department

stores and a review of the data resulted in 491 usable cases. A majority of the consumer sample was aged 20-29(59.3%), and the next largest group was the 30 to 39 age group(15.1%), followed by the younger than 20 age group(12.7%), the 40 to 49 age group(8.6%), the 50 to 59 age group(3.7%) and the 60 and above age group (0.6%). Most respondents were female(76.9%), single (70.1%), and had no children under 12(88.1%), which implies the importance of time in shopping. The sample surveyed was in general a highly educated group with more than 70 percent having an undergraduate degree or higher.

IV. Results

The data were analyzed using SPSS/PC 10.0 and AMOS 4.0. Results are discussed for measurement model testing and proposed theoretical model testing.

1. Assessing Measurement Models

This study proposes a six-factor model. Dimensionality of the latent construct used in the model was assessed using Exploratory Factor Analysis(EFA) and Confirmatory Factor Analysis(CFA). In the EFA model (an alternative model) where the number of factors is specified, the observed variables were allowed to indicate

all the latent constructs without any constraint. The CFA (a null model) model specifies the hypothesized relationship of the observed variables to the latent constructs as proposed in the model. As presented in Table 2, the exploratory factor model with six unconstrained factors resulted in Chi-square=1011.059 with d.f.=624 and the confirmatory factor model with six constrained factors resulted in Chi-square=1616.943 with d.f.=804. Thus, the constrained CFA model cannot be rejected because the chi-square discrepancy test between the CFA and the EFA models was not significant. Dimensionality was achieved.

Confirmatory Factor Analysis was used to assess the validity of measurement models and construct reliability

was calculated based on the validity of the measurement. The results were summarized at Table 3 for C-R relationship model and Table 4 for C-M relationship model, including the validity test and reliability. Construct validity was assessed for convergent validity and discriminant validity, following Anderson and Gerbing's(1988) two step procedure. The C-R measurement model was found to be converged and all the estimates were significant with t-values above 2.0(Chi-Square=459.740 with 280 d.f. (p=0.000); Normed Chi-Square=1.642; RMR=.048; GFI=.928; AGFI=.910; RMSEA=.036 with p =1.000). The C-M measurement model was also found to be converged, and all estimates were significant with t-values above 2.0(Chi-Square=415.220 with 210 d.f. (p=0.00);

Table 2. Dimensionality Tests on the C-R and C-M Measurement Models

Model	Chi-Square Value	d.f.	Significance
C-R Model:			
Constrained Model	1616.943	804	
Unconstrained Model	1011.095	624	
Discrepancy Test	605.848	180	Not Significant
C-M Model:			
Constrained Model	1724.251	804	
Unconstrained Model	1095.028	624	
Discrepancy Test	629.223	180	Not Significant

Table 3. C-R Relationship Measurement Model

Variable	Variance extracted	Reliability	$\chi^2(p)$	RMR	GFI	AGFI
STAKES (R_ST)	.86	.96	2.224 (.329)	.014	.998	.989
ANALOGY(R_AN)	.82	.95	1.446 (.228)	.010	.999	.985
APPROBATION(R_AP)	.88	.97	39.543 (.006)	.037	.958	.928
AVAILABILITY(R_AV)	.84	.95	5.577 (.062)	.022	.994	.972
RELATIONSHIP STRENGTH(R_RS)	.90	.97	8.573 (.014)	.014	.991	.956
INTERNALISATION(R_IN)	.92	.98	10.311 (.006)	.025	.989	.947

Table 4. C-M Relationship Measurement Model

Variable	Variance extracted	Reliability	$\chi^2(p)$	RMR	GFI	AGFI
STAKES (M_ST)	.89	.97	1.397 (.529)	.004	.999	.996
ANALOGY(M_AN)	.86	.96	12.110 (.002)	.030	.988	.938
APPROBATION(M_AP)	.89	.97	34.981 (.001)	.046	.966	.932
AVAILABILITY(M_AV)	.83	.95	.620 (.733)	.008	.998	.997
RELATIONSHIP STRENGTH(M_RS)	.93	.98	8.585 (.014)	.015	.991	.956
INTERNALISATION(M_IN)	.92	.98	1.252 (.616)	.003	.996	.973

