Relationship Marketing Model – The Practice of Relationship between Hoteliers and Loyal Customers of Five Star Hotels in Bangladesh

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Abstract

This study develops a model of relationship marketing to empirically investigate: (1) the effect of relational bonds (financial, social and structural) on customer emotions; (2) emotions on relationship quality; and (3) the ultimate effect of both relationship quality and emotions on customer loyalty. Data were collected from a survey of 284 loyal guests at five-star hotels in Bangladesh and examined their perspectives as end users using structural equation modeling (AMOS 21). The emotion, which is considered to be an important construct here is used never before to investigate the loyalty of the customers in five star hotels in Bangladesh. Findings imply the need of relational bonds in service firms especially in hotels business, to increase the positive emotions of customers which in turn increase the relationship quality between the hoteliers and the customers so that more loyal customers are introduce in the five star hotels in Bangladesh and make the hotels pursue more competitive advantage, and long-term profit.

Key words: Relationship Marketing, Relational Bonds, Emotion, Relationship Quality, Customer loyalty.

JEL Classification: M31

1. Introduction

Today customer relationship marketing get more attention by academics and practitioners, because the economic as well as competitive advantages can be achieved by retaining existing customers as well as recruiting new ones (Anderson et al., 1994; Price and Arnold, 1997; Verhoef, 2003; Ndubisi, 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 study 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 help the hotels to get on an average 35% to 55% repeated visitors in a year vary on the basis of hotel’s facilities. This study 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.

This study is concerned with advancing the understanding of the long-term relationships, focusing on loyal customer within a hospitality service. Furthermore, for the first time linkages between relational bonds — financial, social and structural — and emotions, emotions and relationship quality have been integrated into one relationship model in Bangladesh context. This addresses a gap in the literature by providing a more complete model within the context of relationship marketing of five star hotels in Bangladesh. This is consistent with Anderson and Kumar (2006), who argue that even though many scholars have attempted to explain the development of buyer-seller relationships, few have paid attention to the role played by emotions in this process. In accordance with Anderson and Kumar (2006), this study then seeks to contribute to the existing literature by investigating the integration of emotions as an important component in buyer-seller relationship development. Though Shammou (2007) investigate the relationship among these variables but his research is based on Arab five star hotels only. In Bangladesh no research is based on five star hotels and no theses is done to show the link between relational bonds, relationship quality and customer loyalty and the effect of emotion on them in hotel businesses in Bangladesh.

Within the relationship marketing literature, relational bonds including financial, social, and structural bonds have been treated as main components in buyer-seller relationships (i.e., Arantola 2002; Håkansson, 1982; Liang and Wang, 2005; Lin, Weng, and Hsieh, 2003). Bonds have been defined as “psychological, emotional, economic, or physical attachments in a relationship that are fostered by association and interaction and serve to bind parties together under relational exchange” (Smith, 1998, p. 78). Here the author discuss about these three types of bonds, before moving on to a discussion of the outcomes of increased relational bonds.

1.1 Financial Bonds

Financial bonds are referred to as frequency marketing or retention marketing, where the service provider uses economic benefits to secure customer loyalty (Berry and Parsuraman, 1991; Berry, 1995). Sometimes non-monetary, time savings are also proposed as ‘financial’ bonds, (Lin, Weng, and Hsieh, 2003). An example of financial bonds is a hotel chain providing free or discounted travel services to frequent guests through loyalty programs (Berry and Parsuraman, 1991). In Bangladesh, five star hotels try to provide discounts to those customers who always prefer their hotel to stay and during their check in, this kind of financial bonds are mostly
provided. Berry and Parsuraman, (1991) and Berry (1995) point out that the problem associated with financial bonds is that they are the easiest type of bond for competitors to imitate.

