

Online relationship marketing: evolution and theoretical insights into online relationship marketing

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Abstract

Purpose – The purpose of this paper is to review the past, current and future trends in empirical research and theoretical insights into online relationship marketing.

Design/methodology/approach – Review over 100 empirical and theoretical studies in the online relationship marketing from top marketing and management journals.

Findings – This paper examined three areas pertinent to online relationship marketing: first, the evolution of online relationship marketing from pre-1990s to the present, which offers a temporal snapshot of changes in and an overview of the critical components that make up the structure of online relationship marketing; second, key theoretical perspectives are underlying the development of online relationship marketing; and third, empirical insights into online relationship marketing. In general, online relationship marketing has evolved from customers being passive receivers of online information and services to active co-producers and value co-creators.

Research limitations/implications – The paper identifies future research areas, including multiple layers of interactions, use of new technologies and platforms and the dark side of online communications.

Originality/value – The authors dedicated summary tables for each area, highlighting key findings, which in turn suggest a series of managerial recommendations for facilitating efficient, effective buyer–seller interactions and maximising firm performance in relation to online relationship marketing.

Keywords New technology, E-commerce, Empirical research, Theory, Online relationship marketing, Theoretical insights

Paper type Conceptual paper

1. Overview

Relationship marketing has been shown to generate strong customer relationships that enhance customer satisfaction, customer loyalty and firm profits (Firdaus and Kanyan, 2014). It stresses the importance of continuous interactions between the seller and buyer in order to develop a long-term relationship (Jain *et al.*, 2018; Palmatier *et al.*, 2006). Additionally, the increasing interest in online shopping has prompted many companies to move into cyberspace (Jensen and Wagner, 2018; Thaichon, 2017). The internet allows service providers to grow and deliver a unique opportunity to expand their business. Nevertheless, the impact of the internet and technology on relationship marketing are often not adequately investigated, leading to overstated hypothetical predictions of its future potential (Hart *et al.*, 2000). In many circumstances, the resources devoted to developing and retaining e-platforms are fruitless. Therefore, it is imperative to advance our knowledge of online relationship marketing.

To map the evolution of online relationship marketing and provide a thorough review of research insights, we highlight some relevant trends in the composition of online relationship marketing in response to technological change, which leads to some predictions regarding the future of online relationship marketing. In this paper, we examine three areas pertinent to online relationship marketing: the evolution of online retailing from pre-1990s to the present, which offers a temporal snapshot of changes in and an overview of the key components that make up the structure of online relationship marketing; key theoretical



perspectives underlying the development of online retailing; empirical insights into online relationship marketing; and future research directions suggesting key research areas in online relationship marketing.

2. Evolution of online relationship marketing

This study presents a novel idea on the evolution of online relationship marketing by identifying four main phases: phase 1 (the pre-1990 period), phase 2 (the 1990s), phase 3 (2000s) and phase 4 (2010s) (Table I). Each of these phases is characterised by different key trends and disruptions. In general, online relationship marketing has evolved from customers being passive receivers of online information and services to active co-producers and value co-creators.

2.1 Pre-1990: develop an online promotional strategy in line with customer gratification and expectation to build a successful relationship

Consumerism, which emerged in the 1970s, formed the principle of customers' need for information and pioneered the concept of relationship marketing leading to the period of the 1990s (Bagozzi, 1975). Firms had to anticipate the pre-purchase expectations and gratification of customers to ensure the development of a long-term relationship (Roshwalb, 1956). As customers required information beyond the quality of products, the internet offered firms the ability to develop a communications strategy that provides comprehensive information on the entire value chain to satisfy broader psychological needs of customers (Hawes, 1987; Markin, 1979). However, it was challenging for firms to reach customers online due to the lack of personal and physical interaction associated with a traditional store, leading to possible ambiguity of information (Christian, 1962). Furthermore, commercial internet service providers only began to emerge in the very late 1980s, and limited private connections to parts of the internet by officially commercial entities commenced in a few American cities by late 1989 and 1990. Therefore, during this stage, only a small number of customers were able to access the internet.

2.2 1990s: design online systems and networks to provide real-time information and create a relationship through credibility

During this period, there was an increase in the number of users "browsing" the internet which became a major source for news and information as an alternative to traditional media and a potential means of targeting target segments in a highly concentrated marketing effort (Tiwana, 1998). However, it was also more challenging for online firms to maintain their market share due to an increase in competition and the emergence of online trading companies (Alba *et al.*, 1997). Thus, to survive in the technology-driven online market, a firm needs to develop sophisticated networks to integrate key stakeholders and provide updated and accurate information to customers. Online relationship building with customers depended on the firm's ability to deliver timely and reliable information on product quality and pricing (Yuan *et al.*, 1998).