	R_IN	R_RS	R_ST	R_AN	R_AP	R_AV	M_IN	M_RS	M_ST	M_AN	M_AP	M_AV
R_IN	1.000						**.083**					
R_RS	.951	1.000						**.041**				
R_ST	.549	.418	1.000						**.093**			
R_AN	.696	.687	.774	1.000						**-.036**		
R_AP	.540	.675	.411	.850	1.000						**.076**	
R_AV	.923	.923	.648	.942	.913	1.000						**.133**
M_IN	**.083**						1.000					
M_RS		**.041**					.870	1.000				
M_ST			**.093**				.556	.694	1.000			
M_AN				**-.036**			.713	.836	.687	1.000		
M_AP					**.076**		.740	.875	.665	.987	1.000	
M_AV						**.133**	.454	.507	.595	.504	.781	1.000

Fig. 2. Correlation Matrix between the C-R and C-M Constructs.

Normed Chi-Square=1.977; RMR=.047; GFI= .926; AGFI=.903; RMSEA=.045 with p=.918). Discriminant validity assessed for the two estimated constructs by constraining the estimated correlation parameter between them to 1.0 and performing a chi-square difference test on the values obtained for the constrained and unconstrained models. All of the chisquare difference tests provided evidence that discriminant validity was achieved for the C-R and C-M measurement models. Reliability and variance extracted are calculated based on Fornell and Larker's(1981)s suggestion. Each score shows that the construct scored an acceptable level of reliability. Therefore, overall the constructs performed well and are considered fairly valid and reliable for further analysis.

2. Model Assessment

The developed conceptual model of this study was measured using the same sample for the C-R and C-M relationships. Although the conceptual structure is of one kind, two measurement models were involved in this study. Thus, discriminant validity was assessed before the theoretical model testing, using the applied Multitriat-Multimethod (MTMM) matrix suggested in Wothke(1996).

The correlation matrix, shown in Fig. 2, indicated that correlation coefficient values across the C-M and C-R dyads were much smaller than others that were

correlated within the C-R and C-M dyads. Therefore, the C-R and C-M models were verified as two different measurement models.

The overall hypothesized structural model was assessed through goodness-of-fit and was improved through modifications of the structural models. The results indicate that the proposed structural model achieved a good fit without a major modification. The final fit statistics for the C-R relationship model, presented in Fig. 3, are Chi-Square=376.048 with d.f.= 238 (p=.000); RMR =.048; GFI=.936; AGFI=.919; RMSEA=.034 (p=1.000).

The C-M relationship model was analyzed, following the same procedure as used with the C-R relationship model, exhibited in Fig. 4. All the parameters had a positive sign, and the standard error and t-value indicates that the parameter explains the data with good precision. The results indicated that the C-M structural model with six more correlated error parameters achieved a good fit. The final fit statistics were Chi-Square=454.476 with d.f.=237(p=.000); RMR=.049; GFI=.923; AGFI=.902; RMSEA=.043(p=0.977). Overall, the model performed in a manner that is consistent with the proposed theory.

V. Discussion

The results of this study contain information about the main aspects that consumers perceive to be
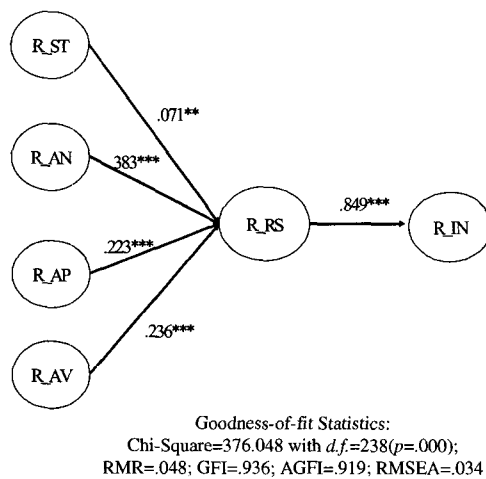
Goodness-of-fit Statistics:
Chi-Square=376.048 with $d.f.$=238(p=.000);
RMR=.048; GFI=.936; AGFI=.919; RMSEA=.034

