



**ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES**

**ASSESSMENT ON THE PRACTICE OF RELATIONSHIP
MARKETING IN SHERATON ADDIS HOTEL**

**BY
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**JANUARY, 2017
ADDIS ABABA, ETHIOPIA**

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ID NO:SGS/0140/2007B**

**A THESIS SUBMITTED TO THE ST. MARY'S UNIVERSITY,
SCHOOL OF GRADUATE STUDIES IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD
OF THE DEGREE OF MASTERS OF BUSINESS
ADMINISTRATION**

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**January,2017
ADDIS ABABA, ETHIOPIA**



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DEDICATION

I dedicate this research work to my mother, W/ro Yewerkwuha Ayalew for her passion, dedication and burning desire to educate me, even at her sufferings and downs. I recognize you have given me a chance to improve myself throughout my life. I am always grateful and I do appreciate all you have done for me.

ACKNOWLEDGMENTS

I am extremely grateful to my Lord, my God and my Savior, Jesus Christ for His unceasing love, grace, peace, providence and protection for my life. The successful completion of this work came about as a result of a massive contribution made by several people, without which the work not have been materialized. I therefore, deem it necessary to express my profound gratitude to the following people.

I would like to express my sincere gratitude to my advisor, Dr.Solomon Markos (Assistant Professor), for his continuous support, guidance and painstaking corrections in doing this study.

I would also like to acknowledge all management and employees` of the SheratonAddis hotel under study for their genuine cooperation in filling the questionnaires.

I would like to thank my family members, especially my mom, (W/roYewerkwuhaAyalew) my brother Eyasu Tefera and my father AtoAbate Kelile for supporting and encouraging me to pursue this Master degree.

My appreciation and special thanks also goes to all whose moral support and suggestions were so valuable to my study.

ABSTRACT

Abstract

This study assesses the practices of relationship marketing in the hotel Industry with special emphasis of Sheraton Addis. In recent times, relationship marketing has been viewed to be critical to the success of business organizations. The practices of relationship marketing in real world context have not been matured due to the lack of knowledge and principles of subject matter. These compelled many practitioners to face problem of not only to gain customers but also to keep them. For this reasons, the point of deviating the practices of relationship marketing from what the theories says is central concern. Thus, the objective of this study is to assess the practice of relationship marketing in the context of hotel industry specifically Sheraton Addis with view to draw lessons to other businesses in hospitality industry. For the purpose of this study data was collected from 106 gusts of the hotel during the time of data collection through convenience sampling technique. Both primary and secondary data collection instruments were used to collect data. Questionnaires along with interviews were used for the purpose of data collection. The findings from the survey examined the resident guest's position on the importance level of variables constructed and their perception of RM practice. In addition, interview conducted with the representative of marketing department deputy director of Sheraton Addis and examined the awareness of RM concepts and systems employed for the actualization of RM on the ground. The majority of the respondents typically suggested that RM practices of the Hotel require improvement on communication ability of staff, duration of services and mainly the hotel need to have gym. The study also reveals that there is no independent organizational structure for RM. Rather the Hotel employed other divisions of marketing department for running relationship marketing.

Key words: Relationship Marketing, Resident guest, Hotel industry, RM practices, Organizational structure



LIST OF ACRONYMS/ABBREVIATIONS

RM: - Relationship marketing

GOE: - Government of Ethiopia

MO CT: - Ministry of Culture and Truism

WTO: - world Truism Organization

VIP:-Very Important person

SPSS: - Statistical Package for Social Sciences

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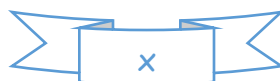
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CHAPTER ONE

INTRODUCTION

1.1. Background of the study

During the 21 century, the business sector has been becoming more complex in both domestic and global markets than it used to be largely due to the increasingly intense competition, saturated markets and the strong trend of globalization. The level of uncertainty in the business environment has compelled business firms to restructure themselves and thus increase their chances of survival and growth (Kotler & Keller, 2006,p.13).In order to address the marketing challenges posed by these situations, there are four most compelling areas of marketing (Bruce, 2007,p.552). Each of these marketing areas is changing the base of how marketers approach the marketing tasks necessary for understanding and succeeding in the changing business environment.

These areas are firm-customer interactions, global marketing, direct marketing, and marketing communication (Bruce,2007).Therefore, relationship marketing is the immediate concern for any business organization since it paves ways for victory in this era of dynamism, where the “survival of the fittest” holds in the sway. Defining the term ‘Relationship Marketing’ is a challenging business as there is no general consensus within the academic circle (John 1999, p.1). According to Bruce (2007), Relationship Marketing is a total strategy that involves all the marketing mix variables to create and keep loyal customers. On the other hand, Gronroos (1994) defines relationship marketing from the context of maintain relationship with potential customers where mutual benefit achieved in the following approach:

“Marketing is to establish, maintain, and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfillment of promises” (P. 355).

Such relationships are usually but not necessarily always long term. Establishing a relationship or example with a customer, can be divided into two parts: to attract the customer and to build the relationship with that customer so that the economic goals of that relationship are achieved. A widely recognized and more comprehensive definition of RM, which is the working definition for this study, is Preechanont (2009) definition:

‘A customer-centered approaches whereby a firm seeks long-term business relationships with potential and existing customers and stakeholders which results in greater commitment, repurchase and loyalty’ (P.82).

While the concept of RM is gaining currency recently, the history can be traced back to the medieval period. As Berry (1995) argues “Relationship Marketing is an ‘old new’ idea but with anew focus”. In the same vein, Gronroos (1994) vindicates the above assertion through the ancient Middle Eastern proverb “As a merchant, you’d better have a friend in every town”, to appreciate value attached to relationships in a commercial context through history. Nevertheless, Leonard L. Berry was the one who coined the words which referred as ‘relationship marketing’ in 1983 (Cited by Ramkumar & sanavanan 2007).

Due to the arrival of mass marketing and the coexisting growth and expansion of many business organizations, the ancient relationship partner was turned to market share statistic (transactional marketing (Gronroos 1994, p.355). And with the general shift to IT and database management; maturing of service marketing; research within industrial markets; and recognition of the benefits of RM for firms and customers force RM to exist once again(West,1991).

In the marketing literatures customer loyalty and (positive) customer ‘word-of-mouth’ communication are two constructs as key RM outcomes (Hennig-Thurau, Gwinner and Gremler (2002)).Customer loyalty is primary goal of RM which focuses on a customer’s repeat purchase behavior and sometimes even equated with the relationship marketing concept itself. In fact, great sales pitches, well-crafted marketing strategies, and creative advertising can be very persuasive, and they can even get people to buy your product. But, to keep customers in the long run, service providers must build relationships (Bruce, 2007). Because, they will be rewarded through positive word-of-mouth advertising, even if you have a very expensive product that people buy only once in their lifetimes. Generally, to have success in the long term,

one has to continue to either bring in new customers or keep one's old customers, or preferably both.

Though RM has a paramount contribution for business organizations, the expansion of relationship marketing is still in its infancy as a typical marketing concept (Gronroos, 1994). According to Rapacz, and Michalska-Dudek (2006) lack of sufficient knowledge regarding the subject, no qualified staff which could implement in practice, relationship marketing principles as well as insufficiency of adequate financial resources are among the most reasons given for abandoning activities related to relationship marketing. From this point of view, RM is still ambiguous marketing approach to many practitioners.

These factors have compelled many companies to face with problem of not only to gain customers but also to keep them. Especially many companies that are found in developing countries are not practicing RM. They simply run out transactional marketing. However, within the dynamic business environment, organizations should focus on different approaches to construct relationship marketing that involves relationship and retention of customers over time and hence build their position in the market-place.

Against this backdrop, the aim of study is to examine the practice of relationship marketing in hotel industry. It does this by initially identify the company's level of awareness on RM concept. It then proceeds to look at RM strategies, organizational structure, and management employed for RM practice.

1.2. Background of Sheraton Addis.

The first African hotel to join The Luxury Collection, the Sheraton Addis is a portal into a world of exquisite sophistication and incomparable service. From the ornate lobby to the manicured gardens with a fountain of "dancing waters" pulsating to classic symphonies, the hotel offers a never-ending vision of luminous beauty. Surrounded by luxuriant, terraced grounds, it stays true to the city of Addis Ababa meaning "new flower" in Amharic with the delicate scent of Ethiopian roses permeating the entire premises.

Set in mountainous countryside, 7,800 feet above sea level, the hotel was built by prominent Saudi Sheikh Mohammed Hussein Al-Amoudi, as a gift to Ethiopia. Designed by noted architect Kosek Ivo, the magnificent complex artfully combines the Ethiopian artistic culture with neo-

classical style, and is a source of pride and inspiration to all Africans, and Ethiopians in particular. A first for Ethiopia, it was constructed to the highest efficiency standards and is constantly updated with the latest green technologies. Water, power and heat savings are made throughout the buildings, and a thorough recycling program is being used. The Green Organization, an independent environmental group, recognized the hotel's environmental efforts with the coveted International Green Apple Awards for Architectural Heritage and the Built Environment.