2.3 2000s: create a successful online relationship based on customer knowledge, social networks and e-WOM

This era emerged through the advancement of online technologies and the use of multiple devices by customers enabling uninterrupted connectivity and mobility (Bruner II and Kumar, 2005). The customers enjoyed a stronger affiliation with online firms that re-designed their online interface to stimulate social interactions (Kulviwat *et al.*, 2009). The online attachment created an opportunity to reach a broader customer base through social influence (Thompson and Arsel, 2004; Brown and Krishna, 2004). Also, the online collaboration between

	Develop online promotional strategy in line with customer gratification and expectation to build a successful relationship pre-1990s	Design online systems and networks to provide real time information and create a relationship through credibility 1990s–2000s	Create a successful online relationship based on customer knowledge, social networks and e-WOM 2000s–2010s	Moving forward with value co-creation and build customer equity through retention and repeat purchase 2010s–2020s
Theories	Uses gratification theory	Signalling theory	Social influence theory; Social capital theory	Value co-creation; Customer equity theory
Relationship with the buyer	Customer relationships are developed based on the quality, accuracy and effectiveness of communication. The advertising and promotional strategy of a firm should match the expectation of the customers	A firm can build a relationship with the customers by providing reliable and specific signals on product quality and pricing. The customers expect value for money and will evaluate options to minimise the risk of information overload in the online market. A firm can develop a long-term relationship by designing websites and user interface to provide up to date information with integrity and credibility. A successful online relationship with customers depends on the ability of a firm to reduce the risk of purchasing and consumption	Social influence provides a broader foundation for a firm to develop a relationship with customers. The online platforms enable social influence and a higher reach for a firm in identifying global customers beyond a physical target market. Social capital is created in the relationship between the firm and the loyal customers	The relationship is created through a customer centred decision-making process where a customer is considered as a co-producer. The balance of power and a symmetric relationship between the firm and the customers are required to ensure value co-creation. Customer equity is created by building a loyal customer base. The relationship depends on continuous interaction where financial return is justified through repeat purchase over the lifecycle of a customer
Key trends and disruptions	Factual information, consumer psychology, positioning, user gratification, imagination	Complexity of information, data manipulation, reliability, risk and uncertainty, Integrity	Social networks, loyalty, speed of information, engagement, goal congruence, sharing	Co-creation, autonomy, innovation, Life time value, customer retention, intellectual capital
Key insights	It was challenging for firms to reach customers online due to the lack of personal and physical interaction associated with a traditional store. Also, during this stage, only a small number of	During this period, there was an increase in the number of users "browsing" the internet. A challenge for online firms is to constantly provide latest information and stay ahead on competition. This era	A firm should focus on identifying and satisfying customers who has the potential to influence the behaviour of others through internet and social networks. A monitoring system is required to manage	A firm should develop online strategy to include sophisticated networks, automated processes and communications technology to encourage customer participation in value co-creation such as

Table I.
Evolution of online
relationship marketing

(continued)

	Develop online promotional strategy in line with customer gratification and expectation to build a successful relationship pre-1990s	Design online systems and networks to provide real time information and create a relationship through credibility 1990s–2000s	Create a successful online relationship based on customer knowledge, social networks and e-WOM 2000s–2010s	Moving forward with value co-creation and build customer equity through retention and repeat purchase 2010s–2020s
	customers were able to access the internet. However, pioneering firms needed to obtain a broader understanding of customer preference through computerised simulation modelling and build a strong relationship with customers	was driven by a knowledge-rich environment where firms were required to design and manage real-time market information systems to build a relationship with customers. The customers tend to trust firms with a higher capacity to filter and process online information on product quality and pricing with certainty and assurance	customer correspondence online real-time to ensure creation of positive e-WOM. The present and future consumption intentions and objectives of customers should be identified through proactive information collection and analysis. Firm should encourage customers to share ideas and intentions based on effective online communications	sharing of innovative ideas. The customers should be comfortable with the user interface of the websites and social media platforms to engage in effective collaboration. Online firms need to obtain post purchase feedback, request product reviews, and design loyalty schemes to develop customer equity
Illustrative papers	Bagozzi (1975), Bialaszewski and Giallourakis (1985), Christian (1962), Hawes (1987), Benson (1938), Markin (1979), Moran (1963), Roshwalb (1956), Steinberg and Plank (1987)	Achrol and Kotler (1999), Alba <i>et al.</i> (1997), Burke (1997), Hart <i>et al.</i> (2000), Herbig and Milewicz (1995), Parasuraman and Grewal (2000), Tiwana (1998), Weiber and Kollmann (1998), Yuan <i>et al.</i> (1998)	Bart <i>et al.</i> (2005), Brown and Krishna (2004), Bruner II and Kumar (2005), Danaher <i>et al.</i> (2003), Dholakia <i>et al.</i> (2009), Kozinets (2002), Kulviwat <i>et al.</i> (2009), Thompson and Arsel (2004), Stephen and Toubia (2010)	Bartl <i>et al.</i> (2013), Dechant <i>et al.</i> (2019), Dixit <i>et al.</i> (2019), Hollebeek <i>et al.</i> (2019), Lim (2019), McColl-Kennedy <i>et al.</i> (2019), Punyatoya (2019), Shaltoni (2017), Steils <i>et al.</i> (2019)

Table I.

firm and customers enabled the formation of mutual advantage and an increase in social capital through goal congruence (Bart *et al.*, 2005). A firm could develop an online strategy by recognising and rewarding key customers with the potential to influence the behaviour of others through the internet and social networks (Danaher *et al.*, 2003). A marketing information system and a database are required to facilitate online real-time customer correspondence to ensure the creation of positive e-WOM and a loyal community (Kozinets, 2002).

2.4 2010s: moving forward with value co-creation and building customer equity through retention and repeat purchase

The continuous advancement and complexity of new technologies evoked a higher user interest in online communications and enhanced the use of personal devices to access information (Bartl *et al.*, 2013). Growing access to online information enables customers to express their opinions and ideas on their consumption and experience and communicate with firms in real time (Hollebeek *et al.*, 2019). On the other hand, advanced technologies

allow firms to gather a significant amount of customer information and, as a result, be able to develop a good understanding of customer preferences, needs and wants. This leads to higher collaboration, greater customer power and a more balanced relationship, which enables a firm to build a loyal customer base and helps develop a core-competence (McCull-Kennedy *et al.*, 2019). Furthermore, it is important to design an appropriate user interface and demonstrate superior service delivery to create value to customers (Punyatoya, 2019), which ultimately results in more repeat purchases and higher lifetime customer value (Dechant *et al.*, 2019).