Fig. 3. C-R Relationship Structural Model

Goodness-of-fit Statistics:
Chi-Square=454.476 with $d.f.$=237(p=.000);
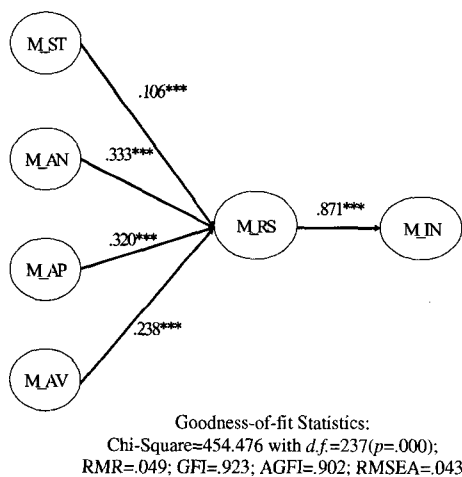RMR=.049; GFI=.923; AGFI=.902; RMSEA=.043

Fig. 4. C-M Relationship Structural Model

important in their relationship with firms. Practitioners may find the necessary elements for implementing relationship marketing with consumers in the four antecedents of relationship strength in this study. The proposed antecedents were confirmed theoretically and empirically, and they were applied to the C-R and C-M relational contexts. For both of the relational contexts, consumers perceived that stakes, analogy, approbation, and availability are important for an internalized relationship.

This study's new approach to the concept of internalization is also significant. In previous research,

the concept of internalization has been embedded in the concept of commitment. In this study, however, the concept of internalization has its own discrete identity. The conceptualization and validation of internalization should clear the way for future research to uncover how firms can develop stable long-lasting relationships with consumers by exploring further internalization in the channel relationships.

The concept of internalization also emphasizes the empirical meaning of the consumer in a channel system. The lack of a true partnership with consumers is a serious theoretical deficiency in suggesting relationship marketing theory in consumer markets. This is not only because it may impede an understanding of the consumer's perception of the relationship, but also because it limits implementation of the concept of creating relationships with consumers. Therefore, the verified concept of internalization of this study indicates potential for the creation of channel partnerships between consumers and firms.

Cooperative perspective relationship marketing suggested this study implies consumers' co-creation role in marketing processes. That is, consumers can go beyond consuming the product/service of the organization, performing some of marketing tasks, such as providing a new product idea, building a good image via word-of-mouth, monitoring marketing programs, and so on. Consumers' co-creation role increases consumers' participation in marketing activities and chances of incorporating consumers' needs and wants which will in turn increase consumers' satisfaction and efficiency in channel performance by reducing the costs associated with the tasks that consumers performed.

This work highlights several important avenues for the future. First, this model may be applicable to the dyad between retailer and manufacturer. Since a total channel relationship includes the consumer-firm as well as inter-firm relationships altogether, it is also important to look at the relationship between the related firms, the retailer and manufacturer dyad in addition to the consumer-firm dyad. Looking at these relationships would verify the developed measurement in the total channel system context, as well as explore the inter-connected

relationships in a conventional channel system from a larger perspective. Examining relationship between dyads in a total channel system would provide further insights into the circulating relationships in the total channel network system by revealing how the retailer-manufacturer relationship influences the other two dyads, the consumer-retailer and consumer-manufacturer relationships.

The development of a valid instrument for relation-ship marketing may constitute a major step toward empirical investigation in the B2C relationship context. The B2C relationship includes the retailer as a service provider and the manufacturer as a product provider, and these two dyads are completely different channels in the distribution system. However, embeddedness occurs when consumer derive utility from the two sources, simultaneously. Although the conceptual structure developed in this study was a kind, two measurement models were involved and this measurement models needed to be verified as a two different measurement models. Otherwise, examining two measurement models would turn out to be redundant. Thus, discriminant validity was assessed. The developed conceptual model was tested in the C-R and C-M relationship context to increase the general applicability of the model. The construction and validation of the measurement should help to spur research interest in a topic that has long been ignored and warrants much greater interest from relationship marketing scientists.

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