Since opening in February 1998, the Sheraton Addis has hosted countless high-profile events, including Pan-African and African Union summits, as well as New Year's Eve celebrations with special performances by world-renown artists such as Beyoncé, Ludacris, The Black Eyed Peas, Rihanna and Akon, among other prestigious guests.

1.3 Statement of the Problem

In the long march of business history, marketing, at theoretical and practical levels alike, exhibit state of dynamism. The traditional marketing mix approach of the 4ps criticized for a number of reasons (West, 1991). Firstly, the approach assumes that all clusters or segments of customers are similar and may be treated in a standardized way. Secondly, it assumes consumers as passive absorbers of marketing information. Finally, it assumes short-term and often one-off transactions based around the exchange of goods for money. The focus of this approach is on a core product or service that is exchanged almost entirely for money with little value added in terms of additional services. This indicates that transactional marketing have not potential for building long term customer loyalty and continued patronage. Consequently, researches have increasingly advocating longer-term exchanges since the 1980s (West, 1991).

Recently, RM concept has been gaining currency within the academic circle. There has been studies conducted pertaining to RM. As the concept is gaining currency in the recent academic engagement, the number, scope, ipso facto of the studies have been limited. The majority of the previous studies conducted focused on defining constructs and presenting conceptual model/dimensions of RM (Dwyer,Schurr and Oh , 1987).

Hence, the hotel industry play important role in the development of tourism more and more through effective relationship marketing since it generate 'positive word-of-mouth'. This

means that the existing customers of hotels tell their friends about the services and satisfaction gained from hotels. Thus the profitability and customer lifetime value is increased. Generally, in line with the effective practice of RM, the hotels can play and achieve dual objectives. First, the hotels will secure their survival in competitive marketing. Second, the hotels will take part in attracting tourists since customer base marketing enhance the service quality and satisfaction of customers. Of course, currently there are only a few numbers of hotels of international standard found in Addis Ababa, despite the growing need and recognition for the tourism sector. According to Ministry of Culture and Tourism (2009), there are 93 hotels found only in Addis Ababa with facilities for international tourists.

In order to accommodate future demands, 840 hotels, 127 of which are with stars, are being planned. There are plans for plenty of hotels, but it is not clear how many of them will be built and how long it will take to complete such plans (Embassy of Japan in Ethiopia, 2008). Many hotels are under construction, stimulated by the initiative of GOE and the sharp rise in demand since the hotel industry can create job opportunities for so-called blue collar workers and for the development of tourism sector. Consequently, increasing trends in number of hotels in near future lead toughest competition within the industry. From these rapid expansions point of view, the existing hotels will likely face tough competition and uncertainty to their very survival if they fail to have the willingness and ability to respond to the changing hotel business environment. The other concern is that, the international hotels classification system adopted in Ethiopia. Hotels are classified into categories with stars from one to five, while there are also hotels without stars (Embassy of Japan in Ethiopia, 2008).

As per the Ministry of Culture and Tourism (2009) the current existence of less competition in an industry opens ways for only few hotels to practice RM concepts. However, they are not practiced it in appropriate way. The continuation of these circumstances with the current expansion of hotels causes a failure both for the hotel industry and the customer service in near future. In this regard, the development and practice of RM can be considered as a necessity to the Ethiopia hotel industry. It is, therefore, imperative to discuss how RM is understood in hotel industry and implemented on the ground. Therefore, this study laid great emphasis on examining the overall practice of RM in hotel industry. To this effect, Sheraton hotel will be drawn as case. Since Sheraton hotel is the second burned hotel next to Helton hotel

with nearly two decades keeping the international standard in the industry and rated five star currently with other two hotels opened recently; accordingly ministry of culture and tourism 95 hotels in Addis Ababa were awarded five to one star, in the rating going on the last year in association with MoCT and WTO form the eligible 123 hotels to the rating ,this implies studying the practice of relationship marketing on Sheraton hotel will help other to share the practice and fit for the requirement by improving their marketing strategy.

According to sheth (2008), many service providers who engaged in RM have superior performance. Put more, RM helps business service firms to resist price pressures from their customers and add more value to their services over time (Kumar, 1994,p.18). However, Previous finding shows that the lack of knowledge and principles regarding relationship marketing concept is among the major factors which hinder the success of activities related to this subject. These findings also lead to research question for the study.

Having the above argument, to assess the practice of RM the study addressed the following research questions:

1.4 Research Questions

- How customers perceive the RM practice of the company?
- How well the hotel service providers understand RM practice /concept?
- How does the hotel service provider develop and implement relationship marketing?
- What kinds of systems (tactics, strategies and management) are employed for practicing long term relationship marketing?

1.5 Research objective

1.5.1 General Objective of Research

The general objective of this study is to assess the practice of relationship marketing in Sheraton Addis.

1.5.2 Specific objectives of Research

The specific objectives of the study are to:

- examine the Hotel's existing awareness of RM concept.
- assess how the customers perceive RM practices of the Hotel.
- assess as to how RM has been developed and implemented within the hotel operations.
- investigate the systems (tactics, strategies) used for practicing relationship marketing.

1.6 Significance of the Study

Customers are the life blood for the survival of any company. For this reason, the study focuses on the practice of relationship marketing and its connection with concepts to satisfy customers as well for the survival of the company through customers` retention. Thus, the results of the research provide a valuable insight in to relationship marketing in the Hotel industry. And will hopefully form the root for later improvements in relationship marketing practice based on the finding of study for service provider under study. Put more, hotel organizers, consultants, researchers on the hotel industry, other hotels and the hotel itself are potential beneficiaries' of the study .findings on the practice of RM dimensions give direction for hotel organizers and consultants on marketing strategy spatially on customer retention. How Relationship Marketing developed and practice will help other hotels to take what is suitable for them to stay competent and to have a better rating on the industry. So, it is expected that this study can contribute a lot to the efforts made by Sheraton Addis for the improvement of customer retention through provision of appropriate service to the respected customers. The study is also being believed to benefit both academicians and other practitioners as a documented study in this area.

1.7. Delimitation/scope of the study

The study provided an insight into Sheraton Addis Upon their relationship marketing implementation. Researcher limits the study to the assessment of the practice of RM applied by Sheraton Addis. The consequence of RM practice on the profitability of service provider is not covered in this study. Thus, the study concerned with the issues related to relationship marketing practice or implementation based on the four dimensions (Informational, Instrumental, Management and Organizational) . Furthermore, the study limited to the guests who use sleeping accommodations and other services of Sheraton Addis.

1.8 Limitation of the Study

The data have been collected for two week starting first week of august. The occupancy rate of bed room's increase in December, January, April, March and May as per the trend analysis made on April and preliminary interview with a front office department. As a result, participants drawn for the study may not represent in these months.

1.9. Organization of the Study

This part gives a description in summary form on the main content and how the study is organized and structured. The study divided in to five chapters. In chapter one of this study, background of the study, statement of the problem, research questions, objective and theoretical framework are presented. In chapter two, review of literature in the area of relationship marketing practice is presented. Chapter three highlights the description of research methodology that has been used to conduct the study. In chapter four, data collected by both quantitative and qualitative methods will be analyzed. The result of the study also presented by answering the research question posed in chapter one. Finally recommendations and implications for the practitioners/management will be presents in chapter five.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1. Genesis of Relationship Marketing

As has been mentioned in previous chapter, Relationship marketing (RM) concepts has been a topic of serious discussion among academics and practitioners over the past few years. There is still controversy exists over the origins of RM. According to literature, the history of relationship marketing concepts was back to medieval period (West, 1991). On other wards, relationship marketing is a gradual extension of “the Nordic School” approach to services marketing and management. There are ample examples to prove that relationship marketing was emphasized by the Nordic School student researchers (Preechanont, 2009).

However, the coined word which referred as ‘relationship marketing’ was first used by LeonardL. Berry in 1983 when he presented a paper entitled Relationship Marketing at the American Marketing Association’s Services Marketing Conference (Ramkumar and S. sanavanan, 2007).The paper was published in the conference proceedings and for the first time the phrase Relationship Marketing appeared in the Marketing literature. Later Jackson (1985) used the concept in business to business context (Preechanont, 2009).

During the 1990s, the term ‘relationship marketing’ evolved into a general marketing term (Hunt and Morgan, 1994). This was caused by rapid and radical changes in the environment which meant that strategic competitive advantage could no longer be delivered on the basis of product characteristics alone; satisfying existing customers became the key to ensuring corporate profitability (Barnes , 2000). According to Gronroos (1994), a clear shift towards relationship marketing occurred in the areas of industrial marketing, service marketing, and managing distribution channels. There was simultaneously a parallel shift from brand values to customer values, where the delivery of superior customer value became a key objective (Christopher,1996). Relationship marketing is also commonly referred to as ‘customer-focused management’ (Gummesson, 1994) and ‘relationship management’ (Payne,Christopher and Peck, 1994).