1.2 Social Bonds

Social bonds represent personal ties between the consumer and organization, i.e. interpersonal relations, friendships and identifications. Berry and Parasuraman (1991) and Berry (1995) referred to social bonds as intermediate level where the service provider goes further than price incentives to build lasting relationships with the customer, building social bridges for securing customer loyalty. Liang and Wang (2005) also point out that firms build friendship by giving gifts to their customers, which serves to build stable relationships and enhance relationship quality. In Bangladesh five star hotels provide different types of gift for their loyal customers such as, as a member of Global Hotel Alliance, Pan Pacific Sonargaon hotel provide their customers with different types of traditional saris like Mosline, Jamdani. That’s why the author prefers social bonds for this study.

1.3 Structural Bonds

Structural bonds are considered the highest level of relationship marketing as companies can maintain their relationships with customers through adding structural ties in addition to the financial and social relationship (Berry and Parasuraman, 1991, Berry, 1995). For example, the Scandic hotel chain introduced WAP-based technologies (i.e. web based communication) to improve communication with their customers (Louvieris, Driver, and Powell-Perry, 2003). Regular guests were provided with a WAP-enabled device, on which to access reservation and other information, which provided value-adding services for customers that were not readily available elsewhere. In Bangladesh, though the hoteliers can’t provide WAP facilities, but try to provide the respected and renowned persons with personalized services.

1.4 Relationship Quality

Relationship quality has been used as one of the relationship outcomes in the proposed model in this study. Relationship quality has been viewed as “an overall assessment of the strength of the relationship and the extent to which it meets the needs and expectations of the parties based on a history of successful encounters or events” (Smith, 1998). While there is no specific components comprising relationship quality construct, there is general agreement that customer satisfaction with the service provider’s performance, trust in the service provider, and commitment to the relationship with the service firm are key components of relationship quality (Palmer and Bejou, 1994; Dorsch et al., 1998; Smith, 1998, Hennig-Thurau, 2002; Palmatier et al., 2006; Wang et al. 2006). While there is no specific components comprising relationship quality construct, there is general agreement that customer satisfaction with the service provider’s performance, trust in the service provider, and commitment to the relationship with the service firm are key components of relationship quality (Palmer and Bejou, 1994; Dorsch et al., 1998; Smith, 1998, Hennig-Thurau, 2002; Palmatier et al., 2006; Wang et al. 2006). Parsons (2002) acknowledged that RQ should contain at least two dimensions including trust and satisfaction. By
integrating different viewpoints, Chakrabarty et al. (2007) assessed that RQ is measured through trust, commitment, culture, interdependence, and communication. The importance of relationship satisfaction, trust and commitment can be linked together as an overall indicator of the higher-order construct of relationship quality. It is assumed that better relationship quality is accompanied by greater satisfaction, trust, and commitment, although these three attitudinal dimensions are distinct, consumers tend to view and evaluate them as a group together (Ruben, 2007; Gerrard M. and Lawrence S.L., 1997; Nelson, 2007b; Julie, 2006; Roger, 2007; P. Rauyruen & K.E. Miller, 2007). Therefore, trust, satisfaction, and commitment are intimately interconnected in the conceptualization of relationship quality (Yang & Wu, 2008). As pointed out by Garbarino and Johnson (1999), these three dimensions (or evaluations) can be used to summarize a consumer’s knowledge and experience with a particular service provider and lead to subsequent consumer actions. Palmatier et al. (2006) identified that trust; commitment and satisfaction are the dimensions of relationship quality that most often studied. As these three dimensions form the basis for in depth understanding of relationship quality in this study, they are discussed separately below:

1.4.1 Trust

Trust is an important factor in affecting relationship marketing and customer loyalty. If one party trusts another, such a party is willing to develop a positive relationship with other party. The more the customers trust the service provider, the more they satisfied with them and committed for the organization, which ultimately create loyalty. Trust as an element of customer loyalty has an influence on building customer loyalty (Aydin & Ozer 2005: 146; Chen & Xie 2007: 64; Du Plessis 2010: 91–92).

