Relationship Marketing Model:  
The Effect of Emotion on Relationship Between Hoteliers and Customers of Five Star Hotels in Bangladesh

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ABSTRACT

To keep the customer loyal, today relationship marketing gets more and more attention in hospitality industry especially in the hotel business. This article develops a model of relationship marketing to empirically investigate: (1) the effect of emotions on relationship quality; and (2) the effect of both relationship quality and emotions on customer loyalty. Here empirical findings are derived from a survey of 284 loyal guests at five-star hotels in Bangladesh by using structural equation modeling (AMOS 21.0). The findings of this article provide strong evidence of the relationship between emotions and relationship quality, which in turn are necessary determinants of customer loyalty. Findings imply that increase of the positive emotions of customers will increase the relationship quality between the hoteliers and the customers, which ultimately introduce more loyal customers in the five-star hotels in Bangladesh and make the hotels pursue more competitive advantage, and long-term profit.

KEYWORDS

Customer Loyalty, Emotions, Relationship Marketing, Relationship Quality

1. INTRODUCTION

The marketplace today is very dynamic, vibrant and competitive. The customers are smarter, more informed, and have access to many channels and choices which they take little time to exercise. Customer can easily attract by the competitors who promise better offerings at lower prices (Bhardwaj, 2007). In order to remain competitive, firms need to build and enhance customer relationships by delivering value, which can’t be satisfied by the core product alone (Zineldin, 2006).

For hotel businesses, loyal customers are more profitable because they are more attached to the hotel and easier to serve than those of non-loyal customers (Tepeci, 1999). Bowen and Shoemaker (1998) justify that that a small increase in loyal customers can result in a substantial increase in profitability. Further, Kim and Cha (2002) argue that the more the customer stays in the hotel, the more profitable it is for the hotel. According to Reichheld and Sasser (1990), hotels could improve their profits from two to eight percent by reducing customer defections by five percent. The benefits of customer relationship marketing, however, are not limited to service firms. Customers benefits
include provide the information as needed, customization of product and services (Crosby et al., 1990), and reduced the purchase risk and give them more psychological comfort (Bejou, 1997; Grönroos, 2004; Berry, 2002).

In this article, five-star hotels had been chosen because different research indicates that relationship marketing practice are occurred more in five-star hotels than in midrange or budget hotels (Kim and Cha, 2002). The focus of this study was to find out how the customers view their relationships with hoteliers.

Here two five stars hotels in Bangladesh were included among the three five-star hotels in Bangladesh (Pan Pacific Sonargaon hotel, Radisson Water Garden hotel and Westin hotel): Pan Pacific Sonargaon hotel, Radisson Water Garden hotel. To fulfill the requirements of a five star hotel, these three five star hotels in Bangladesh try to provide as much facilities as possible to their customers. This research will help managers of these hotels to deal with more different types of guests, with relevant information and can improve their relationship marketing programs and can increase the percentage of repeated visitors every year.

2. LITERATURE REVIEW

2.1. Relationship Marketing

Relationship marketing is one of the oldest approaches to Marketing (Zineldin and Philipson, 2007) and Over the past twenty years, relationship marketing has represented a renaissance in marketing (Bonnemaizon et al, 2007) and it embodies international, industrial and services marketing and in a business context is superseding traditional marketing theory (Davis, 2008). The concept of relationship marketing has emerged within the field of services marketing and industrial marketing (Dwyer et al., 1987; Thorbjornsen et al., 2002; Swaminathan et al., 2007; Bolton et al., 2008; Ndubisi and Wah, 2005) and blossomed in the late 1980s and 1990s (Beetles and Harris, 2010).

In an early conference paper, Berry (1983) defines relationship marketing as attracting, maintaining, and enhancing customer relationships. This is similar to the popular definition proposed by Grönroos (1990). However, Grönroos (p.5) while viewing relationship marketing “to establish, maintain, enhance with customers and other partners, at profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfilment of promises.” In contrast, Kim and Cha (2002) conducted research in the context of hospitality industry, and defined relationship marketing as “a set of marketing activities that attract, maintain, and enhance customer relationships for the benefit of both sides, emphasizing on retaining existing customers” (p. 323). According to Kotler and Keller (2009) customer relationship marketing is the process of attracting, building and retaining customers. Melbourne (Vic.). Council., (2009) relationship marketing defined RM as a shared vision and commitment for the hospitality sector, with agreed goals to work together. This vision can only be achieved through collaboration. A significant benefit that can be derived from successful relationship marketing (RM) in a business is the development of loyalty in customers. Hennig-Thurau, Gwinner & Gremler (2002) mentioned that customer loyalty and positive word-of-mouth recommendations are usually the two outcomes of effective RM. Another advantage derived from relationship marketing is the increased profitability that stems from the retention as opposed to capturing new customers. Firstly, customer retention can be defined as the ‘ability of a firm’s offer for a customer to purchase or patronage its product over a specific time period.’ (Shajahan, 2004. p. 109). This is as not all customers are worth the additional effort as well as cost to retain, certain customers are with more important with regards to their perceived value to the company as well as potential for development in the future (Buttle, 2009). In the context of a hotel for example, a hotel might want to centre its attention on the higher spending, more affluent members of its clientele, as they represent more profits for the company as compared to the ordinary spending customer that patronizes the hotel. With these measures and understanding of customer retention in place, hotels
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