2.2. Development of Relationship Marketing

The developments that have led to the emergence of RM are complex in nature, largely interrelated and difficult to consider in isolation. However, a number of factors may be identified, namely: the maturing of service marketing; research within industrial markets; recognition of the benefits of RM for firms; recognition of the benefits of RM for customers; and advances in information technology(West ,1991).

A. The Maturing of Services Marketing

The importance of people has been repeatedly emphasized within services marketing literature because the service is performed and consumed simultaneously. Also, services are intangible; therefore, customers will often be looking for any tangible cues that help them to understand the nature of the service experience. Thus, with the progress of service marketing more important variables (people) acknowledged in addition to traditional 4 p's.

B. Research within Industrial Markets

The failure of the traditional marketing approach to capture the complexities and depth of industrial markets led to the growth of research within this field. Research in this area focused on aspects such as inter-organizational exchange and buyer–seller relationships, social exchange, channels literature, network relationships and strategic management literature including concepts such as value chains.

C. Recognition of the benefits of RM for firms

There has been an increasing recognition of the benefits of RM for both the firm's and the customer's perspectives. From firm's perspective, increased competition through the globalization of world markets, market fragmentation and the deregulation of many service markets has meant that protection of the customer base has become paramount.

D. Recognition RM benefits for customers

From a customer's perspective, if a product or service is variable in quality and/or complexity and if the product is of an intangible nature, these combine to create risk and uncertainty. Risk

reduction and reduced uncertainty are posited as potential outcomes that customers find particularly important within the context of some markets (Morgan and Hunt, 1994).

E. Advances in Information Technology

Information technology (IT) is tool that facilitates the effectiveness of a relational perspective. These can be summarized as: tracking the buying patterns of existing customers; Customizing services, promotion and pricing to customers specific requirements; coordinating or integrating the delivery of multiple services to the same customer; providing two-way communication channels (company to customer and customer to company); minimizing the probability of service errors and breakdowns; augmenting core service offerings with valued extras; and personalizing service encounters as appropriate (West ,1991).

2.3. Meaning of Relationship Marketing

Defining the term ‘Relationship Marketing’ is a challenging business as there is no general consensus within the academic circle (John ,1999). According to Bruce (2007), relationship marketing is a total strategy that involves all the marketing mix variables to create and keep loyal customers. On the other hand, Gronroos (1994) defines relationship marketing from the context of maintaining relationship with potential customers where mutual benefit achieved in the following approach:

“Marketing is to establish, maintain, and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfillment of promises” (P. 407).

Such relationships are usually but not necessarily always long term. Establishing a relationship, for example with a customer, can be divided into two parts: to attract the customer and to build the relationship with that customer so that the economic goals of that relationship are achieved.

Other selected definitions of Relationship Marketing are:

‘All marketing efforts directed towards establishing, developing and maintaining successful relational exchanges’ (Morgan and Hunt, 1994, p. 23).

‘Relationship marketing is about understanding, creating, and managing exchange relationships between economic partners; manufacturers, service providers, various channel members, and Final consumers’ (Cited by John, 1999).On the other hand, L.Berry defined “relationship

marketing means creating, preserving and enriching relations with a client, where winning a new client means just the first step in the overall marketing process”(cited by Rapacz and Michalska,2006).However, a widely recognized and more comprehensive definition of RM, which is the working definition for this study, is Preechanont (2009) definition:

‘A customer-centered approaches whereby a firm seeks long-term business relationships with potential and existing customers and stakeholders which results in greater commitment, repurchase and loyalty’ (P.82).

2.4. Difference between Transactional Marketing and Relationship Marketing

In the long march of business history, marketing, at theoretical and practical levels alike, exhibit state of dynamism. The history of RM concept was back to medieval period (West ,1991 , p.10-14).However, the ancient relationship marketing concept was turned to transactional marketing concept (4ps framework) due to the arrival of mass marketing and coexisting growth and expansion of many business organizations (West ,1991). But, since 1980s a focus on one time transactions cannot succeed any more (Bruce, 2007, p.556). Because the traditional marketing mix approach of the 4ps criticized for a number of reasons. One is that the approach assumes that all clusters or segments of customers are similar and may be treated in a standardized way.

Secondly, it assumes consumers as passive absorbers of marketing information. However, with advances in multimedia technology, there are increasing opportunities for two way communication and interaction between consumers and marketing organizations using interactive media. Finally, it assumes short term and often one off transactions based around the exchange of goods for money. For this reason and the myriad changes of our era firms are now compelled to practice RM once again so as to increase their chance of survival and growth(Gronroos,1994, p. 355).

RM is sometimes referred as an extension of simple transactional marketing or rather simple buyer-seller relationship. There is no doubt that RM goes beyond the theory of transactional marketing, though most of researchers say RM is the opposite of transactional marketing. So in order to understand RM, the distinction between these two terms is required. A transactional exchange involves a single, short time exchange with a distinct beginning and ending. In

contrast, a relational exchange involves multiple linked exchanges extending over time and usually involves both economic and social bonds.

2.5. Typologies of Relationship Marketing

RM involves a range of relationships. Christopher, Payne and Ballantyne (2002:76) suggest a 'six markets' model, which consists of customer markets (existing and prospective customers) surrounded by supporting markets which consist of referral markets (satisfied customers who recommend the supplier to others), supplier markets (considered as partners rather than adversaries), employee markets (ensuring that the right employees are recruited and promoted), influence markets (such as financial analysts, journalists and governments), and internal markets (the organization and its staff).

Morgan and Hunt (1994, p.21) propose "ten relationship exchanges" with "four partnership" groups and 'ten relationships': buyer partnerships (ultimate customers, intermediate customers), supplier partnerships (goods suppliers, service providers), lateral partnerships (competitors, on-profit organizations, governments), and internal partnerships (functional departments, employees, business units).

Generally, the relationship of the company involves with its customers, suppliers, employees and distributors. Thus, varying RM strategies and tactics are applicable depending on the firm's relationship with other parties.

From this point of view, we can construct scope and types of relationship in hotel industry. These includes the relationship between customers and the hotel, the relationship between intermediaries and the hotel, the relationship between employees and the hotel and the relationship between competitors and the hotel. Having these scope and different types of relationship marketing in hotel industry, this study will only examining the practice of relationship marketing from consumers' perspective (relationship between service providers and consumers or resident guests).

2.6. Developing Relationship Marketing

The primary goal of relationship marketing is to build and maintain customers who are profitable for the organizations. Many researchers were provided different strategies (elements) for building RM. All strategies are not employed in the same manner for different relationship types. Whatever different strategies are used, practices of RM by firms require the series process of attracting, satisfying, retaining and enhancing customers (Zeithaml, 2004).

In the process of RM firms should initially attracting customers who are likely to become long term relationship customers through market segmentation strategy. This strategy is enable service providers to understand the best (profitable) target market for building. Then as the firm Relationship with Intermediaries & end Customers Relationships within the firm at strategic and functional employee level Relationship outside firms with competitors, government agencies and not-for-profits Supplier Relationship number of relationship grow, the loyal customers themselves will help to attract new customers through word-of-mouth (Kotler & Keller, 2006).

After the firms attract the customers, the next stage of RM is satisfying customers by providing consistent quality product and services and good value over time (Kotler & Keller, 2006). If customers are satisfied then they will be more likely to stay in the relationship. Generally service providers are expected to offer (quality, satisfaction, specific benefits) that exceeds customers gives (monetary and non- monetary costs) in the relationship marketing.

Customer loyalty is primary goal of RM which focuses on a customer's repeat purchase behavior (Hennig-Thurau& et al, 2002). One aim for enhancing customer loyalty is that loyal customers buy more products and services from service providers over time. However, satisfying customers alone is not enough since there is no guarantee that satisfied customers will return to purchase more product (Morgan and Trivedi, 2007). Thus, ensuring customer loyalty is crucial to the success of service providers. Even there is no consensus how to ensure loyalty but some student researchers suggests three strategies like customer satisfaction, trust and commitment (Morgan & Hunt, 1994).

2.6.1. Foundations for Relationship Marketing Practices

The relationship marketing in hotel industry involves personal exchanges between customers and hotel employees during the service process. The primary goal of this marketing orientation is to build and maintain customers, who are profitable for the service providers (Zeithaml & Bitner, 2004, p.158). To achieve this goal, designing appropriate strategies for attracting, retaining and enhancing customers is imperative. Here, the first focus goes to current customers, to understand them, and to build strategies around retaining their business. Attracting customers is not an easy tasks because customers are smarter, more price conscious, more demanding ,less forgiving and they are approaches by many more competitors with equal or better offers, the challenge is not necessarily to produce satisfied customers; several competitors can do this. The challenge is to produce delighted and loyal customers (Kotler & Keller, 2006, p.155). So, the basic foundations needed to begin focusing on retention strategies to build long-term relationship in service providers firms are service marketing package and Market segmentation (Zeithaml & Bitner, 2004).