1.4.2 Satisfaction

Roberts-Lombard (2009: 73) defines customer satisfaction as “the degree to which a business’s product or service performance matches up to the expectation of the customer. If the performance matches or exceeds the expectations, then the customer is satisfied, if performance is below par then the customer is dissatisfied”. There is a direct link between relationship quality and satisfaction (Balaji 2009: 54–55). If a customer feels that he has a satisfying relationship with the organization, he may continue his relationship with that organization. (Rootman 2006: 77).

1.4.3 Commitment

According to Morgan and Hunt (1994), commitment comes from trust, shared values and the belief that it will be difficult to find another one that can offer the same value. Customers who are committed to a relationship might be act in a same way because they need to remain consistent with their commitment (Liang & Wang 2005: 66). More committed customers tend to form a positive overall impression of the total duration of the relationship, including different transactions, positive and negative, and these customers exhibit strong intentions to stay in the relationship (Du Plessis 2010: 96).
1.5 Emotion

Emotion is considered to be an important variable in customer relationship development. No theses consider this factor as an important one for the customers of five star hotels in Bangladesh before. The bonds used in this study make hotels capable to establish relationship that can transform hurried, stressed group of business persons into relaxed, comfortable and loved individual. Numerous researchers (Westbrook & Oliver, 1991; Matilla & Wirtz, 2000; Smith & Bolton, 2002) have conducted research around consumption emotions in the service industry and specifically in the hospitality industry. As a result of their research efforts, consumption emotion has been defined as a set of emotional responses elicited specifically during product usage or consumption experiences. Each of their research efforts explores various elements of emotion as described either by the distinctive categories of emotional experience, expression (joy, anger and fear), or by the structural dimensions underlying emotional categories, such as pleasantness/unpleasantness, relaxation/action, or calmness/excitement emotions (Westbrook & Oliver, 1991). When looking at consumption emotion, recent literature clearly indicates that the customer associates both positive and negative emotions with the service encounter; which in turn, plays a significant role in the customer’s degree of satisfaction, loyalty and future behavioral intention (Allen, Machleit & Kleine, 1992; Oliver, 1993; Richins, 1997; Barsky & Nash, 2002).

1.6 Customer loyalty

Customer Loyalty is considered as the most important part of relationship marketing (Palmer, 1994); and central to the paradigm of relationship marketing (Hart et al., 1999). The significance of this loyalty came from the idea that maintaining a customer is more profitable than winning a new one because: (1) the cost is less in serving loyal customers than other customers (2) A very few loyal customers are price sensitive, and (3) loyal customers spend more with the company than others (Berry and Parasuraman, 1991; Dowling and Uncle, 1997; Bowen and Shoemaker, 1998; Tepeci, 1998; Noon et al, 2003). Customer loyalty is also one major driver of success in the hospitality industry (the context of this thesis). Pullman and Gross (2004) acknowledge that loyal customers are the key to success in the hospitality setting. Bowen and Shoemaker (1998) also maintain that a small increase in loyal customers can result in a substantial increase in profitability. Further, Kandampully and Suhartano (2000) claim that, for the future survival of hotel organizations, customer loyalty is a necessary prerequisite. Furthermore, Tepeci (1999) found that loyal customers are more profitable because they are easier to serve than non-loyal customers. From a customer perspective, Reichheld (1996) maintains that customers are willing to invest their loyalty in businesses that can deliver superior value relative to competitors. Similar to this, Yang and Peterson (2004) also acknowledge that there is a tendency for customers to avoid searching, locating, and evaluating purchase alternatives, which predisposes them to be loyal to one company. That is, when customers become loyal, they tend to avoid such processes that consume the time and effort required to be accustomed to new vendors.
2. Problem Formulation

Today globally the hospitality industry is facing a more competitive environment that is forcing it to develop more loyalty opportunities and sustain them, the question is then that whether there is any successful component of a relationship marketing, which can lead to enhance loyal customers? This question leads to develop a thesis on customer relationship marketing, which can be used in securing customer loyalty in five star hotels.