3. Theoretical insights into online relationship marketing

The theoretical insights pertaining to online relationship marketing are selected considering the significance and influence on the development of an online relationship between the firms and customers (Thaichon *et al.*, 2018). Although many theories can be used to explain online relationship marketing, we specifically focus on six theories (Table II) that are fundamental principles and most relevant to the stages of the online relationship marketing evolution specified in the previous section.

3.1 *Uses and gratification theory*

The uses and gratifications theory demonstrates that gratifications sought from the media can include diversion, entertainment and information (O'Donohoe, 1994). These motivations will vary according to the social roles and psychological disposition of individual audience members, such as the desire to enrich social and psychological needs (Hornik and Schlinger, 1981). Therefore, user expectations lead to different patterns of media usage and, as a result, customers tend to select a medium that is capable of delivering the anticipated communication (Simon, 2017). Customers often expect enjoyment and a feeling of connectedness in searching for information online (Lim and Kumar, 2017). In line with this thinking, Calder *et al.* (2009) reveal that customer participation in discussions and socialisation with other online users via a website can increase the effectiveness of firm-initiated marketing communications. Therefore, online firms need to invest in developing interactive and pleasurable experiences for customers in order to connect with them. They also need to identify the social and cognitive paradigms associated with each target market and develop a unique promotional strategy to position their products or services. In addition, effective communication and information exchange via social media can be used to motivate customers to engage in collaborative communications (Dolan *et al.*, 2016).

3.2 *Signalling theory*

Signalling theory indicates that customers face an information asymmetry on the entire decision-making process, from evaluating pre-purchase options to post-purchase consumption (Mitra and Fay, 2010). This creates an opportunity for firms to gain a competitive advantage by providing better information quality (Boulding and Kirmani, 1993). Although development of an effective signalling strategy can be challenging due to the unavailability of the tangible signals, which are only associated with physical stores (Katona *et al.*, 2011), different virtual informational cues, for example, website design, brand alliances, seals of approval, return policy and privacy disclosures can act as signals and may help customers to make inferences about a firm (Akdeniz and Talay, 2013). A convincing online strategy is required to increase customer confidence in receiving and interpreting information and, as a result, developing a positive relationship between a firm and its customers (Akdeniz and Talay, 2013). A firm should carefully design their websites and other online platforms to separate them from competitors and increase credibility and assurance (Aiken and Boush, 2006).

Key theories	Derived from	Definitions	Key takeaways	Illustrative studies
Uses and gratification theory	Hornik and Schlinger (1981)	Uses and gratifications theory indicates that individual motivation for information acquisition is determined based on social and psychological needs (Hornik and Schlinger, 1981). The user expectations lead to different patterns of media usage where customers opt for a medium that satisfy their unique needs and experience (Simon, 2017)	A firm needs to develop an interactive online platform that is simultaneously entertaining and informative to develop sustainable online relationship marketing (Luis Abrantes <i>et al.</i> , 2013). A firm should differentiate online strategy to satisfy customers' needs and wants (Lee <i>et al.</i> , 2013)	Luis Abrantes <i>et al.</i> (2013), Dolan <i>et al.</i> (2016), Lee <i>et al.</i> (2013), Lim and Kumar (2017)
Signalling theory	Boulding and Kirmani (1993)	Signalling theory indicates that buyers and sellers possess asymmetric information; therefore, customers use various online cues to make inferences about a firm and its offering (Boulding and Kirmani, 1993)	A firm can provide comprehensive information and different cues such as website design, brand alliances, seals of approval, return policy and privacy disclosures to facilitate a mutual understanding with potential customers and motivate them to purchase (Kirmani and Rao, 2000). Online firms can use signals to separate them from competitors and attract customers (Bonifield <i>et al.</i> , 2010)	Aiken and Boush (2006), Akdeniz and Talay (2013), Bonifield <i>et al.</i> (2010), Zeithaml <i>et al.</i> (2002)
Social influence theory	Kelman (1958)	Social influence theory proposes that an individual's attitudes, beliefs and behaviours are influenced by three theoretical processes, namely compliance process (i.e. the anticipation of others to gain reward or avoid punishment), internalisation process (i.e. influence related to group norms that match their goals and values) and identification process (i.e. adoption of a behaviour to develop or cultivate a good relationship with a social group) (Kelman, 1958)	Under social influence, online customer communities enable a firm to reach a broader online customer base via generation of positive e-WOM communication from satisfied customers (Katona <i>et al.</i> , 2011). However, firms should also pay attention to social influence created by customers through online reviews since any negative ideas or criticism can negatively influence the relationship with existing and potential customers (Cheng and Ho, 2015)	Cheng and Ho (2015), Katona <i>et al.</i> (2011), Kelman (1958), Sridhar and Srinivasan (2012), Wang <i>et al.</i> (2016)
Social capital theory	Coleman (1990)	Social capital refers to the resources derived from a network of relationships developed over a period of time such as structural (e.g. network ties), cognitive (e.g. shared language and understanding), and relational (e.g. friendship, relational norms,	Social capital theory identifies that stronger relationships between a firm and its customers leads higher levels of resources (Hartmann and Herb, 2015). A firm need to leverage social capital such as the power of the customers' network (Qu <i>et al.</i> , 2013). Furthermore, the willingness to	de Kervennael <i>et al.</i> (2009), Huang (2016), Mathwick <i>et al.</i> (2008), Qu <i>et al.</i> (2013)