2.6.1.1. Service Marketing package

The first foundation of relationship marketing is service marketing package. Thus, under this section the service marketing and issues of service process as well as its management are discussed. During the 1980s, service marketing became the fastest growing field of marketing (Berry & Parasuraman ,1993). In early service research, much of the effort was devoted to demonstrating key differences between physical goods and services, and to proving that service industries such as the hotel industry need their own type of marketing (e.g. Gronroos 1994).

To explain the term service many researchers have defined ‘service’ in various ways. Lovelock (1991) defines a service as a process or performance as opposed to a tangible product. Gronroos (2007) defines the service concept as a process consisting of a series of more or less intangible activities that normally, but not necessarily always, take place in the interaction between the customer and service employees. The majority of researchers consider services to be activities, deeds or processes (e.g. Solomon, 1985; Zeithaml & Bitner 2003), interactions or social events (Normann, 1991).

The focus is on the service process or service encounter, which consists of the interaction between the customer and the firm, orthe dyadic interaction between customer and service

provider (Solomon ,1985). However, Vargo and Lusch (2004) define the concept of service using a more inclusive approach which encapsulates the fundamental function of all business enterprises. They define services as ‘the application of specialized competences (knowledge and skills) through deeds, processes, and performances for the benefit of another entity or the entity itself’.

It is, therefore, possible to infer the concepts of service above that the hotel industry provides intangible services that consist of the dyadic interaction between customer and service provider. The performances and activities of the hotels` employees during the service encounter determine the customer’s experience. However, it is very difficult to apply any quantitative measures to service as they are primarily characterized by qualitative, rather than quantitative, terms which often relate to the customer’s emotional reaction. This is obviously a very individual experience and determined by the individual perceptions, attitudes and beliefs of each customer. Despite this, it is clear that the focus in providing a service is on the interaction that takes place between the customer (buyer) and the hotel (seller).

Effective service marketing in the hotel industry entails the provision of a high level of service quality and customer service (Gummesson, 2002). Service marketing in hotel industry contend dimensions like (quality product/service, physical facilities, location /convenience of building/, price/value/, and communication/company image, appearance/professionalism of staff, and courtesy and helpfulness of staff) (Gilmore, 2003,p.72). They are important because they determine whether customer is satisfied or dissatisfied. On other words, efficient customer service should result in the establishment of long -term, mutually beneficial relationships with customers which is achieved by means of close interaction between the customer and hotel employees.

According to Gummesson (2002), the eventual aim of any customer service strategy should be to increase customer retention. If all elements of service marketing dimensions of hotel are not suitable, retention strategies will have little long term value (Zeithaml & Bitner, 2004). But, this does not necessarily mean that the firm has to be very best of quality and customer satisfaction. It must be competitive enough or more than that because retention strategies are built on the assumption of competitive quality being offered.

Service Process The service process in a high-contact industry such as the hotel industry consists of personal exchanges between customers and service employees (Lovelock, Wirtz

andKeh,2005). In other words, it is a procedure by which employees deliver core products and services to customers. Customers commonly have expectations about what they will receive from the delivery system before they enter into the service process. The result of the process is a customer outcome in which the customer will feel either satisfied or dissatisfied. For example, when customers decide to stay in a hotel they go through a purchase process. According to Lovelock et al. (2005, p.45), the purchase process for service has three stages the pre-purchase stage, the service encounter stage, and the post-purchase stage.

Lovelock et al. (2005, p.108) suggest three key components that hoteliers must address during the service process: the core product, supplementary services, and delivery processes .For example, the core product of a hotel is the guest room; supplementary services are the variety of services and related activities which are on offer, such as a warm welcome from hotel staff, butler service, and/or spa, and the delivery process is the process whereby that hotel delivers these services to its customers.

Service Quality Management

High quality of service leads to customer satisfaction which in turn leads to the formation of stronger relationships and greater profitability for the hotel. Much of the development of service marketing has focused on service quality in the sense of customer perceived quality, customer satisfaction and value for the customer. Berry and Parasuraman (1991) concur with this by claiming that customers are the judges of service quality. Service quality is therefore a customer's subjective interpretation of his/her experience. Due to the criticism of the 4Ps marketing mix extended to 7Ps elements of service marketing by including processes, physical evidence and participants within service industries. This model has gained widespread acceptance in services marketing literature (Lovelock et al. 2005). Within this framework, the 'process' refers to the procedures, mechanisms and flow of activities by which the service is acquired 'physical evidence' refers to any tangible goods that facilitate the service performance, and 'participants' refers to the individuals who are involved in service delivery.

Lovelock et al. (2005) adapt Booms and Biter's 7Ps framework by including 'people' in place of 'participants'. In their framework, service quality is assessed based on customer interactions with front-line staff.

Hence, the emphasis should be on training and motivating these employees. Payne and Ballantyne (1991) suggest further the addition of people, processes, and customer services

for relationship marketing. Their emphasis is on maintaining a long-term relationship with customers.

A recent issue which has arisen is the difficulty of measuring quality of service. Researchers are now devoting their efforts to devising ways in which to measure the quality of service shown to customers. Parasuraman (1991) have used an instrument called SERVQUAL to conduct research into the relationship between quality service and customer expectations.

Grönroos (2000) has developed a service quality model where interactive real-time service encounters between buyers and sellers generate `functional` quality for customers - that is, the quality of their interactive experience with the supplier. What remains after an interaction sequence is what Grönroos terms `technical` quality.

The technical dimension represents what actually happened during service delivery, and the functional aspect encompasses how the service was delivered. He indicates that failure in either dimension is likely to lead to lowered perceptions of service quality by a customer. This model highlights the importance of service quality in relationship marketing. The key aim of relationship marketing is to sustain relationships with valuable customers, not only by delivering on promises made during the sale, but by focusing on the quality of the customer's interactive experience with the supplier before and after the sale. This concept can be applied to the hotel industry to maintain relationships with loyal customers.

In measuring service quality, Christopher (2002) recommend that companies need to adopt step-by-step customer feedback and monitoring systems so that they can improve their value delivery process. Furthermore, the quality of the monitoring service should be supported by regular staff attitude surveys and routine reviews of internal service quality performance standards (Christopher ,2002). Delays in delivering services have been found to significantly affect service quality evaluations (Taylor, 1994).

It can be concluded that the core service marketing concepts in the hotel industry involve working with markets to bring about exchanges of products and services in order to satisfy human needs and wants, while at the same time meeting the goals of the hotel. Service marketing must be integrated with other functions like hotel operations and human resource management in the hotel (Lovelock et al. 2005). Hotel operational systems must run smoothly and efficiently, and employees must work effectively in order to deliver excellent service and ensure customer satisfaction and customer loyalty.

2.6.1.2. Market Segmentation and Targeting

A second foundation of relationship marketing is market segmentation (locating prospect)-learning and defining who the organization wants to have relationships with. This strategy helps to identify the behavior, expectation and perception of customers to offer service that fit to their expectation, need and preferences. If we were to aggregate all the behavior, expectation and perceptions information for all the customers in a particular market, we would probably be overwhelmed with the variations across customers (Zeithaml, 2004).

Nowadays, the trend of many businesses is that they simultaneously both acquire new customers for their organizations whilst losing a number of existing customers. Such a process of acquisition and attrition can result in a business working really hard to stand still as far as its numbers of customers are concerned. This has been referred to as the bucket theory of marketing- as long as the programs (sales, advertising and promotion) are effective, the bucket stays full. But the problem is “there’s a hole in the bucket.” Which mean that when the business is running well and the firm is delivering on its promises, the hole is small and few customers are leaving? When the operations is weak and customers are not satisfied with what they get, however, people start failing out of the bucket through the holes faster than they can poured in through the top. Therefore, this theory illustrates why a relationship strategy that focuses on plugging the holes in the bucket makes so much sense (Ennew and Waite, 2007).

It is obvious that any organization that it seeks to achieve growth in the number of new customers it acquires and a reduction in the number of customer defections, and thereby to achieve net growth in the total customer base. Unfortunately, the prevalence of the bucket theory can make it a slow and expensive process. Indeed, it is by no means uncommon for a company to appear to be standing still as the number of new customers acquired merely matches the number of those lost. Faced with this problem, there is an understandable response whereby a company devises a detailed, and costly, customer retention program. However, such programmers can be misplaced if they result in the retention of relatively poor-value (and possibly negative-value) customers in the process. From the provider’s point of view, it is desirable to try to identify customer characteristics that are associated with a high likelihood of lapsing. The need to do this applies to organizational as well as domestic customers, because differential lapse rates apply to customers in both the B2B and B2C domains (Ennew and Waite, 2007).