The more the bonding is provided to the customers, the more committed the consumer will become. Though there is empirical evidence that suggest that relational bonds are associated with relationship quality (Smith, 1998; Wang et al., 2006), a number of critical research gaps remain there and one of these gaps is a lack of systematic investigation into the impact of relational bonds – financial, social and structural - on customer emotions in five star hotels in Bangladesh.

Today the emotional response of customers is becoming an important part in relationship marketing. Barnes (1997, p.774) argued that, “a relationship cannot be thought to exist without emotional content." Hence, this study proposed a relationship marketing theory in which relationship quality was not only the variable influenced by relational bonds – financial, social and structural but customer emotions was also hypothesized to be an important variable.

Furthermore, this study also investigates the affect of emotions on relationship quality, as this association is important in customer relationship development. Although Shammout (2007) is the only researcher who investigate the association between emotions and relationship quality, but he did it only to find out the link between emotions and relationship quality in the Middle East five star hotels not anywhere else. This suggests that there was another gap in the literature that needs to be explored. Accordingly, the following four questions set out the problem of this study:

1. What are the common characteristics of successful relationship marketing programs that lead to customer loyalty?
2. What is the significant influence of relational bonds on relationship quality and customer emotions for customers of five-star hotels in Bangladesh?
3. Do emotions of customers influence relationship quality and customer loyalty?
4. Is relationship quality important in determining the loyalty that customers have with five-star hotels in Bangladesh?

3. Methodology

The samples of the study— loyal guests of two five-star hotels in Bangladesh — were purposively chosen. Here loyal guests were chosen on basis of those who have stayed three nights or more a year on that hotel and revisited the same hotel almost every year. The results indicate differences in the demographics of the respondents including gender, age, educational qualification, and number of nights. As can be seen, the analysis of the final sample profile showed a higher number of male (211) respondents than female (73), representing a ratio of 74.5% and 25.5%, respectively. The mean age of the respondents was within the range 45-54 years.
In regard to the guests’ employment, the highest percentages were for the guests employed in business, commerce and finance (almost 60%). With respect to education, the respondents were mostly completed an undergraduate degree (58%) and postgraduate education (i.e., 25% had a university degree). In terms of the length of stay, the guests who stayed in the range between 5-9 nights were 60%, those who stayed 10-above nights were only 5%. In the case of purpose of visit, the conducting business was 45%, percentage of guests seeking leisure was 15%, and attending conferences was 13.5% (respondents could indicate more than one purpose of a visit).

Five-star hotels were selected because, as previous research indicates, five-star hotels use relationship marketing practices more frequently than mid-range or budget hotels (Kim and Cha, 2002).

Questionnaires were given out to the guests who were staying on those hotels. Using this procedure, 400 questionnaires were distributed in two hotels (Pan Pacific Sonargaon hotel, Radisson Water Garden hotel), i.e., 200 questionnaires per hotel. The questionnaires were given to the guests through the front desk at each participating hotel chain (Pan Pacific Sonargaon hotel, Radisson Water Garden hotel). Using this method, all the guests were given a questionnaire when they checked in, and returned them again when they checked out. In this case, the guests had the chance to fill out the questionnaire at any time during their stay. According to Zikmund (2003), this method is called drop-off, because the researcher traveled to the respondents’ locations to drop-off the questionnaires, and picked them up after they had finished. After 6 months data collection 284 samples were collected. The questionnaire was developed using 5-point Likert type scale, where for relational bonds, relationship quality and customer loyalty, the author use strongly agree to strongly disagree (1 = strongly disagree, 2 = disagree, 3 = neither/nor, 4 = agree, 5 = strongly agree) and for emotion, never to very often that means (1 = never) to (5 = very often). A total of 17 items (i.e., four items for financial bonds, five items for social bonds, eight items for structural bonds) 7 items from the relationship quality, 8 items from the customer loyalty were adapted from previously tested scales. A total of 14 emotion items were included, with positive emotion and negative emotion. The instrument was pre-tested to ensure that the questions were clearly understood and there was no ambiguity in questions.