(continued)

Table II.
Theoretical insights into online relationship marketing

Key theories	Derived from	Definitions	Key takeaways	Illustrative studies
Value co-creation	Vargo and Lusch (2004)	obligations and mutual identification) dimensions (Filieri <i>et al.</i> , 2014) Value co-creation signify a shift from product dominant logic to service dominant logic, positioning the customer as a co-producer of value (Vargo and Lusch, 2004). Customers are not a passive receiver of value but value is co-created between the firm and its active customer through interactions (Payne <i>et al.</i> , 2008)	solve customer problems and share resources through online collaboration can facilitate the creation of social capital to enhance customer loyalty and long-term retention (Mathwick <i>et al.</i> , 2008) The online environment provides firms with an opportunity use multiple platforms including websites, social media and related networks to effectively interact with customers, facilitate the exchange of resources and enable value co-creation process (Abeza <i>et al.</i> , 2018)	Abeza <i>et al.</i> (2018), Chen <i>et al.</i> (2018), Quach and Thaichon (2017), Zhang <i>et al.</i> (2018)
Customer equity theory	Hogan <i>et al.</i> (2002), Rust <i>et al.</i> (2004)	Customer equity theory recognise a customer as an asset of the firm where a long-term relationship between the firm and the customer leading to generating consistent profit over the effective economic life of a customer (Hogan <i>et al.</i> , 2002)	Customer equity theory encourages firms to focus on building a loyal customer base and emphasise on creating a path for marketing to be financially accountable on the basis of financial return over a period of time (Rust <i>et al.</i> , 2004). A firm should identify the total revenue and profit that can be generated from existing and prospective customers over the customer life cycle, and allocate resources based on optimal customer segmentation (Di Benedetto and Kim, 2016)	Jaiswal <i>et al.</i> (2018), Hwang <i>et al.</i> (2016), Zhang <i>et al.</i> (2016)

3.3 Social influence theory

Social influence theory proposes that an individual's attitudes, beliefs and behaviours are influenced by three theoretical processes, namely compliance process (i.e. the anticipation of others to gain reward or avoid punishment), internalisation process (i.e. influence related to group norms that match their goals and values) and identification process (i.e. adoption of a behaviour to develop or cultivate a good relationship with a social group) (Kelman, 1958). Online communities can benefit from functional and social benefits by collaboration and the sharing of knowledge (Wang *et al.*, 2016). The interactions between various online users can prompt the diffusion of information, generation of novel ideas and development of a common interest in consumption (Aral, 2011). Under the social influence, online customer communities enable a firm to reach a broader online customer base via the generation of positive e-WOM communication from satisfied customers (Katona *et al.*, 2011). However, firms need to monitor the social influence created by customers in online platforms, such as social media, since any adverse influence can damage the relationships (Cheng and Ho, 2015).

3.4 Social capital theory

The social capital theory identifies networks of relationships developed over time as resources (Filieri *et al.*, 2014). Social capital often takes different forms and includes different critical aspects, such as structural (e.g. network ties), cognitive (e.g. shared language and understanding) and relational (e.g. friendship, relational norms, obligations and mutual identification) dimensions (Huang, 2016). Social capital between buyers and sellers not only can help enhance dyadic relationships, but it can also increase customer involvement. The relationship between the firm and customers can result in collective benefits, including the sharing of tangible and intangible resources such as knowledge and values. Hence, organisations should leverage social capital in their long-term relationships with loyal customers (Huang, 2016). Furthermore, the willingness to solve customer problems and share resources through online collaboration will ensure the creation of social capital to enhance customer loyalty and long-term retention (Mathwick *et al.*, 2008).

3.5 Value co-creation

Service-dominant logic emphasises the value co-creation process in which customers are co-producers and engage in the exchange of resources (Vargo and Lusch, 2004). Payne *et al.* (2008) claim that customers are not a passive receiver of value, but value is co-created between the firm and its active customers through interactions. The online environment enables a firm to use multiple platforms to interact with customers and encourage their participation in the value creation process (Abeza *et al.*, 2018). Co-creating value requires firms to engage its customers and captivate and nurture the resources they share during this process, such as feedback and ideas for new product development (Quach and Thaichon, 2017). Firms can also inspire co-creation by developing online visitor communities, social clubs and brand associations (Zhang *et al.*, 2018). Greater value co-creation can lead to a better relationship between firms and customers (Chen *et al.*, 2018).

3.6 Customer equity theory

Customer equity is defined as "the total of the discounted lifetime values summed over all of the firm's current and potential customers" (Rust *et al.*, 2004, p. 110). This inspires firms to focus on building a loyal customer base and ensure decisions are financially accountable on the basis of return on investment over a period of time (Rust *et al.*, 2004). Customer equity theory recognises a customer as an asset of the firm, as a long-term relationship leads to consistent profit over the effective economic life (Hogan *et al.*, 2002). Therefore, a firm should

determine the total revenue and profit that can be generated from existing and prospective customers in order to identify key customers and allocate resources based on optimal customer lifetime value. A firm can segment customers based on online purchases and target stages of the lifecycle and consequently, design differentiated strategies such as providing incremental rewards to loyal customers to build sustainable online relationships (Jaiswal *et al.*, 2018).

