MARKETING CULTURE AS A DRIVER OF CUSTOMER FINANCIAL VALUE: INVESTIGATING WILLINGNESS TO PAY IN THE TOURISM SECTOR

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Abstract: ***The study examines the impact of three aspects of marketing culture on customer retention behavior and willingness to pay in domestic tourism in Vietnam. The three aspects examined include service quality, personal relationships, and innovativeness. Data from 420 Vietnamese domestic tourists in 2025 were analyzed using a linear structural model linear structural model based on covariance with 21 observed variables on a 5-point Likert scale. The results support all four hypotheses: service quality has the strongest impact on customer retention (β = 0.432), followed by personal relationships (β = 0.251) and innovativeness (β = 0.127, p = 0.028); customer retention has the largest impact on willingness to pay (β = 0.607), explaining 54.1% of the variance. The study contributes evidence that retention behavior has a stronger conversion process to willingness to pay than mere satisfaction attitude, extending Homburg et al. (2005) from attitude to behavior; simultaneously testing innovativeness at the individual retention level in domestic tourism for the first time.***

• Keywords: *marketing culture; customer retention; willingness to pay; Vietnam tourism.*

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1. Introduction

Vietnamese domestic tourism is on a strong development path, with 137 million visitors and total revenue exceeding the 1 million billion VND mark for the first time in 2025 (Vietnam National Administration of Tourism, 2025). However, the Government's Policy 4/2026 has pointed out the core issue: quantity growth has not been accompanied by growth in spending quality per visitor. In other words, the problem for the Vietnamese tourism industry is not only attracting more visitors but also increasing the exploitation value on each existing visitor. On the supply side, theoretical studies show that sustainable revenue depends on the quality of the enterprise's internal practices, not just the number of visitors (McKinsey & Company, 2021; Appiah-Adu, 2000; Hooley et al., 2005). However, most Vietnamese tourism studies focus on the demand side, destination image, satisfaction, loyalty (Tran et al., 2023, β = 0.35). The transmission process from marketing culture, retention behavior to willingness to pay has not been directly tested in domestic tourism. Homburg (2005) only measured satisfaction attitude to willingness to pay, and has not separated retention behavior as a mediating variable. Therefore, there are two main research gaps: (1) Retention behavior has not been separated from satisfaction attitude as a mediating variable; (2) Innovativeness has not been tested at the individual customer retention level.

To address this issue, we pose two research questions: the first research question: How do the three aspects of marketing culture (service quality, personal relationships, innovativeness) impact customer retention in domestic tourism in Vietnam? the second research question: Does customer retention (behavior) convert into higher willingness to pay compared to mere satisfaction attitude? The objective of this study is to explore the relationship between marketing culture and customer retention, as well as the impact of customer retention on willingness to pay.

Regarding theoretical contribution, this study extends Homburg et al. (2005) by demonstrating that retention behavior, not satisfaction attitude, is the conversion process to willingness to pay; simultaneously testing innovativeness at the individual customer retention level in domestic tourism for the first time.

2. Theoretical basis and research hypotheses

2.1. Theoretical background

Barney's (1991) Resource-Based View (RBV) argues that sustainable competitive advantage stems from resources satisfying four VRIN criteria: valuable, rare, inimitable, and non-substitutable. Marketing culture, a system of values, beliefs, and informal behaviors guiding how the enterprise serves customers (Webster, 1995), is an intangible resource fully satisfying these criteria. Specifically, marketing culture cannot be bought or copied in the market but is formed through a long

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process of experience accumulation and learning within the organization (Srivastava et al., 2001; Deshpandé & Webster, 1989). Its social complexity and historical dependence make it impossible for competitors to observe or imitate, creating a sustainable competitive barrier that tangible resources cannot replace.