Identifying those characteristics of a customer that are associated with a relatively high propensity to lapse or to persist, for that matter – is an important marketing activity. It requires the determination of which aspects of customers themselves, as well as of the marketing mix, are causally related to relative persistency. This is by no means an easy and quick procedure to accomplish. Rather, it calls for thoughtful and detailed analysis of possible causal factors over a protracted period of time. The characteristics associated with persistency, both causal and correlated variables, differ according to marketplace, customer segment, purchasing situation and so on; there is no one-size-fits-all solution. However, likely candidates for consideration as possible persistency factors are as follows.

Customer characteristics-(Age, Income level, Occupation and Previous history in consuming a given product type); Acquisition process characteristics-(Strength of real need by customer, whether product was bought or sold (degree of customer proactively in acquisition process) distribution channel used, individual ,distributor or salesperson, date of acquisition);other marketing mix characteristics- (usage of a sales promotion, source of sales leads, special price offers, product feature variants).The above list is purely indicative of possible factors; each company must resolve to determine what is appropriate given its particular circumstances. Ultimately, such analysis should inform marketing planning and result in focusing customer acquisition activities upon relatively persistent customers. Thus, the key to effective customer retention is the acquisition of customers who can be presumed to be persistent in the first place (Ennew and Waite, 2007).

2.7. Dimensions for practicing Relationship Marketing

The numbers of essential RM dimensions have been proposed by researchers in order to build and maintain long-term relationships with customer (Zeithaml & Bitner, 2004 and Clow & Kurtz, 2003). In this study four major dimensions (informational, management, instrumental, and organizational dimensions) will be used to examine the practice of relationship marketing.

2.7.1. Informational Dimension

The informational dimension regards the general communication of the company with its customers, for gaining information about the customer. This communication takes places carefully and directed to a target. It must be made in both directions. The existence of some customer databases within the marketing informational system is strictly necessary. In addition, the company has to structure its clients, according to their importance for their financial results.

Like the company is worried to gain new customers, it must decide which customers should be given up. The selection should be made according to the customer lifetime value (Kotler & Keller, 2006:150).

Data mining tools are a popular means of analyzing customer data within the analytical CRM framework. Many organizations have collected and stored a wealth of data about their current customers, potential customers, suppliers and business partners. However, the inability to discover valuable information hidden in the data prevents the organizations from transforming these data into valuable and useful knowledge (Berson et al., 2000). Data mining tools could help these organizations to discover the hidden knowledge in the enormous amount of data.

Berson (2000), also provide a similar definition regarding data mining as being the process of extracting or detecting hidden patterns or information from large databases. With comprehensive customer data, data mining technology can provide business intelligence to generate new opportunities.

The application of data mining tools in CRM is an emerging trend in the global economy. Analyzing and understanding customer behaviors and characteristics is the foundation of the development of a competitive CRM strategy, so as to acquire and retain potential customers and maximize customer value. Appropriate data mining tools, which are good at extracting and identifying useful information and knowledge from enormous customer databases, are one of the best supporting tools for making different CRM decisions (Berson ,2000). As such, the application of data mining techniques in CRM is worth pursuing in a customer-centric economy. Customers' databases do not generate retention of customers by themselves. However, further Steps must be considered in customer retention.

2.7.2. Instrumental Dimension

It refers to all instruments that the company uses in order to attach its clients to its products, services or trademarks for the long term. This dimension should not be regarded as a list of methods used occasionally, depending on the market situation. It rather refers to the way in which the company combines all methods in one system in order to make customers loyal. (Nicolae AL. pop and Corina Pelau, 2004) The various methods of attaching the customers have to be applied in a certain order and in a certain combination, depending on the nature, characteristics and particularities of each client. Once a service provider

has carefully identified its market segments and developed quality services, there are some of the specific Strategies and tactics employed by firms to build relationships and tie customers closer to the firm. There are four retention-building approaches

(Zeithaml & Bitner, 2004).These includes:

1. Financial Bonds (Level 1)
2. Social Bonds (Level 2)
3. Customization Bonds and (Level 3)
4. Structural Bonds (Level 4)

2.7.2.1. Financial Bonds-(volume and frequency rewards, bundling and cross selling, stable pricing)

Financial bonds enhance relationship through financial incentives and club marketing programs to loyal customers. In this way, the provider is reflecting its perceived worth of the customer relationship by increasing the economic value that the customer gains. The economic value gained by customer then acquires the loyalty, for instance, by utilizing price incentives like, offering price discounts for existing customers when they make subsequent purchases, free VIP cards, coupons, free delivery charge, and offering special deals on the range of other services. Stable pricing refers to a provider shielding its customers from general price increases as a means of lessening the impact of customer defections (Zeithaml & Bitner, 2004,p.175).

Club membership program is another way to attract and keep those customers who are responsible for the largest portion of business. Club membership can be open to everyone who purchases product/services or it can be limited to an affinity group or to those willing to pay a small fee (Kotler and Keller, 2006). Financial bonds are relatively easy to implement and straightforward to communicate. For these reasons they are easily copied by competitors, and therefore have limitations as a means of achieving long-term differentiation.

2.7.2.2. Social Bonds (Continuous relationships, personal relationships, social bonds among customers)

In this strategy marketer build long-term relationship through social and interpersonal as well as financial bonds. Social bonds are the investments of time and energy that create the positive interpersonal relationship with partners, although this can range from formal organizational contacts to informal, personal contacts. Here, companies turn their customers in to clients, and not nameless faces; clients are served on an individual basis with professional assigned to them. (Zeithaml & Bitner, 2004, p.175).

A range of forms of social ties is frequently encountered, including the use of sponsorship of sporting and cultural events, delivering greeting cards or birth day cards through customers' e mail or address. Sponsorship activity can be a highly effective means of building bonds not only between the provider and its client, but also amongst the actual client community itself. It is much more difficult for a competitor to replicate the social bonds that a rival provider may have formed with its customers (Ennew and Waite, 2007).

2.7.2.3. Customization Bonds (Customer Intimacy, Mass Customization and Anticipation/Innovation)

Customization bonds strategies involve more than social ties and financial incentives. It also involves the two-way flow of information between provider and customer, with the aim of creating a marketing mix that is tailored to the particular needs of the customer. Although elements of this process of customizing are in evidence in Levels 1 and 2, in Level 3 the boundaries are pushed out as detailed knowledge of individual customer requirements are translated into customer-specific mix components such as product and service features (Zeithaml & Bitner, 2004). Mass customization and customer intimacy are employed within this approach. Intimate knowledge of individual customers encourages customer loyalty through development of one-to-one solutions that fit to the individual customers' needs. Mass customization use flexible processes and organizational structures to produces varied and often individually customized products and services at the price of standardized, mass produced alternatives. But this approach doesn't providing customers with endless solutions or choices. The cost associated with these approaches is high. However, advances in customer database technology have allowed the concept of mass customization (i.e. Marketing to a segment of one) to become a cost-effective reality within the B2C arena. The Internet has been instrumental

in further advancing customization bonds, by acting as highly efficient means of communicating with customers (Ennew and Waite, 2007).

2.7.2.4. Structural Bonds- (Shared processes and equipment, joint investments, integrated information systems)

The creation of structural bonds between provider and customer represents the greatest challenge to competitive activity and, in conjunction with activities carried out under Levels 1, 2 and 3, can achieve long-term differentiation and competitive advantage (Ennew and Waite, 2007).

Structural bonds are created by providing services to the client that are frequently designed right in to the services delivery system for the client.

The company may supply customers with special equipment or computer links to make customer services more productive. Hsieh (2005) defined structural bonds as the value adding services that are designed into a Web site—including knowledge and information about the industry and product customization—are not readily available elsewhere, and are expensive for customers to supply if they terminate the relationship.

This bond is the most valuable dimension among relationship marketing, because it offers the solution of problems to critical customers. With this bond, the firm provides value-added benefits to customers, while such benefits are rare for customers and hardly satisfied by themselves. Since structural bonds offer several valuable services to customers which competitors usually cannot offer, this bond would raise the switching cost of customers (Zeithaml & Bitner, 2004,p.177).

2.7.3. Organizational Dimension

With regard to relationship marketing practice, qualified staff is crucial (Rapacz, and MichalskaDudek, 2006). Retention efforts cannot become successful until the management and staff work together to achieve the same objectives (Hammer, 2008). A certain structure of the firm is, therefore, required for the effective administration of relationship with the customers (Pop and Pelau, 2004).

Moreover, service providers should attempt to re-orientate individual employees so as to change cultural norms, organizational structures and the way that their performance is measured and rewarded (Ryals, 2008). Organizational dimension involves when new jobs appear with new responsibilities, tasks and different functions. For instance, if market research personnel are divided in the marketing department and a new job responsible for the management of the

customer databases will appear. Moreover, relationship management with the customers has generated a new position in the organization of the company, that of a relationship manager which is not be mistaken with a PR specialist (Pop and Pelau, 2004).