4. Empirical insight into online relationship marketing

Table III presents the major areas in empirical online relationship marketing studies, namely, relationship quality, relationship development, dynamic value creation and destruction and technologies in online relationship marketing.

4.1 Relationship quality in online relationship marketing

It is critical that firms are able to develop and maintain the quality of their online relationship with buyers in order to increase customer lifetime value. Online relationship quality is widely recognised as a high-level concept that encompasses trust, commitment and customer satisfaction (Walsh *et al.*, 2010). Trust is defined as “a willingness to rely on an exchange partner in whom one has confidence” (Moorman *et al.*, 1993, p. 90). According to signalling theory, complete information and virtual cues such as product descriptions, website design and pricing can be used to establish trust in a virtual environment which lacks a human touch. Also, online firms need to be able to address customer privacy concerns, as well as increase the quality of online communications and the level of security in online transactions to build trust (Bart *et al.*, 2005). Once trust is established, customers are more likely to be more committed to e-commerce and online firms. In other words, they develop “an enduring desire to maintain a valued relationship” (Moorman *et al.*, 1993). Customer satisfaction is another determinant of trust and commitment and is determined by online performance, such as website quality and online customer service (Jain *et al.*, 2018). Firms that can build a high-quality relationship with customers can benefit from customer loyalty and engagement.

Loyal customers reward firms by an increase in repurchase intention, as well as a share of wallet. Also, they have a higher preference for the firm and are more likely to engage with firms, such as through participation in firm-initiated social media activities, thereby increasing customer engagement value. Customer engagement value is conceptualised as the mechanism of how a customer adds value to the firm through direct and/or indirect contribution (Pansari and Kumar, 2017). Apart from customer purchases contributing directly to firm value, there are three types of indirect contributions. The first one is customer-incentivised referrals, such as e-mail referrals, which are very effective in recruiting new customers who otherwise cannot be reached via traditional marketing channels (Kumar, 2018). Furthermore, customers can indirectly contribute to firms through their social media influence in a social network, which can also result in a ripple effect and extend to a larger group of customers (Hogan *et al.*, 2002). Finally, another indirect contribution to firm performance is customer feedback and suggestions to the firm populated via online platforms.

4.2 Relationship development

In order to achieve high online relationship quality, firms need to invest in relationship development. According to customer equity theory, this can be done through the facilitation of online interactions and communication with customers, and the establishment of customer-brand and customer–customer networks. In this process, social media plays an important role in helping firms establish an extension of customer relationship management (CRM), namely social CRM (Wang and Kim, 2017). Social CRM is defined as “the integration

Key constructs	Theory	Methodology/research context	Key findings	Illustrative study
<i>Relationship quality</i> Online trust influence	Signalling theory	Survey sampling frame is national family opinion's online panel across different industries (Websites)	It was found that privacy and order fulfillment are the most influential determinants of trust for sites in with high information risk and involvement whereas navigation has the strongest influence on trust for information-intensive sites. In addition, trust affects behavioural intent such as willingness to click through, leaving or resuming a site, sending e-mail messages, downloading trials, and placing an order	Bart <i>et al.</i> (2005)
Social media involvement; loyalty	Social exchange theory/ social capital theory	Field experiment Selected programme members participated in a Facebook group	The participants who gathered loyalty points through their social media engagement had significantly higher level of attitudinal loyalty towards the loyalty program and the company than that of the loyalty members who collected points solely through transactions	Rehmen <i>et al.</i> (2017)
Commitment; value; behavioural loyalty	Social identity theory	Survey Members of online group buying websites in Taiwan	Perceived value such as scheme value, hedonic value and social value influence affective commitment, which in turn have a positive impact on customer online loyalty, namely intention to revisit and purchase more	Chiu <i>et al.</i> (2018)
Commitment; trust; loyalty; social media context	Commitment-trust theory; social capital theory	Survey Online brand community members in India	Commitment to the customer-brand relationship is positively associated to the brand trust. Both trust and commitment in online brand communities are determinants of customer loyalty	Jan <i>et al.</i> (2018)
Satisfaction; loyalty; trust; value		Survey E-retailing customers	The study confirms that e-satisfaction has an impact on e-loyalty. This relationship can be impacted by consumers' individual level factors including convenience motivation, purchase size and inertia, and firms' business level factors such as trust and perceived value	Anderson and Srinivasan (2003)
<i>Relationship development</i> Firm incentives	Customer equity theory	Field experiment Members of an online shopping mall, Ebates	Higher incentives can increase the number of sent referral invitations, new members sign-ups and recruitment of new customers. The difference between incentives for senders and receivers have an impact on the e-referral rates. It is suggested that higher incentives for senders will improve the outcomes	Ahrens <i>et al.</i> (2013)
Social media strategy; social customer relationship management; firm performance	Dynamic capabilities theory; the resource-based view (RBV); value co-creation theory	Stochastic frontier estimation Social media (Facebook) data and COMPUSTAT North America, and Global Fundamentals annual databases	Integrating social media into marketing strategies is vital to strengthen customer engagement and firm performance. Social media can assist a firm to establish a new form of customer relationship management (CRM), named social customer relationship management (SCRM), and have an impact on firm performance	Wang and Kim (2017)

(continued)