Social Exchange Theory (SET) explains the process of marketing culture's impact on customers through the principle of reciprocity (Cropanzano & Mitchell, 2005; Blau, 1964; Homans, 1958). When the enterprise invests in customer-oriented values, customers form a psychological obligation to respond through a commitment to return and a willingness to pay higher. Trust built over time is the foundation of this process. However, the process of converting accumulated interactions into actual maintenance behavior, over multiple contacts, has not been fully tested at the behavioral level, especially in the context of domestic tourism. This is the gap this research aims to address.

The combination of RBV and SET provides a comprehensive theoretical framework for this research: RBV explains why marketing culture creates sustainable competitive advantage (idiosyncratic, hard-to-copy resources), while SET clarifies the impact process on customers through the accumulated exchange process over time. The proposed transmission chain is: Marketing culture impacts Behavioral Maintenance, thereby leading to Willingness to Pay, in which customer retention plays the role of a key mediating variable not yet tested in the context of domestic tourism in Vietnam.

2.2. Development of research hypotheses

2.2.1. Service quality and customer retention

Service quality is the most core aspect of marketing culture, demonstrating the enterprise's consistent commitment to serving customers (Webster, 1990; Luk, 1997). This consistency creates a psychological switching barrier: the cost of losing familiar experience and trust outweighs mere monetary costs, making customers less motivated to seek alternative providers (Barney, 1991; Hooley et al., 2005). According to Social Exchange Theory, customers receiving high-quality service form a psychological obligation of reciprocity, expressed through a commitment to continue associating with the enterprise (Cropanzano & Mitchell, 2005). This is the process connecting service quality to maintenance behavior. The consensus on the positive impact of service quality on customer retention does not stop at theory but is also strongly verified through much empirical evidence in different contexts. In the general service sector, Luk (1997) confirmed this correlation has high practical significance. Similarly, Appiah-Adu (2000) also found similar results when researching broadly across service industries. Particularly, in the high-end segment such as 5-star hotels, Abdullah et al. (2022) demonstrated that service quality is a prerequisite factor for retaining high-class customers. In the Vietnamese market, this stream of research is also continued and successfully verified; specifically, the study by Ha et al. (2023) in the culinary industry in Ho Chi Minh City affirmed that service quality has a direct and strong impact on customers' intention to return.

H1: Service quality has a positive impact on customer retention.

2.2.2. Personal relationships and customer retention

Besides service quality, personal relationships between employees and customers are viewed as an intangible but extremely important value source in service marketing activities. These relationships are built through a process of repeated contact, creating social values that regular discount or price reduction programs cannot replace, a viewpoint emphasized by Palmatier et al. (2006). Through the lens of Social Exchange Theory (SET), investing in personal relationships will activate social repayment rules much deeper than purely economic benefit-based transactions. When customers feel cared for and respected on a personal level, they form a strong reciprocal obligation, leading to a long-term attachment commitment, surpassing simple contractual constraints (Cropanzano and Mitchell, 2005). The validity of the above argument has been proven through many reputable empirical studies. Palmatier et al. (2006) conducted a meta-analysis on 38 different studies and concluded that relationship quality directly and positively impacts objective outcomes such as loyalty. At a more specific level, Pamacheche and Duh (2021) confirmed that commercial friendship brings specific valuation benefits to both parties in the exchange process. Particularly noteworthy is that when applied to the Vietnamese cultural context, the impact of personal relationships becomes even more evident. Vietnamese society has a high community orientation, where social relationships and personal sentiments are highly valued, therefore the factor of personal relationships affects consumer behavior more strongly compared to Western cultural contexts that emphasize individualism.

H2: Personal relationships have a positive impact on customer retention.