2.7.4. Management Dimension

This dimension is concerned with all decisions about managing the relation between the Company and its customers. These relations can be structured after their nature, as follows:

1. Relations regarding the contract that includes pre contractual, contractual, post contractual relations.
2. Relations regarding the demand and offer of information or availability of information for the customer as well as information required by customers.
3. Relations generated by the reaction of the customers towards the offered service satisfaction, enthusiasm, complaint and reclamation.
4. Relations generated by the multiplication effect of satisfied / unsatisfied customers on Potential customers.

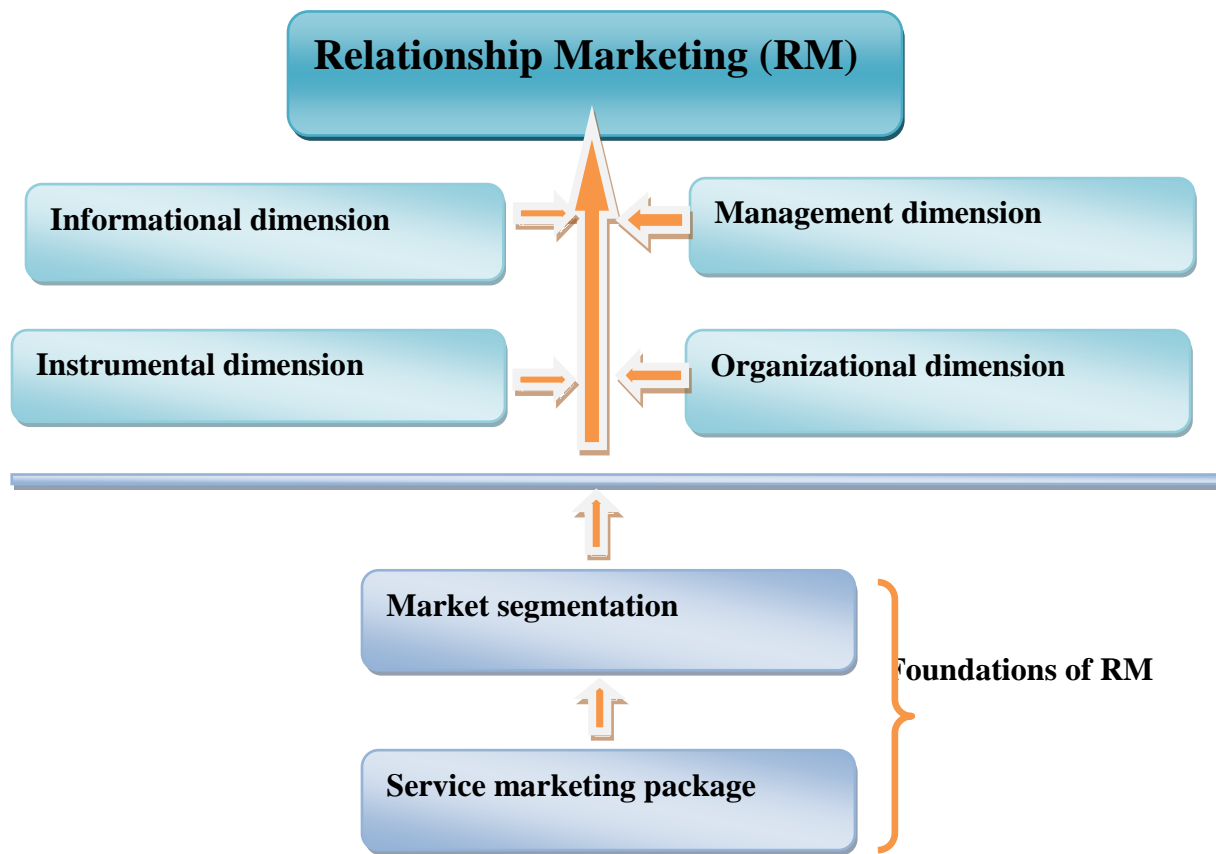
Accordingly to this, the decision making process has to be adapted to this kind or relations in order to assure a continuity for the economic activity of the company. Management of relationships is means of monitoring and evaluating relationship quality over time is basic for RM implementation (Zeithaml & Bitner, 2004). One of the monitoring tools is market research that needed at least annual for customer relationship survey to determine their perception ns of value received, quality, satisfaction with services, and satisfaction with the provider relative to competitors. The other ways of monitoring is communicating regularly with the best customers in person or over the telephone by designing customer database. The customer database provides what customers buying behavior is; for knowing current firm's customers; the revenue customers generate; customers' preference and relevant segmentation information (Kotler and Keller, 2006 & Zeithaml & Bitner, 2004).

2.8. Theoretical Framework

This study examined service provider's awareness on the relationship Marketing practice based on foundations of RM by Zeithaml (2004) and the four dimensions of RM implementation exhibited by AL. Pop and Pelau (2004).Retention strategies suggested by Zeithaml & Bitner, (2004) are included under one major dimensions i.e. Instrumental dimension so as to conduct this study in simple way. The reason for employing four dimensions is that it holds all

components needed to turn out effective relationship marketing practice in hotel service. Therefore, with the foundations of RM & four dimensions to function as an independent variable and effective relationship marketing practice (dependent variable), based on this conceptual framework constructed as shown in figure 2.1 .

Figure 2.1: Conceptual framework of the study.



Source: (Mohammed & Rashid, 2012) and Self Conceptualization

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design and Approach

This study has employed descriptive research design. According to Pilot and Hurgler (1995), descriptive survey aims predominantly at observing, describing and documenting aspects of a situation as it naturally occurs rather than explaining them. The rationale for the use of these methods is that such studies are more helpful to describe and interpret the trend of events that exist. It was also aimed to better meet the objectives of the study set out under the first chapter. Thus, based on the foundation and dimensions of RM the study described how well service provider develops and practices the relationship marketing. It also assessed and described the perception of customer (resident guests) regarding to the hotel's service marketing package and how the relationship marketing is developed & practiced.

The research approach used for the study was mixed approach. Based on this, both qualitative (in-depth interview) and quantitative research methods (questionnaires) used in this study. Because, it enables to get a deeper understanding regarding hotel service provider practice. To learn more about the organization in depth interview is conducted and supported by semi-structured questions on different categorical themes. Many researchers who use both methods gain the best of both quantitative and qualitative research approaches (Creswell, 2003) customer.

3.2 Population of the study, sample size and sampling techniques

Population of the study

The study takes Sheraton Addis Hotel as a case where the practice of relationship marketing is empirically assessed. The total population of the study is resident guests (who use accommodation and other services of the hotel at least one night experience during the time of data collection) and marketing department deputy director of Sheraton Addis. The target populations are defined based on the nature of the study and the objective of the study.

Sample size and sampling techniques

It is important to have a target population in selecting a sample. The population can be described as the specific group that has been relevant to the research study. However, it is typically not practical to include every member of the population of interest. It is therefore; better to study a representative subset (a sample of the population of interest).

The unit analysis of research includes marketing department deputy director and resident guests' those who use accommodation and other services like banqueting of hotel at least one night experience. This is mainly because some guests do not use accommodation services and hence may not respond to the items included in the questionnaires holistically and appropriately within the available time framework.

The short time available will not be allowed them to examine the questions, considering the answers while they respond. Thus, the reliability of the study will be adversely affected. Moreover, the dimensions, constituted under the study, focus on the full service package of Sheraton Addis Hotel. Therefore, the unit analysis of study encompasses on marketing department of Sheraton Addis hotel as respondent and resident guests to assess the practice of RM with in the hotel. So as to draw the sample size the researcher made the Pilot Study (Trend Analysis) regarding the number of bed rooms, maximum and minimum numbers of guests for one week (from April 17/2016 – 23 /2016) to estimate total population (guests). According to the data gathered in the time of pre-analysis, the total number of bed rooms of Sheraton Addis hotel is 293 with 369 numbers of beds. The trend analysis identified the following points:

- 1) Many bedrooms have been occupied by foreigners than the domestic guests;
- 2) The occupancy rate for the one week (7 days) from April 17 to 23 is

33.9%,36.61%,34.24%,36.27%,36.27%,31.86%,30.86% bed rooms are occupied from the total of 293 respectively. Source: Front Office Department, April 2016.

- 3) The accommodation rate variation across days within a week is insignificant (statistically). Under this study, 95% of confidence level had been assumed. Consequently, whether the difference between highest (36.61%) and lowest (30.86%) percentage is insignificant or not; Z value is calculated as follows.

Z= Difference between sample proportions, i.e., (P1-P2)

(Standard error) S.E. of (p1-p2)

$$Z = \frac{P1 - P2}{\sqrt{\frac{P1Q1}{N} + \frac{P2Q2}{N}}} = \frac{36.61 - 30.86}{\sqrt{\frac{36.61 * 63.39}{293} + \frac{30.86 * 69.14}{293}}} = 5 / \sqrt{15} = 1.29$$

$$\frac{[P1Q1 + P2Q2]}{N} = \frac{36.61 * 63.39}{293} + \frac{30.86 * 69.14}{293}$$

Now since the observed Z value 1.29 is less than 1.96 for 95% confidence, it's possible to conclude that the difference between percentages across days within a week is insignificant (Ronald, 1995)

4) There are five kind of bedroom: club room(202rooms i.e. 68.9%),executive room(58rooms ,19.8%),classic suite (20rooms,6.8%) junior suite (9rooms,3.1%) and executive suite(4 rooms,1.4%) There is no unoccupied type of bed rooms within the weeks.