Table III.
Empirical insights into online relationship marketing

Key constructs	Theory	Methodology/research context	Key findings	Illustrative study
Personalisation; customers' heterogeneous needs	Social capital theory; lead-users theory	Online survey customers of Tencent, a major internet service provider in China	Firms provide personalised webpages, virtual products and services, as well as allocate customised supporting resources to the customers in order to meet customers' heterogeneous needs	Wang and Li (2013)
Personalised recommender systems (PRS); customer satisfaction; purchase intention	Social cognitive theory; social interaction theory	Web-based experiments Apps and descriptions from Podgate (www.podgate.com), an online community in South Korea focussed on smartphone apps	The findings indicate that social interactions including self-referencing and social presence significantly increase the perceived accuracy and novelty of personalised recommender systems which in turn have a positive influence on user satisfaction as well as purchase intention	Choi <i>et al.</i> (2017)
Personalisation; sense of control	Interactive media effects (TIME) theory	Experiment/Online survey movie recommendation system	Offering customers the ability to customise their privacy settings at the outset improve user experience in the presence of both reactive personalisation (i.e. enabling customers to show their preferences before receiving personalised content) and proactive personalisation (i.e. automatically fetching it to them). Also, users with relatively less negative privacy experience does not experience much difference between proactive and reactive personalisation in triggering their privacy concerns	Zhang and Sundar (2019)
<i>Firm communications</i> Affective content; linguistic style match	Communication accommodation theory	Text mining Affective content and linguistic style properties of customer book reviews	Affective content and linguistic style matches in online reviews increases conversion rates such as percentage of customers who bought the product featured on the retail page in online platforms, demonstrating social influence. Therefore, online firms should find and promote the most persuasive reviews, create guidelines to motivate reviewers to write influential reviews, and adjust the style of their own editorial reviews	Ludwig <i>et al.</i> (2013)
Digital marketing communications; customer relationship management	Multiple-case study Six industrial firms	Multiple-case study Six industrial firms	Digital marketing communication can assist firms in strengthening the relationship communications with customers as well as boosting sales and generating awareness.	Karjaluoto <i>et al.</i> (2015)
Six complementary social media strategy; companies' communication; reputation	Corporate communication	Longitudinal explorative multiple-case study and theoretical sampling, Italian insurance context	Six complementary strategies of social media are egocentric, conversational, selective, openness, secretive and supportive strategies. They can be applied to firm communication and used to improve the performance of firms with high, medium and low reputation	Floreddu and Cabiddu (2016)

(continued)

Key constructs	Theory	Methodology/research context	Key findings	Illustrative study
<i>Consumer and brand network</i> Brand online social networking; consumer-brand relationships	Uses and gratifications theory	Self-administered web-based survey Consumer panel in the USA	Firms can provide information, monetary incentives, entertainment and connectedness of interactions and communications with other social network users to motivate customers to be involved in firm initiated social networks	Lim and Kumar (2017)
Relational benefits; customer loyalty; customer-based brand equity	Incentive motivation theory; equity theory	Survey Italian and Spanish social media users who were also online brand communities members	Customers can benefit from brand-customer relationships via social media. The findings show that both social and exploration benefits have an influence on Customer Brand Based Equity (CBBE) and loyalty, while monetary only impact loyalty and recognition benefits influence CBBE	Sánchez-Casado <i>et al.</i> (2018)
Social network trust; perceived value; willingness to pay	Social capital theory	Survey Students from a US university	The customer produces trust from social networks that can be transferred to the trust in business transactions which affects the willingness to pay on social network site. The perceived value of online connections and perceived playfulness have significant positive effects on customers' willingness to pay other members on social network sites	Han and Windsor (2011)
Influencer; adopter; diffusion process in online social networks	Diffusion theory; social influence theory; network closure theory	An individual-level diffusion model in which each individual is described by both his or her local network characteristics and demographic information	Local communication network structure, influencers characteristics and potential adopters' characteristics can impact the diffusion process in an online social network. An interesting finding is that the average influential power of a user reduces with the total number of their contacts	Katona <i>et al.</i> (2011)
<i>Dynamic value creation and description</i> Social influence; online ratings	Social influence theory	Online customer ratings of hotels Nested ordered logit model	Online ratings of other customers can reduce the effects of positive and regular negative features of product experience and can either intensify or reverse the negative effect of product failure, subject to the quality of product recovery. Overall, this shows that consumers who have an impact on others are themselves affected by other consumers and that this impact depends on their product experience	Sridhar and Srinivasan (2012)
Value co-creation and co-destruction; customers online engagement	Service dominant logic; Value co-creation and co-destruction	Open-ended questions via MTurk/Critical incidents technique customers had engagement-induced value	Customers are more likely to co-create value when they are delighted, feel valued and reciprocated, collect incentives, are asked for feedback, can rely on service recovery efforts and interact with helpful, empathetic, polite and responsive employees. On the other hand, co-destruction occurs when customer experience impolite employee manners, indifference, conflict	Zhang <i>et al.</i> (2018)

(continued)