2.2.3. Innovativeness and customer retention (H3)

Creative innovativeness is viewed as a strategic resource helping the enterprise maintain competitive position and reduce the motivation to seek alternative competitors on the customer side. According to the views of Barney (1991) and Appiah-Adu (2000), continuous innovation creates unique values that competitors find difficult to copy immediately, thereby increasing customer attachment. Recent research by Tajeddini et al. (2024) also affirmed that achieving a balance between exploration and exploitation of resources will create a

sustainable advantage, helping the enterprise not only attract but also reinforce customer loyalty in the long term. This relationship is based on the premise that customers tend to attach to brands that bring novel and pioneering experiences, considering it a measure of service quality. However, some empirical evidence shows that this relationship contains paradoxical points that need to be reconsidered. Most previous studies prove the impact of innovativeness mainly at the aggregate outcome level such as revenue or market share, instead of directly expressing maintenance behavior at the individual level. Notably, Slater et al. (2011) pointed out an interesting contradiction: innovativeness is often more effective in attracting new customers than in retaining old customers. The authors argue that the novelty effect usually gradually diminishes after the first few contacts; when novelty becomes familiar, the motivation to maintain the relationship will shift to other factors such as trust or switching costs rather than merely innovation. From this contradiction, the research expects innovativeness to have a positive impact on customer retention, but with a weaker intensity compared to service quality and personal relationships, two aspects that accumulate over time rather than diminish. This is the first time this hypothesis is tested at the individual level in the context of domestic tourism.

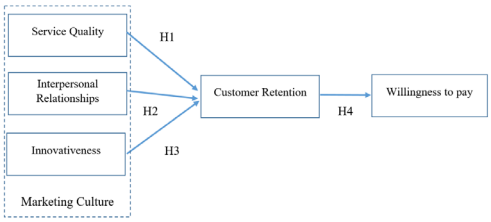
H3: Innovativeness has a positive impact on customer retention.

2.2.4. Customer retention and willingness to pay

Customer retention not only reflects the stability of the enterprise but is also a process of accumulating relationship capital and experience, helping to increase switching costs far beyond normal price comparisons. Based on Social Exchange Theory (SET), customers returning many times are viewed as investors of emotional capital in the service relationship, thereby creating a psychological lock-in. Cropanzano and Mitchell (2005) along with Palmatier et al. (2006) both emphasize that when the relationship lengthens, increased trust and social bonds make customers less sensitive to price fluctuations, willing to pay higher to protect the quality of the familiar experience. Nevertheless, there is still a research gap affecting the conversion process from behavior to payment attitude. Specifically, Homburg et al. (2005) confirmed that accumulated satisfaction attitude is a statistically significant predictor of willingness to pay (WTP). However, Homburg's (2005) study has not directly tested maintenance behavior as a specific behavioral evidence of that accumulated satisfaction. The question raised is whether actual maintenance behavior, the highest manifestation of loyalty, has a stronger conversion process to willingness to pay compared to simple satisfaction attitude. This is precisely the argumentative contribution this research aims for, to clarify the mediating role of behavior in the value chain.

H4: Customer retention has a positive impact on willingness to pay.

Figure 1: Proposed research model



3. Research methodology

3.1. Research design

This study applies a quantitative method with a cross-sectional survey to test research hypotheses and causal relationships between variables. The main data analysis tool selected is covariance-based structural equation modeling (covariance-based structural equation modeling) via software software AMOS. The reason for deciding to use CB-structural equation modeling stems from the superior advantage of this method in testing the measurement model through confirmatory factor analysis (confirmatory factor analysis) independently before proceeding to test the structural model (SEM). This two-step process allows for accurate assessment of the validity of the scales and elimination of unsuitable variables, thereby enhancing reliability for testing relationships between latent variables. This approach is assessed as the most suitable and rigorous for studies with complex latent variables, complying with the recommendations of Anderson and Gerbing (1988) as well as Hair et al. (2019).

3.2. Research sample

The research sample was selected using the convenience method, including 420 Vietnamese domestic tourists meeting the condition of having taken at least one trip within the last 12 months. Primary data was collected through a combined strategy between direct surveys at tourist spots and online survey forms, conducted in the period from July to December 2025. This multi-channel combination helps ensure diversity and representativeness for the subject of domestic tourists. The sample size of 420 observations not only meets the requirement for representativeness but also satisfies the minimum conditions on sample size for covariance-based structural equation modeling analysis to ensure statistical power, complying with the sample principles of Hair et al. (2019).