Reliability in this study was firstly measured by using Cronbach’s (1951) coefficient alpha and then using confirmatory factor analysis (CFA). As for Cronbach’s coefficient alpha, Table 1 shows that all the constructs were equal or exceed the suggested level of .70 (Nunnally, 1978). For using confirmatory factor analysis, CR and AVE were calculated from the CR formula and AVE formula given by Fornell and Larcker (1981). Bagozzi and Yi (1988) recommended that CR should be equal to or greater than .60, and AVE should be equal to or greater than .50. Based on these assessments, measures used within this thesis were within the acceptable levels supporting the reliability of the constructs (see Table 1) As Bagozzi (1980) argued, construct validity is a necessary perquisite for theory testing. In this study, results obtained from goodness of-fit indices confirmed construct validity (Hsieh and Hiang, 2004). As for convergent validity, evidence has been found in which all factor loadings for items measuring the same construct are statistically significant (Anderson and Gerbing, 1988; Lin and Ding, 2005; Holmes-Smith et al., 2006). As indicated in Table 1, all factors included high loadings (greater than .50) and were statistically significant (P<0.001). The results of AVE presented in Table 1 provide an additional support for convergent validity.
### Measures of the Constructs and Descriptive Statistics

<table>
<thead>
<tr>
<th>Items</th>
<th>Standardized Loading</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Cronbach’s alpha (α)</th>
<th>C.R</th>
<th>AVE</th>
<th>Deleted items</th>
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<td>.594</td>
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</table>
The hypotheses that the author proved were as follows:

- **H1a**: Financial bonds will positively affect relationship quality.
- **H1b**: Social bonds will positively affect relationship quality.
- **H1c**: Structural bonds will positively affect relationship quality.
- **H2a**: Financial bonds will positively affect emotions.
- **H2b**: Social bonds will positively affect emotions.
- **H2c**: Structural bonds will positively affect emotions.
- **H3**: Customer emotions will influence relationship quality.
- **H4**: Customer emotions will influence customer loyalty.
- **H5**: Relationship quality positively affects customer loyalty.
4. Problem Solution

The indices for goodness-of-fit demonstrate that this model fits the data adequately, even though chi-square was significant ($x^2 = 583.64$, df = 334, $P = .000$, $N = 284$). The GFI was .880, AGFI = .850, CFI = .900, RSMEA = .051, $x^2 /df = 1.74$. The results obtained from goodness-of-fit indices show that model fit the data adequately, despite the chi-square being significant. This chi-square estimate rejecting valid model in large sample size is commonly accepted (Bagozzi and Yi, 1988).

Table 2

<table>
<thead>
<tr>
<th>Hypotheses Relationships</th>
<th>Estimate</th>
<th>S.E</th>
<th>C.R</th>
<th>p</th>
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<td>H1a</td>
<td>Financial bonds $\rightarrow$ Relationship Quality</td>
<td>.305</td>
<td>.146</td>
<td>2.089</td>
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<td>H1b</td>
<td>Social bonds $\rightarrow$ Relationship Quality</td>
<td>.341</td>
<td>.125</td>
<td>2.733</td>
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<tr>
<td>H1c</td>
<td>Structural bonds $\rightarrow$ Relationship Quality</td>
<td>-.073</td>
<td>.164</td>
<td>-.444</td>
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<td>H2a</td>
<td>Financial bonds $\rightarrow$ Emotions</td>
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<td>Social bonds $\rightarrow$ Emotions</td>
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<td>.119</td>
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<td>H2c</td>
<td>Structural bonds $\rightarrow$ Emotions</td>
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<td>H3</td>
<td>Emotions $\rightarrow$ Relationship Quality</td>
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<td>H4</td>
<td>Emotions $\rightarrow$ Loyalty</td>
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<td>H5</td>
<td>Relationship Quality $\rightarrow$ Loyalty</td>
<td>.072</td>
<td>.031</td>
<td>3.746</td>
</tr>
</tbody>
</table>