From above data, the total resident guests for a week assessment (April 17-23) are 704. It is often suggested that one should include at least 30 subjects in a sample since this number permits the use of large sample statistics (Kumar,2006:94).He also put that, in experimental research, one should select a sample that will permit at least 30 in each group. Descriptive research typically uses larger samples; it is sometimes suggested that one should select 10-20 percent of the accessible population for the sample (Kumar,2006; Hill,1996).

To achieve greater accuracy, the researcher might need to increase the size of the sample (Denscombe, 2007:26). However, he recommends that once a sample has reached given size, relatively little advantage is to be gained in terms of accuracy .Doubling sample sizes will double the cost but it will not double the accuracy of sample data (Janet,2005:108).So one can infer that the relationship between larger sample size and sampling error is not proportional. In general the size of sample will depend upon the types and purpose of the research (Catherine, 2007:56).In this study, therefore, 15% of 704 (total resident guests of April 17-23) taken as sample size i.e. 106,out of which 91 questionnaires were completed while 17 questionnaires were poorly filled up ; by assuming other factors affecting this situation being constant. The questionnaires distributed conveniently to all types of bedrooms.

This study uses convenience sampling. According to Bryman (2008), convenience sampling is used in the research where the researcher is interested in gaining an inexpensive approximation of the truth. As its name implies, this technique is mainly selected because of its convenience. This nonprobability method is often used in order to obtain a gross estimate of the results without incurring excessive cost or time (David & Sutton 2004). Convenience sampling, in particular, is usually used with those individuals who are otherwise difficult to contact, such as the marketing deputy director of the hotel selected in this study. Sheraton Addis Hotel is selected, because it provides rich information for the study at hand regarding relationship marketing practices. This was made by conducting pre-analysis for identifying a case upon which RM practices will be assessed. On top of this, Sheraton Addis was the first African hotel to join the prestigious luxury collation brand and currently rated five star hotels staying on the industry more than decades and the researcher believe that this consistence practice should be asses and share for others on the industry. Finally, its accessibility is another rationale for choosing the case.

3.3 Data types and sources

Primary and Secondary Data

In the light of this, the study gathered data from primary and secondary sources using varied techniques. Primary data was collected with the aid of Questionnaires that is distributed for guests who stay in hotel or use other accommodations frequently because this allows examining the questions, consider the answers while they respond. Thus, the reliability of the study is will increase. Because it is easy to classify and quantify, require less time, effort and quickness to answer for participants. In addition, for enhancing the reliability of the study semi-structured interview as guide used than using unstructured type of interview so as conducting in-depth interview efficiently. Interview has been done through face-to-face conversation with deputy director of marketing departments.

Secondary data are information or data already collected by other researchers or institutions, usually for different purposes (Blumberg et al., 2008). Secondary data enable the researcher to place the study in the context of existing knowledge as well as broadens the researcher's understanding to the research topic (Blumberg et al., 2008). Secondary data sources were annual report, various survey conducted by marketing department of the hotel, newspapers and

manuals on the subject matter which gave the researcher information about the issue under study. The internet as well as other relevant publications was also consulted. The secondary data was collected to know the existing awareness of relationship marketing and its practice. Therefore, to achieve the objectives of this study both primary and secondary sources of data has been gathered.

3.4 Research Instrument and measurement

The instruments used in this study were questionnaires and interview. The questionnaire is prepared for guests by the researcher from various literatures reviewed and related research thesis on internet (by Piyanuch Preechanont, 2009). Primary data was collected by making some amendment on the questioner to suite for the purposes of this research. Overlapping items and items not relevant to the present research sample were omitted. On the top of this, to make more familiar and easy to administer by guests the format presented by adopting the Starwood hotels and resorts worldwide company (owner of all Sheraton brand hotels all over the world) questioners which is categorized under the hotels main service package and filled by guests who stay at least on night to collect guest feedback and to keep the brand standard. Likert scale was used to measure the importance level of factors affecting practices of relationship marketing. Thirteen semi-structure questions are prepared in five categories to be conducted by the researcher presented physically.

Based on the research problem and objectives the questioner for the resident guest constructed as shown on the below table;

Table 3.1: How the constructed items (variables) answered the research questions and objective of the study.

Questions	Content	Objectives
#1-3	Guests` general profile	To describe background information of guests
#4-8	General information related to hotel	To assess how the guests find out Sheraton and time and reason they stay
#9-10	Personal relationship	To explore resident guests` extent of personal relationship
Part II	Importance level and Practices of Service marketing.	To explore important and practices of service marketing package. To evaluate customers perception towards service marketing package of hotel
Part III	Instrumental dimension & it`s sub attributes	To discover important instrumental dimension element for the `resident guests`. To describe and assess strategy, tactics or instrumental dimensions of RM practice
Part IV	Satisfaction & intention of participants to recommend the Hotel	To describe opinion of respondents on satisfaction & Intention to recommend the hotel.

3.5 Reliability and Validity

Several authors (Cooper and Schindler, 2006) have agreed that it is vitally important as a matter of reliability and validity to check the appropriateness of questionnaire, the time required to fill the questionnaire and to assess understanding on the subject matter through pilot testing before the final administration in order to rectify any anomalies detected. As a way to

increase the reliability of the study, an in-depth interview guide was designed in the form of semi-structured questions. To increase the reliability of the survey, five- scale system (Likert scale) questionnaires were used. The reliability in such scale is higher compared to a two- scale system. Five is an effective choice since the reliability decreases if the number of response options is greater than five(Hayes, 1992).

It is fundamental to implement reliable methods in order to achieve validity. Validity is present when the approach to measurement used in the study actually measures what it is supposed to measure (Anderson, 2004). In this research different mechanisms were used to enhance the validity of the study. In the first place, face to face in-depth interview has an advantage that the interviewer has the possibility to know the respondent and to reduce the possibility of misinterpretations because it is possible to discuss and to explain during the interview.

Most of the resident guests of Sheraton Addis hotel are foreigners and then the questions are formulated in easy and understandable language with care constricting items. In addition, the triangulation of data that will be collected by qualitative and quantitative method also enhances the validity of study. Further, to minimize any possible biasing effect and error, Software Package for Social Sciences (SPSS) was applied in analyzing findings of the questionnaires. On the top all this, in close consultation, comments and recommendations of my advisor will assure the validity.

Reliability Testing

To assess reliability and internal consistency of the variables, Cronbach`s alpha was calculated. A benchmark alpha of .70 was set as an acceptable measure of reliability (Cronbach, 1951). The reliability of the variables used is summarized in the table 3.2

Table 3.2: Variables Reliability

Variables	Reliability(Cronbach`salpha)	N of Items
Service Marketing Package	.777	13
Instrumental Dimension	.754	15

3.6 Data Analysis and Presentation

Data analysis consists of “examining, categorizing, tabulating, testing or otherwise recombining both quantitative and qualitative evidence to address the objective or hypothesis of the study” (Yin, 2003). Thus, to analyze and interpret the data collected the following procedure will be used. The data that will be obtained through questionnaire surveys will be analyzed using SPSS (Statistical Package for the Social Sciences) software. It is one of the most widely used and comprehensive quantitative data analysis packages currently available (Field, 2005).

The data analysis used the following statistical tools: frequencies distributions, graph, and cross-tabulations.

Frequency distribution is one method of descriptive statistics that used to describe the basic features of the data in a study. They provide simple summaries about the sample and the measures (Field, 2005). It consists of a tabulation of the frequencies of each value (or range of values). It can be structured as a table or graph. In this study to present or summarize the background information of the informants like sex, age group and educational status tabulation of frequency distribution were used. The study chooses frequency distributions for two reasons. Firstly, they are easy to understand as they provide a general picture of the distribution of a variable. Second, it is easy to see trends in the data, particularly when two different data sets are compared.

To analyze and assess the relationship between RM practices of the hotel and customer's perception on the overall service package; instrumental attachment to product/services offering and customers handling practice of hotel, the research used frequencies distributions. Cross tabulation is used to observe whether there is a relationship between two variables. Cross tabs are easier to illustrate than explain. Because cross tabs table can provide more information than a single statistic and it can be used to compare two related variables (Field, 2005). In this study, cross tabulation was used to compare the gender, age, and length of stay previously and the respondents' purpose of stay who will visit Sheraton.

Data collected through interviews and survey for assessing the practice of relationship marketing presented by taking Sheraton Addis as a case study.

