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Relationship Marketing in the Iranian Hotel Industry

Ali Alizadeh Dolatabad¹, Amir Foroughi², Mohammad Tavoosi asl¹, Reihaneh Sadat Hajmisadeghi³ and Soheila Majlesi¹

¹Faculty of Humane Science, Islamic Azad University of Branch of Tafresh, Tafresh, Iran.

²Faculty of Education, University Kebangsaan Malaysia (UKM), Bangi, Malaysia.

³Faculty of Built and Environment, University Technology Malaysia (UTM), Kuala Lumpur, Malaysia.

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ABSTRACT

Relationship marketing has occurred as a vast new impression for many organizations in the West. Yet, due to standards and racial alterations, the same concept cannot be applied in the local situation. This study focused mainly in Isfahan as Isfahan has always been the heart of tourism industry in Iran. The researcher has adapted questionnaires, which were used by past researchers of relationship marketing. The population for this study include all clients of hotels in Isfahan. The sampling design for this study is a non-probability convenient sample and sample size was 220 and represents North, South, West and East of Isfahan to avoid possible local bias. There are 55 samples in each region. The Cronbach's Alpha used to measure the reliability and for discussing about validity, content and face validity used. The result shows that there is positive significant between customer satisfaction, personal connection and customer retention. Besides that, strong senses of purpose of personal connection effect on retention in hotels and this result supported by the research findings.

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Introduction

Relationship marketing is related to administration of lengthier association with the customer. This situation has demonstrated realistic consequence of character that relationship marketing will play a significant role in the future in certifying success for marketing determinations. Relationship marketing has occurred as an enormous new impression for many organizations in the West. Nevertheless, due to standards and ethnic alterations, the same concept cannot be applied in the local situation. In line with this, competition has likewise doubled up (Ahmad, 2000). Hence, it is important to realize the perception of relationship marketing that has been fruitful in the West would paint a true picture in the hotel industry in Iran. Today, businesses are not just about developing, selling, and delivering products (Gilbert & Choi, 2005). Promoters of the customary 4Ps marketing method i.e. price, product, place and promotion, which rely on realizing one or more of the marketing mixture features have had surly experiences regarding customers in a standardized marketplace (Ahmad, 2000).

Literature Review

Relationship Marketing

Relationship marketing is founded on the sense of determining long-term and long lasting relationship with client with intensified relationship with the customer. So as to achieve progress, the customary detached concepts of managing customers are being altered. Relationship marketing was initially presented by Berry (1983) to reveal a long-lasting methodology to marketing. It highlighted a long-term idea concentrating on preservation of customers. It is based on retaining customers will offer longterm advantages and will be worthwhile. The relationship marketing is based on preserving a customer rather than catching the latest business (Congram, 1987). Relationship marketing (RM) drives to keep and improve relations with customers and other events at revenue so that the purposes of the Bashes Convoluted are met. This is completed by

common exchanges and fulfillment of promises (Gronroos, 1994). Anyway, there are situational influences and marketing efforts that have the potential to cause swapping behaviors. (Blomqvist, 1997) suggested the subsequent essential characters of relationship marketing each customers will measured an individual's person or Units; actions of the firms are mainly focused on the current customers; Operations is founded on communications and discussions; and the firm will try to accomplish effectiveness via the reduction of customers' revenues and the consolidations of customers' relationship.

Customer Satisfaction

The explanation of customers' relationships is observed as a significant factor in a range of markets and principally in services markets. The certainty of generous information disproportions, products difficulty, the long-lasting natures of many of the goods and high levels of invented risk suggest that the developments of effectiveness and suitable customers relationship is significant in the marketing of businesses facilities to personals and corporate customer. Customer satisfaction with relationship is important, but satisfaction alone does not assure repurchase (Aspinall & Reichheld, 1993). In the situation of services, (Bitner & Hubbert (1994) discussed which satisfaction with a service disturbs service quality and succeeds in fidelity and swapping behaviors. The salutation, which is positive, links satisfaction in general and relationship satisfaction specifically. Success in retention and repurchase pressure classifies and explains the positions under which satisfaction is developed. Satisfaction is the general customer's outlook concerning service providers.