Source: Author

Notes: * indicates $P > .05$, ** indicates $P < .05$

Figure 1

The Structural Model

Source: Author

AFB- Composite Financial Bond, ASOB- Composite Social Bond, ASTB- Composite structural Bond, AE- Composite Emotion, ARQ- Composite Relationship Quality, ACL- Composite Customer Loyalty
In total, nine hypothesized relationship are examined (see Table 2). The analyses of these results are discussed here:

4.1 Relational bonds (Financial, Social and Structural) and Relationship Quality

As shown earlier, the three hypotheses H1a, H1b, and H1c explain the relationships between the exogenous variables (relational bonds) and endogenous variable relationship quality. As outlined in Table 2, two of these three hypothesized relationships (H1a and H1b) were found to be significant ($\beta = .305$, $t$ value = 2.089, $\beta = .341$, $t$ value = 2.733, respectively). Thus, these were supported. However, the hypothesis representing the relationship between structural bonds and relationship quality (H1c) was not supported, as the parameter estimates were non-significant ($\beta = -.073$, $t$ value = -.444, $p = .659$).

4.2 Relational bonds (Financial, Social and Structural) and Emotions

The three hypotheses (H2a, H2b and H2c) explain the relationship between relational bonds as exogenous variables and emotions as an endogenous variable. Results in Table 2 indicate that one of the hypotheses was statistically significant. The structural bonds (H2c) to emotions were significant ($\beta = .569$, $t$ value = 3.749). Thus, this hypothesis was supported. According to Table 2, the hypothesis explaining the relationship between financial bonds and emotions (H2a) and social bonds and emotions were rejected because they were not found to be significant in the hypothesized direction ($\beta = .195$, $t$ value =1 .411, $p = .158$ and $\beta = .003$, $t$ value = .022, $p = .982$ respectively).

4.3 Emotions and Relationship quality

Hypothesis three (H3) is the relationship between emotions and relationship quality. Both of these variables were treated as endogenous. As hypothesized, emotions were found to be positively related to relationship quality. Results showed a significant path ($\beta = .297$, $t$ value, 4.753), and thereby H3 was supported (see Table 2).

4.4 Emotions and Loyalty

Hypothesis H4 represents the relationship between the two endogenous variables, emotions and loyalty. According to the results presented in Table 2, it had been found that this hypothesis was statistically significant ($\beta = .116$, $t$ value = 2.11), and thus accepted.

4.5 Relationship quality and Loyalty

The hypothesis H5 represents the relationship between relationship quality and loyalty. This hypothesized relationship was found to be significant ($\beta = .072$, $t$ value = 3.746), supporting this hypothesis.
5. Findings

5.1 The Consequences of Relational Bonds

This study found mixed results for the relationship between the three types of relational bonds and relationship quality.

5.1.1 Relational Bonds and Relationship Quality

While financial and social bonds were found to have a good positive relationship with relationship quality, but structural bonds did not. Hence, these results provide evidence to support H1a and H1b. These findings suggest that loyal guests possibly rely more on financial bonds (i.e., price discounts) and interpersonal aspects (i.e., social bonds) than on structural bonds. This suggests that these loyal customers are more affected by financial incentives and interpersonal relationships to enhance the quality of their relationships. Indeed, it might be also mean that the effect of each type of these relational bonds depends on the type of customer. That is, customers who stay less frequently (i.e., less than 5 nights) might be more affected by these kinds of financial incentives when the price becomes an issue. These results appreciate Smith (1998), who found a significant relationship between functional (i.e., financial), social bonds and relationship quality, but not structural bonds.