Key constructs	Theory	Methodology/research context	Key findings	Illustrative study
Resource exchange; value co-creation; value co-destruction	Social resource theory; Value co-creation theory	co-creation or co-destruction experiences in online channels In-depth interviews Luxury customers in Thailand	with company representatives, technological issues, lack of complaint platforms and aspiration for revenge The online interactions between customers and a firm can involve exchange of resources such as love, status, information and services. It is acknowledged customers' individual expectations determine how their resources are used in their interactions with the brand. Value can also be co-created or co-destroyed with inputs and influence from customers and others, for example consumption communities and social network users Customer-to-customer user experience sharing is a significant driver of both firm-desired customer efforts and customer insights. Customers' user experience sharing can be significantly affected by their competence (technological sophistication) and willingness to share (enjoyment from helping others)	Quach and Thatchon (2017)
User experience sharing	Service dominant logic; value co-creation	Online survey smartphone app users who were visitors to or members of online communities		Chen <i>et al.</i> (2018)
<i>Application of new technologies</i>				
Technologies facilitating new business models	Intelligent Value creation	Case study Netflix and Spotify	The intelligent recommendation system highlights the importance of unique and suitable recommendations to customers through cross-referencing usage patterns across all users instead of relying on past consumption behaviour of an individual customer. This can be done by using the power of data mining technology	Rayna and Striukova (2016)
Recommendation system; data mining technology; cross-reference usage patterns	Resource dependency theory	Case study Empirical examples from Uber	The new business model, T-model, aiming at creating value by facilitating exchanges and transactions among two or more parties via a platform. The T-model is also considered representing two-sided markets	Andreassen <i>et al.</i> (2018)
<i>Technologies facilitating interactions and communications</i>				
Social listening; Big data; User generated content	Prospect theory; Outside-in marketing	Multivariate GARCH model; sentiment analysis The first study use data focussing on Apple's iPhone brand. The second study use data from 4 airlines: Delta, JetBlue, Southwest and United Airlines	Using the outside-in perspective, the study shows that engaging from an outside-in perspective, i.e., by listening in social media can enable firms to gain a competitive advantage. The study shows significant volatility spillovers between the growth rates of user-generated content and stock returns	van Dieijen <i>et al.</i> (2019)

(continued)

Key constructs	Theory	Methodology/research context	Key findings	Illustrative study
Data-driven online communication; Intelligent agent technologies (IATs)	Customer orientation; value creation	Grounded theory/interviews Managers from 50 companies in 22 industries	Intelligent agent technologies (IATs) are "computational systems that inhabit a complex dynamic environment and continuously perform marketing functions such as (a) dynamic scanning of the environment and market factors including competitors and customers, and firm actions impacting the marketing mix; (b) collaborating and interacting to interpret perceptions, analysing, learning and drawing inferences to solve problems; and (c) implementing customer-focussed strategies that create value for the customers and the firm within the boundaries of trustworthiness and policy". The usage of data-driven online communication and intelligent agent technologies can improve customers online experiences	Kumar <i>et al.</i> (2017)
Artificial Intelligence; innovation, multiple actor interactions	Value co-creation	Case study (open data coding and thematic analysis) IBM	This article highlights the value innovation facilitated by Artificial Intelligence (AI). The findings show that multiple actors can interact, cooperate, learn and find new ways to perform and serve others better and co-create value through AI. In general, AI can be used to promote networking and sharing practices for value creating and innovating	Russo-Spena <i>et al.</i> (2018)
Text mining; customer textual feedback; resources	Value cocreation	Case study The car park and transfer service in UK	The study proposes a framework to analyse customer feedback by covering three key components of the value cocreation process: activities, resources, and context. This framework facilitates use of text mining technology for analysis of customer textual feedback that enables firm to evaluate the influence of interaction processes on customer experiences. Text mining technologies help firms be able to timely assess customer experience feedback which is a condition for successful cocreation processes in an online environment	Ordenes <i>et al.</i> (2014)

Table III.

of traditional customer-facing activities, including processes, systems and technologies with emergent social media applications, to engage customers in collaborative conversations and enhance customer relationships” (Trainor *et al.*, 2014, p. 321).

One of the social CRM capabilities is the development of online content in social media, which demonstrates the ability to “generating, integrating and responding to information obtained from customer interactions that are facilitated by social media technologies” (Trainor *et al.*, 2014, p. 271). Effective marketing communication via social media assists firms in strengthening their relationship with customers, boosting sales, generating awareness and improving the firm’s reputation (Karjaluoto *et al.*, 2015). Moreover, Ludwig *et al.* (2013) suggest that online firms should find and promote the most persuasive reviews because affective content and linguistic style matching in online reviews increases conversion rates, demonstrating social influence. On the other hand, online CRM via social media can also involve negative electronic word-of-mouth (eWOM) which can have a detrimental effect on brand-customer relationship. Firms need to constantly monitor online conversations on social media and employ crisis management and corporate communications strategy to mitigate problems caused by negative eWOM, for example, ensuring timely response and effective use of brand advocates.

Furthermore, firms also invest in personalisation in order to address customers’ heterogeneous needs (Wang and Li, 2013), for example, targeted advertising, personalised webpages and individualised supporting resources to the customers. In addition, the emergence of online personalised recommendation systems allows companies to use customers’ data to understand their preferences and provide recommendations that match individual needs and wants (Choi *et al.*, 2017). Online personalisation helps to ensure that customers have positive experiences and contributes to the development of the overall firm-customer relationship (Zhang and Sundar, 2019).

4.3 *Dynamic value creation and destruction*

Drawing on service dominant logic, customers can be part of both value co-creation and co-destruction processes in their interactions with a firm. Value co-creation and co-destruction are two sides of interactive value formation that can occur at the same time (Smith, 2013). Firm investment marketing communications and brand social networks provide customers with opportunities to participate in the value co-creation process by sharing their resources, such as social capital, knowledge, information, status, love and emotions (Quach and Thaichon, 2017; Zhang *et al.*, 2016). For example, customers engage in dialogues with a brand, get involved in innovation and share their experience via online reviews, which increases the level of co-created value, thereby leading to positive outcomes (Chen *et al.*, 2018).