Customer Retention

Customer Retention could be determined in a total of techniques, supported to convince organizations, persistent benefaction of a convinced provider, increased in the amount of buying or the regularity of their purchases (Bowie, 2008). Customer retention is repeatedly observed from behavioral

points of view by elements like a number of duplication purchases, “share of wallet” and purchases regularity. In this line, loyalty as “a deeply held commitment to rebuy or patronize a preferred products/services consistently in the future, thus causing repetitive same-brand purchasing, despite situational influence and marketing effort having the potentials to cause swapping behavior”. Conversely, the description of loyalty founded exclusively on repurchase behavior doesn’t stipulate a general outlook of this multifaceted perception. This pushed researchers to suggest alternative and more completed descriptions.

Personal Connection

It is related to the quality of the entire employees’ complex in distributing services, especially, staffs, managers, and provisional staffs. The personal connections suggest services, which will expect responsiveness, reliable, kind, honest and capable through customers. Kind and considerate employees manage to rally consumer’s opinions of hotel. Padama et al.(2010) completed the usage of assurance, empathy and responsiveness to indicate the quality of personnel. (Andaleeb & Conway, 2006) had three of five dimensions, “competence of staff”, “demeanour”, and “communication” related to customer-staff interaction, which returns the significance of customer relationship with hotel staff. Some of researchers used “courtesy” and “respected and caring”, individually, to embody personal quality in their researchers on healthcare. They determined that “employee” was more significant in improving customer satisfaction rather than other factors. (Coad & Rao, 2006) likewise found that the personal ability of employee was an important predictor of customer satisfaction.

Service Quality

Service quality has been well expressed in service marketing literature as a general assessment of service by the customers. Service quality is believed to be developed from the association between customer’s prior outlooks about the services and their observations after actual experiences of service performances The perception of service quality has been deliberated as the greatest disputed factors in service literature. This is owing to the reason that it needs the agreement in the way it is described. Gronroos (2006) proposed a service quality model that is based on the disconfirmation paradigm. In Gronroos’s model, service quality is perceived as a comparison of the customers’ expected level of service and the actual service performance.

Gronroos (2006) used a two dimensional model to study service quality: technical quality and the functional quality. Technical quality refers to the outcome of the service performance. Functional quality refers to how the service is delivered, or the interactions between the customers and the service providers. The hospitality and hotels in particular, have witnessed increasing competition of high service quality and customer satisfaction. Based on the literature review, this study hypothesizes the following:

- H1: There is significant relationship between service quality and customer retention
- H2: There is a positive association between customers’ satisfaction and customer retention
- H3: There is significant relationship between personal connections and customer retention

Methodology

The type of study is more a correlation study because the study has delineated the various important variables (service quality, and personal connections) that are associated with customer retention. The population for this study comprises all

customers of hotels in Isfahan. This study is focused on Isfahan. In the Isfahan, 4 areas are chosen which represent the North, South, West and East of Isfahan to make data more accurate and reliable. For this particular study, the data will be gathered by distributing questionnaires to customers of hotels located in urban areas .The reasons for choosing these 4 areas are because these are the commercial centers with hotel being a main activity. The large residing population in these cities gives rises to a large number of hotel customers and strategies. The sampling design for this study is a nonprobability convenient sample. The main reason for choosing a non-probability sample design is to obtain a representative sample in each region in order to avoid local bias. The unit of analysis for this study is individual customers who use the services of hotels in Isfahan. The data will be gathered from each individual and each customer’s response will be treated as an individual data source. The customers will be randomly selected when they come to local hotels. Sample size for this study is 220 and represents North, South, West and East of Isfahan to avoid possible local bias. There are 50 samples in each region. Data will be collected through self-administered questionnaires, which will be distributed among customers in Isfahan hotels. 220 questionnaires will be distributed and the respondents will be hotel customers. The rationale for using self administrated questionnaires is that it is an efficient data collection mechanism for collecting information on the issue of interest.

Data Analysis

Relevant statistical tests were employed with the main objective to test whether the result of analysis will support the proposed hypothesis. First, frequencies, mean and standard deviation were run to get the general idea of the variables. This is followed by the correlations among the variables. Finally, the hypotheses from the proposed model were tested by running the regression.

Table :1 Respondents’ Demographic Information

Characteristics	Frequency	Percentage
Age		
<30	92	41
31-35	50	23
36-40	31	14
41-50	34	15
>50	31	14
Male	90	43
Female	110	57

In reference to Table 1, it shows majority of the respondents are below the age 30 (41 percent). Followed by 23 percent of the respondents are between the age of 31 and 35. The correlation among independent variables is shown in Table 4.2. The table shows that the independent variables that are significantly correlated to customer retention are service quality, personal connections and customer satisfaction.