3.3. Measurement scales

The system of measurement scales in the study was built based on verified prior research works, including 21 observed variables measured by a 5-point

Likert scale from completely disagree to completely agree. Specifically, scales on service quality, personal relationship, and innovativeness were developed based on the research foundation of Webster (1990, 1993, 1995); the scale on customer retention referenced from Luk (1997); and the scale on willingness to pay was used according to Homburg et al. (2005). To ensure semantic and cultural context suitability, all original scales were translated and adjusted through a rigorous adaptation process suitable for the specific characteristics of Vietnamese domestic tourism.

3.4. Controlling common method bias and analysis process

To ensure the accuracy of results, the study implements measures to control common method bias (common method bias) including ensuring anonymity for respondents, random ordering of observed variables, and performing Harman's single-factor test. The data analysis process is performed in a logical sequence starting with Cronbach's Alpha reliability testing, followed by exploratory factor analysis exploratory factor analysis (using PAF principal axis factoring extraction method and Promax rotation), then confirmatory factor analysis confirmatory factor analysis, and finally the structural model structural equation modeling. The model fit level is evaluated through indices CMIN/DF, CFI, TLI, and RMSEA. At the same time, the convergent validity of the measurement model is tested through composite reliability (CR) and average variance extracted (AVE), while discriminant validity is assessed based on the criteria of Fornell and Larcker (1981).

4. Research results

The validation results show that all scales achieve Cronbach's Alpha > 0.6; no variables need to be eliminated. The set of scales meets the standard and exploratory factor analysis is conducted.

Table 1: Reliability testing of scales

Code	Scale	Number of Items	Cronbach's Alpha	Standard Deviation
IN	Innovativeness	3	0.821	2.248
IR	Interpersonal relationships	3	0.865	2.432
SQ	Service quality	5	0.906	4.271
CR	Customer retention	5	0.890	3.371
WTP	Willingness to pay	5	0.923	4.218

Sources: Author's data processing results

All 21 observed variables were put into EFA. KMO and Bartlett's test meet requirements; 5 factors were extracted exactly as the proposed model; no variables were eliminated.

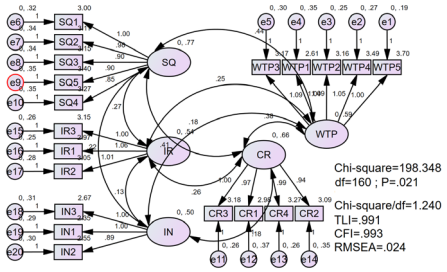
Table 2: Exploratory Factor Analysis (EFA) results

	Standard	Results	Conclusion
Factor loading	> 0,5	All > 0,5	Satisfactory
Explained Variance (Cumulative)	> 50%,	75.488	Satisfactory
Eigenvalue	> 1	All > 1	Satisfactory
KMO	≥ 0.5	0.922	Satisfactory
Kiểm định Bartlett	Sig. < 0,05	0.000	Satisfactory

Evaluation of measurement model fit

CFA results: CMIN/DF = 1.244; CFI = 0.993; TLI = 0.991; RMSEA = 0.024. The measurement model achieves a good fit level (Hair et al., 2019).

Figure 2. Structural model results



Evaluation of reliability and measurement validity

Composite reliability CR > 0.8 and average variance extracted AVE > 0.5 (Hair et al., 2019). Discriminant validity is confirmed according to Fornell and Larcker's (1981) criteria: AVE > MSV in all scales.

Table 3: CFA results and measurement validity

	CR	AVE	MSV	MaxR (H)	WTP	SQ	CR	IR	IN
WTP	0.924	0.709	0.417	0.926	**0.842**				
SQ	0.906	0.658	0.417	0.907	0.646***	**0.811**			
CR	0.890	0.670	0.360	0.893	0.600***	0.570***	**0.818**		
IR	0.865	0.681	0.202	0.865	0.449***	0.416***	0.431***	**0.825**	
IN	0.822	0.606	0.122	0.823	0.333***	0.349***	0.318***	0.257***	**0.779**

The structural model achieves fit: CMIN/DF = 1.403; CFI = 0.986; TLI = 0.982; RMSEA = 0.033. The relationship has statistical significance when |C.R.| > 1.96 (p < 0.05, Hair et al., 2019).