5.1.2 Relational Bonds and Emotions

One of the objectives of this study is to determine whether relational bonds will positively affect customer emotions. Therefore, three hypotheses (H2a, H2b, and H2c) representing the relationship between relational bonds – financial, social and structural – and emotions, respectively. The results of this study demonstrate that customer emotions are influenced by the implementation of only structural bonds, but not financial and social bonds. Hence, these results provide evidence to support H2c. A potential explanation for this might be that loyal guests already expect that financial incentives (i.e., discounts or cumulative points) are in place, and thus these economic offers do not affect their emotions. Social bonds are not important for loyal guests of Bangladesh because such bonds include aspects that make these guests personally attached to the organization and feel they are in a special relationship with their hoteliers but those who visited these hotels are mainly businessman and their rooms are most of the time booked by the company, so it does not affect their emotion. Thus, a significant relationship between structural bonds and emotions is implied when innovative products or different ways of interaction are provided by hoteliers to their loyal guests. Therefore, structural bonds affect loyal guests' emotional responses to their hoteliers, and thus strengthen their relationships.

5.2 The Consequences of Emotions

This section explains the results of testing the hypotheses related to the linkage between emotions and relationship quality, and between emotions and customer loyalty. These two linkages aimed to answer the second research question.
5.2.1 Emotions and Relationship Quality

This study has aimed to examine the positive influence of customer emotions and relationship quality. Consistent with expectations, the results of this study demonstrated that the emotions construct is an important variable in predicting relationship quality, showing the reason to support H3. More specifically, these results demonstrate that once positive emotions of loyal guests are enhanced, these guests have a higher level of relationship quality as measured by trust, satisfaction, and commitment. The results of this study are to provide a more comprehensive understanding of the relationship between emotions and relationship quality, which has been identified by empirically investigating both relationship quality and emotions as consequences of relational bonds and antecedents of customer loyalty in a single model. Furthermore, while it is not its purpose, new support has been provided by this study for those who have only found a significant link between emotions and one dimension of relationship quality: trust (i.e., Dunn and Schweitzer, 2003; Anderson and Kumar, 2006), satisfaction (i.e., Daube´ and Menon 2000) or commitment (i.e., Steenhaut and Van Kenhove, 2005).

5.2.2 Emotions and Loyalty

Furthering the aim of investigating emotions as a consequence of relational bonds and antecedent of relationship quality, it was hypothesized that emotions will ultimately influence customer loyalty. Therefore, hypothesis H4 was formulated to examine this relationship. As hypothesized, the results support emotions influencing customer loyalty (H4). That is, customers become more loyal, depends on how they feel towards relationships with hoteliers. This suggests that loyal guests in five star hotels are more likely to stay more at a hotel chain when they feel positive about that hotel chain. Emotions of loyal guests will lead them to stay more and most likely also resist switching to another hotel chain. In answering the above research question to fulfill the second aim of the study, this study makes a further contribution to relationship marketing theory by providing evidence of the linkage between emotions (combining positive and negative) and relationship quality (measured by trust, satisfaction and commitment). Importantly, the use of emotions as a predictor of relationship quality in one single model has been found to provide a more complete understanding to the development of relationships between customers and their service providers. Consequently, this study has confirmed that an emotions construct is a necessary antecedent of customer loyalty.

5.3 The Consequence of Relationship quality

This study hypothesized that relationship quality is an important determinant of the future of relationships, and aims to examine whether relationship quality evokes customer loyalty. The relationship was tested using hypothesis H5.

5.3.1 Relationship Quality and Loyalty

As was expected, relationship quality was found to be a strong determinant of loyalty. The results indicate that the more loyal guests have a higher level of relationship quality with their hoteliers, the more they are likely to be loyal to them. In this case, this study confirms that in addition to emotions, relationship quality is also an important variable in predicting the future of the relationship between customers and service providers. Within the particular context of hotels,
Kim and Cha (2002) found that relationship quality is critical for hoteliers attempting to increase share of purchases through hotel usage, frequency, cross selling, and to achieve positive impact of relationship continuity and WOM. This study confirms that this linkage is better captured when relationship quality is linked to customer loyalty. Finally, this study found support for the above research question that fulfils the third aim, by providing significant evidence on the significance of the relationship quality construct being a prerequisite of customer loyalty.