On the other hand, customers can also be valued co-destroyers if they experience resource misuse and consequently loss of well-being (Quach and Thaichon, 2017). Online interactions, especially in social media, not only happen between customers and the brand but also involve other participants. Hence, the value can be co-created or co-destroyed depending on inputs and influence of customers and other network users (Quach and Thaichon, 2017) as well as the required level of effort and/or resources to participate in the interaction process (Hollebeek and Chen, 2014). In the context of an online brand community, social influence can amplify the experience of co-destroyed values, leading to negative spillover effects and result in customers’ anti-brand behaviours that further reduce the perceived value that other network users can receive from the firm (Bowden *et al.*, 2017).

4.4 *Online technologies*

Technologies have been an essential component of online relationship marketing, facilitating online value co-creation and relationship development, which in turn improve

relationship quality. The internet and advances in logistical systems have enabled a new business model, T-model, aimed at creating value by facilitating exchanges and transactions among two or more parties via a platform (Andreassen *et al.*, 2018). Examples of the T-model include Uber and Airbnb. Furthermore, information technology, such as Big Data, machine learning and artificial intelligence, is another important force in online relationship marketing. For instance, Netflix uses an intelligent recommendation system enabled by powerful data mining and machine learning through cross-referencing usage patterns across all users to suggest options that match customers' preferences (Rayna and Striukova, 2016). Overall, firms should take advantage of the availability of customer data via online platforms, such as social media and websites and invest in innovative capabilities to handle Big Data, for example, social listening techniques, text analytics, photo and video analytics and location-based data, in order to effectively improve customer online experiences (Lemon and Verhoef, 2016).

5. Conclusions and future research directions

This study has provided an up-to-date systematic review of the literature on key aspects of online relationships. As indicated in previous sections, online relationships have evolved to a new dynamic stage that involves numerous changes, especially due to constant innovation. New technologies have brought both opportunities and challenges for online retailers. There are some key areas that future research could explore (Figure 1):

- Multilayers of online communications and interactions: customers have become co-producers in the value co-creation process with firms. However, the service system in which this process occurs is dynamic and involves networks of other providers, customers, partners and stakeholders (e.g. Quach and Thaichon, 2017; Vargo and Lusch, 2011). Recently, firms have increasingly used influencer marketing as part of their communications with customers (Jin *et al.*, 2019). This has resulted in complexity and challenges in managing firm communications, for example, the characteristics of the influencers (such as opinion leaders), the fit between the influencers and the firm, and the perceptions of customers of the firm. Furthermore, it is increasingly harder to measure the effectiveness of influencer marketing due to the invisible side of sharing called "dark social", which refers to technology-enabled but essentially untraceable methods of social sharing, such as e-mail and private messaging platforms (Martin and Hutchinson, 2018). In line with influencer

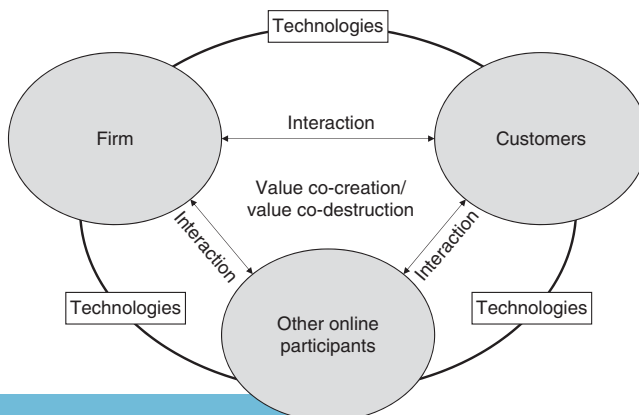


Figure 1.
A framework for
future research
directions

marketing, the practice of seeded marketing campaigns in which marketers select a certain number of customers to act as seed agents to generate buzz about a product, brand or company, has also become increasingly popular. However, extant research found mixed effects of this marketing tools in relation to other forms of promotional mix and activities. Future research could delve into different layers of interactions and investigate their inter-relationships.

- The dark side of online communications: the use of Big Data has led to better segmentation, targeting and personalisation. However, this results in greater levels of privacy concerns. Personalised advertising in microtargeting is considered “weaponised ad technology designed for consumer products and services”, said Sarah Golding, the president of the Institute of Practitioners in Advertising, an industry organisation in Britain (Singer, 2018). Furthermore, recent information breaches, such as the Cambridge Analytica data scandal, can increase the level of concerns. Customers are more cautious about privacy infringement and data vulnerability, which could lead to value destruction in firm–customer online interactions. Therefore, it is critical to find and deal with the tension between information use and privacy concerns.
- Technologies and platforms: there are many new technologies, such as mixed reality, big data and artificial intelligence, that have changed how online relationship marketing works. Big Data and machine learning allow companies to leverage new services and provide better and more personalised engagement opportunities for customers (Kunz *et al.*, 2017). For example, a firm can perform data mining (Ordenes *et al.*, 2014) for real-time monitoring of customer sentiment related to their brands, product, services, customers, activities and resources. Furthermore, blockchain technologies and their application in firm communications, such as programmatic advertising and brand protection against counterfeit (Kumar, 2018), are another fruitful area for research.

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