Customer retention has the strongest impact on willingness to pay (β = 0.607). Among the factors affecting customer retention: service quality is strongest (β = 0.432), followed by personal relationship (β = 0.251), innovativeness is weakest (β = 0.127; p = 0.028). All four hypotheses H1, H2, H3, H4 are supported at the 95% confidence level.

Table 4: Hypothesis testing results

Relationship	Estimate	S.E.	|C.R.|	Significant level
SQ → CR	0.432	.051	8.487	***
IR → CR	0.251	.057	4.412	***
IN → CR	0.127	.058	2.192	.028
CR → WTP	0.607	.048	12.589	***

5. Discussion of research results

5.1. Discussion of research results

The most prominent finding is that customer retention has the largest impact on willingness to pay (β = 0.607), surpassing all other variables in the model. This result extends Homburg et al. (2005): it is not satisfaction attitude but actual return behavior, the highest evidence of cumulative satisfaction, that has the strongest conversion process to financial value. Relationship capital and experience accumulated over many returns increase switching costs beyond price comparison, loyal customers pay more because they protect the

value of the invested relationship, not just because of good service. Service quality has the strongest impact on customer retention (β = 0.432), consistent with Luk (1997) and Abdullah et al. (2022). In Vietnam, Ha et al. (2023) also confirmed similar results in the culinary industry. This suggests that consistent quality creates psychological switching barriers, the cost of losing familiar experience overcomes pure monetary cost, especially effective in tourism where customers invest emotions into the destination. Personal relationship has the second significant impact (β = 0.251), consistent with Palmatier et al. (2006) and Pamacheche & Duh (2021). The difference compared to the Western context is that Vietnam's high collectivist culture amplifies this impact: customers maintain not only because of good service but because of social value accumulated in the relationship.

Innovativeness has the smallest but statistically significant impact (β = 0.127, p = 0.028). This result confirms the argument of Slater et al. (2011): service innovation attracts new customers more effectively than retaining old customers. This is the first time this argument is tested directly at the individual retention level in domestic tourism. Customer retention has the largest impact on willingness to pay (β = 0.607); extending Homburg et al. (2005) from satisfaction attitude to retention behavior. Compared to Hermawati et al. (2022) in East Java SMEs, both studies confirm the role of service quality and personal relationship, but this study goes further by proving that retention behavior, not satisfaction attitude, is the conversion process to financial value.

5.2. Managerial Implications

Regarding managerial implications, small and medium tourism enterprises in Vietnam should prioritize investing in consistent service quality and building personalized relationships with customers, these are two factors accumulated over time and converted directly into higher willingness to pay. Product innovation budget should focus on the new customer attraction stage, not the retention stage. Performance indicators also need to shift from number of visitors to spending value per customer, consistent with the Government's Policy 4/2026.

Conclusion

Regarding theoretical contribution, this study combines RBV and SET to explain the transmission chain from marketing culture to customer financial value, a theoretical framework not yet synchronously tested in the context of domestic tourism. In particular, the study extends Homburg et al. (2005) by testing retention behavior instead of just satisfaction attitude, while for the first time measuring the impact of innovativeness on retention at the individual level.

The study has three main limitations: cross-sectional design does not allow causal conclusions over time; convenience sample only from domestic tourists limits generalizability; and self-reported data may potentially harbor common method bias although control measures were in place.

Future research directions should consider: (1) longitudinal design to track the accumulation of relationship capital over time; (2) expanding to international tourists to test the generalizability of the model; and (3) testing the moderating role of business size or type of tourism service. By proving that retention behavior, not satisfaction attitude, is the process of converting marketing culture into financial value, this study provides empirical evidence for value-based domestic tourism development strategy

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