Table 2: Correlation Coefficients between selected variables and Customer Retention

Variables	R	P
Age	0.005	0.939
Service Quality	0.376	0.000
Personal Connections	0.612	0.000
Customer Satisfaction	0.493	0.000

*Correlation is significant at the 0.01 level (2-tailed)
 Table 3 shows the overall correlation relationship for the key variables in this study. The table shows that there is a

significant level at $p < .001$ for Service Quality, Personal Connections and Customer Satisfaction with Customer Retention.

Table 3 . Zero-order correlations between Service Quality, Personal Connections, Customer Satisfaction and Customer Retention

Variables	Y	X1	X2	X3
Cluster retention	1			
Service Quality	0.376*	1		
Personal Connection	0.612*	0.298*	1	
Customer Satisfaction	0.493*	0.528*	0.306*	1

Notes: zero-order coefficients $p < 0.01$; Bonferroni adjusted $\alpha = 0.01$ (0.05/3).

*Correlation is significant at the 0.01 level (2-tailed)

It shows from the table that age does not show a significant relationship with Customer Retention. The positive r -value was ranged from 0.612 to 0.376 for all the variables. The strongest correlation is between Personal Connections with Customer Retention at 0.612. Table 4 exhibits the statistical summary result from the regression analysis. The F value (92.02) and p value (0.001) show that this model is significant at α value of 0.05. The R -squared of 0.478 implies that the five (2) variables explain about 48% of the variation in the Customer Retention.

Table 4: Results of Multiple Linear Regressions on Customer Retention (Stepwise Method)

Variables	B	Beta	F	P
Intercept	-1.022	-	-	0.451
Personal Connection	0.505	.509	92.02	0.000
Customer Satisfaction	0.371	0.339		0.000

The findings reveals that the r value between Service Quality and Customer retention is .376 ($p = .001$) and the relationship is positive which means that when level of Service Quality increases, the level of Customer retention also increases. Therefore, H1 for this study is accepted. The hypothesis reflects that when customers in general are pleased with the service quality, as in their expectation of service quality goes up; this in return will increase the customers' level of retention too in regards to the services received. The findings of this study also reveals that the r value between Customer Satisfaction and Customer Retention is 0.493 ($p = 0.001$) and the relationship is positive which means that the higher the level of Customer Satisfaction, the higher the likelihood of the Customer's Retention in the same hotel. Therefore, the H2 for this study is also accepted. Lastly, the findings also reveal that there is a significant positive relationship between Personal Connections and Customer retention ($r = 0.612$, $p = 0.001$). This means the higher the Personal Connections; the higher would be the Customer retention. Therefore, H3 of the study is also accepted. This hypothesis reflects that in order to for customer to be mollified, there should be a certain degree of Personal Connections between the customer and the employees of the hotel.

Discussions And Conclusions

The study claimed that the obvious need for satisfying the firm's customer is to expand the business, to gain a higher market share, and to acquire repeat and referral business, all of which lead to improved profitability studies conducted) in service sectors such as banking, pest control, dry cleaning and fast food, found that customer satisfaction has a significant effect on customer retention in all four sectors. Similarly, in the hotel sector, (Kandampully, 2005) found that customer satisfaction and service quality have a significant effect on

future of customer retention. In this research, the development of customer relationships is looked up as an important factor in a range of markets and particularly so in organizational and service markets. The fundamental principle behind a relationship is that organizations can enhance customer retention through a relationship and in so doing can enhance their own performance, for such benefits to accrue a relationship must be developed and managed for customer's retention. Consequently, the overall results show that relationship marketing is significantly correlated with a service quality, personal connections and customer satisfaction and customer retention. In respectful hotels, customers fell profoundly better and experienced better service rather than worst service. Hotel's sector including manager, employees, staff expression, trust and respect, humanistic, empathy, responsiveness, assurance, reliability, accessibility, flexibility at work, strong sense of purpose and empowerment of employees individually can be a critical benefit for any hotel customers, internationals or locals. Hotel industry with high level of regulation, management, and reputation implement all or some aspects of holistic service. In such a hotel, interpersonal relationship becomes stronger. Sense of general understanding obviously increases. Perhaps, the effect of relationship marketing in hotel in a short time is not considerable but in the long term, it is absolutely observable. Therefore, briefly, satisfying customers in a hotel is equivalent to retain customers rather than capture new customer

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