6. Limitation and further study

This study was conducted with 284 respondents, the reliability and validity could be improved if the sample size is larger than the collected one. The other limitations are as follows:

First, the number of loyal Bangladeshi customers who stayed in five star hotels in Bangladesh was very low. For recreation and business purpose they didn’t prefer to stay in five star hotels in Bangladesh.

Second, one of the most important limitations of this study is related to the criteria used in selecting loyal guests (the sample of this study). Guests who had stayed three nights or more a year with a hotel chain were identified as loyal. This criterion was used because there is no consensus among academics and the industry on definite standards to identify loyal customers. For example, Kim and Cha (2002) used twenty nights to identify loyal customers at five-star hotels, while Bowen and Shoemaker (1998) considered those visiting the hotel at least three times as loyal. In the industry, some hotels consider guests who stay 50 qualifying nights as loyal (i.e., Holiday Inn hotel), while others are defined as loyal after staying one night (i.e., Hyatt hotel). Given that there is no agreement in the academic literature nor industry reporting on what constitutes loyal guests at five-star hotels, some may caution as to whether the criteria used in this study is definitive.

Third, most of the customers in the five star hotel chains in Bangladesh were businessman as a profession. As a result some of their answers were almost similar and their preferences of bonds were almost same. It was become difficult to get variety of answers due to their profession.

Fourth during the data collection time there was a political unrest. So it became difficult to get enough customers for survey. As a result the researcher had a little opportunity to get back enough surveyed questionnaires and choose the best ones.

Fifth, though five star hotel chains try to maintain their worldwide hotel facilities same but a country’s economic development has a great impact on all the sectors even in the hotel chains. As a result the amount of facilities that a loyal customer expect from the five star hotels in another countries, doesn’t expect here, which ultimately affect the result in this paper.

Although this study has developed a model that provides an effective relationship marketing program, several recommendations for future research are remained there.

By adapting this research into the hotel context, other researcher could see whether customers in small hotel chains (i.e., 3-star) perceive more interpersonal relationships than they do in five-star hotel chains or not.

Future research could explore the role of relational bonds in other service settings to see if indeed the results are generalisable across other premium services. Comparisons could be undertaken to explore differences between premium and other services, as financial bonds may be more important when price is integral to the purchase context.
Emotions could be further described by arousal, more specifically in terms of high and low-arousal. Thus, four emotions groups could be explored within an expanded model where higher arousal positive emotions might include excitement and delight; lower-arousal positive emotions may include contentment and relaxation. High-arousal negative emotions might include rage and anger and low-arousal negative emotions might include sadness and disappointment. Each of these four groups may have different antecedents and consequences in a relationship marketing model beyond simply positive and negative effect.

7. Conclusion

Because relationship marketing theory and practice is built to provide benefits to both customers and service providers through their relationships so the aim of the theory is to build and maintain customer loyalty. In this context, this study makes a significant contribution to the relationship marketing literature by proposing a model that empirically investigates loyal customers’ perspectives of their relationships with hoteliers at five-star hotel chains in Bangladesh. This model provides a deeper understanding for the relationship between service providers and their customers by examining the association between relational bonds, relationship quality, emotions, and loyalty in one single model. Although there could be constructs other than those incorporated in this model, this research includes constructs that have provided a successful relationship marketing program. In particular, this study has extended the research of relational bonds – financial, social and structural – by investigating their impact on relationship quality (as measured by trust, satisfaction, and commitment) and emotions (positive and negative). Results have revealed that financial bonds (discount, cumulative points), social bonds (i.e., friendship, interpersonal interaction) and structural bonds (i.e., value-adding services), are important in building positive relationship quality and customer emotions.

References


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