Data collected through a survey were presented and interpreted .In doing so, general specifications of respondents, cross tabulation statistics that indicate the importance level of variables,it also looks at the perceptions and opinions of customers about the services marketing and the strategies for the development and implementation of relationship marketing. Datacollectedthrough the interview with the marketing department deputy director/representative of the hotel service provider were presented. It is further organized into four sub-parts: response on awareness of relationship marketing (RM) Concept, the foundations for long-term RM building, the informational dimension of RM, instrumental dimension of relationship marketing and management and organizational structure of RM.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1. Analysis of data collected from customer survey

This chapter presents and analyzes the data collected through interviews and a survey with the intention of assessing the practices of relationship marketing in the hotel industry by taking Sheraton Addis, as a case study.

The chapter is organized under four sections. In the first section, data collected through survey presented and interpreted based on the specific objectives. In doing so, general specifications of respondents, cross tabulation statistics that indicate the importance level of variables are dealt with. It also looks at the perceptions and opinions of customers about the services marketing and the strategies for the development and implementation of relationship marketing in the case at stake.

Under the second section, analysis on the data collected through the interview was presented. It is further organized into four sub-parts: awareness of relationship marketing (RM) Concept, the foundations for long - term RM building, the informational dimension of RM, instrumental dimension of relationship marketing and management and organizational structure of RM.

Under the third section of the chapter, point of difference in between the results of survey and interview is assessed and summarized.

The main focus of this part is on the presentation of data resulted from the survey conducted pertaining to the practices of RM in Sheraton Addis Hotel. This section structured based on the research specific objectives .In order to present the data at hand and provide the empirical results of the survey SPSS (v.21) software has been used as a tool for data analysis.

Questionnaires were filled by the resident guests who stayed in the Hotel from august 6-19. The total sample size was 106, out of which 91 questionnaires were completed while 17 questionnaires were poorly filled up.

4.1.1. Respondents background

This part presents the data related to general specifications of respondents. It constitutes gender, nationality, age, level of education, visited times previously, whether or not they had stayed previously, length of stay on this visit, main purpose of stay, the reasons the respondents chose the hotel and extent of relationship and recognition by staff members to guests have been described.

Gender

Based on the findings in the table 4.1, the majorities (68 %) of the survey's participants were male. with regard to the nationality of the sample, the majorities (60.4%) of them were Non Ethiopian citizens and the remaining (39.6%) were Ethiopian.

Table 4.1: Gender and Nationality of Respondents

		Frequency	Percent
Gender	Male	62	68
	Female	29	32
	Total	91	100
Nationality	Ethiopian	36	39.6
	Non Ethiopian	55	60.4
	Total	91	100

Age

The majority of the respondents 36.3 %(32) were aged in between 35-44, 23.1 %(21) were aged 25-34, and 19.7% (19) were aged 45-54 (see Figure 4.1). Therefore, most of the participants were found under the age of 35-44 years making 36.3% of the total number of participants.

Level of Education

In light of their educational level, the respondents were classified to makeup either of the categories as school leaving qualification, Bachelor degree, Post-graduate degree. The result data is presented under in table 4.3.

According to table 4.3, out of 91 respondents, 8 respondents (8.8%) have school leaving qualification, while 44 respondents (48.3%) have bachelor degree, and 33 respondents (36.3%) have post graduate degree & 6 respondents (6.6%) have other level of education such as professor, PhD and diploma.

Table 4.2: Age of Respondents

AGE		
	Frequency	Percent
18-24	9	9.9
25-34	21	23.1
35-44	33	36.3
45-54	18	19.8
55-64	7	7.7
>65	3	3.3
Total	91	100.0

Table 4.3: Education level of Respondents

		Frequency	Percent
Level of Education	School leaving qualification	8	8.8
	BA degree	44	48.3
	Post-graduate degree	33	36.3
	Other	6	6.6
	Total	91	100

Visited Times Previously

When asked if this was their first to Sheraton, 48.4% (44) replied this was my first visit, 23.1%(21) had 1-3 previous visits, and 28.6 % (26) had 4 or more previous visits. (See table 4.4). In addition, 50.5% (46) of respondents were spending 1 to 3 nights at the hotel, 26.4% (24) were spending 4 to 7 nights there, and 22.0%(20) were spending 8 to 14 nights there. Only 1.1% (1) respondents were staying for one month or more (see table 4.3). The main purpose of their stay in the hotel was for pleasure/personal reasons 58.2% (53) and 19.8 % (18) were there for business reasons. Another 22.0% (20) were there for other purposes. (See table 4.4)

Table 4.4: Visited times and length of Stay with their Purpose at Sheraton Addis hotel

		Frequency	percent
Visited Times	This was my first time	44	48.4
	1-3 previous time	21	23.1
	4 or more times	26	28.6
	Total	91	100
Length of stay on this visit	1-3 night	46	50.5
	4-7 night	24	26.4
	8-14 night	20	22.0
	One month	1	1.1
	Total	91	100
Main Purpose of Stay	Business	18	19.8
	pleasure/personal	53	58.2
	Other	20	22.0
	Total	91	100

The Reasons the Respondents Chose the Hotels

As shown in table 4.5, 25.3% (23) of customers used a travel agency to choose the hotel, 18.7% (17) acted on recommendations from friends or relatives, and 43.9 % (40) had visited the Hotel for attending meeting.

Table4.5.The Reasons the Respondents chose the Hotels

		Frequency	Percent
Reasons for Respondents to choose the Hotels	Friend or relative	17	18.7
	Attending meeting	40	43.9
	Travel agent	23	25.3
	Advertisement	11	12.1
	Total	91	100

4.1.2 Customers' perception on RM practices

Respondents' Personal Relationship and Their Recognition

A number of RM type have been proposed by researchers to be crucial in service provider organization(Zeithaml & Bitner, 2004). One of these is relationship of service provider with their guests (customer). In hotel industry relationship of customer or guests involves personal interaction of employees during the service process or may be with managers of

different level of a hotel service provider. Hotel’s employees and managers relationship with guests is an important determinant factor as to whether a customer is satisfied or dissatisfied in services being delivered. Besides, customer recognition is one of the core elements of relationship marketing strategy since it can significantly contribute to the emotional connection between customers and hotels.

With this ensign, the study posed two questions that rate the level of personal relationship and recognition and treatment offered by employees of hotel to guests. Consequently, the findings of the study show that the majorities of respondents` 33.0% (30) have no personal relationship at all with hotel. Further, 28.6% (26), 23.1% (21), 14.2 % (13) and. 1.1% (1) have somewhat unclose, neutral, somewhat close and very close respectively. (See table 4.6)

As for the recognition and personal treatment by staff members for guests, 31.7 % (29) respondents replied neutral; 26.2% (24) and 12.1% (11) have somewhat unclose recognition and no recognition at all by staff members respectively. (See table 4.5).

Table 4.6: Respondents’ personal relationship & their recognition

		Frequency	Percent
Respondents Personal Relationship	No relationship at all	30	33.0
	Somewhat unclose	26	28.6
	Neutral	21	23.1
	Somewhat close	13	14.2
	Very close	1	1.1
	Total	91	100
Respondents’ recognition	No recognition at all	11	12.1
	Somewhat unclose recognition	24	26.4
	Neutral	29	31.7
	Somewhat close recognition	18	19.8
	Very close recognition	9	9.9
	Total	91	100

Cross Tabulation between Variables

This part compares two variables to assess the relationship between them. In this study, cross tabulation is therefore, applied to compare the gender and age with the previous length of stay and respondent’s purpose of stay. As can be seen from Table 4.7, men are more likely to

revisit Sheraton than women. The main reason for staying at the hotel was for a pleasure and personal case (45). Females are also more likely to use the hotel for a pleasure like males.

Table 4.7: Cross-tab between gender and visited times and their Purpose (frequency)

		Gender		
Visited times Previously	Male	Female	Total	
	This was my first time	29	15	44
	1-3 previous time	16	5	21
	4 or more times	17	9	26
	Total	62	29	91
Main purpose of stay	Business	14	4	18
	Pleasure/personal	32	22	53
	Other	16	3	20
	Total	62	29	91

According to the results, those respondents under ages 35-44 are more likely to revisit Sheraton Addis on a regular basis for a pleasure and personal case.

4.1.3. Statistics Indicating the Importance of Factors for Building RM

The Hotel service provider’s practices were measured by questions/statements given under part II of the questionnaire. This part includes the importance level and practices of service package attributes, elements of instrumental sub-dimensions i.e. financial, social, customization and structural bonds and customer compliant handling.

The statements were posed in such a way that respondents could rate both the importance level and practices of each variable so as to build relationship marketing. In fact, this is a subjective manner of measurement that takes on the perspective of the respondent rather than on the practices per se (Adalsteinsson and Gudlaugsson, 2007). Fortunately, there is evidence of consistency between subjective and objective practice measures (Dawes, 1999) and therefore the subjective method is accepted in this study.

As stated in the chapter three, Likert scale was used to measure the importance level of factors affecting practices of relationship marketing. The higher the score, the more important are the variables as evaluation criteria. Five point scales were used to measure the importance of factors

in such a way that mean score could be calculated to determine the importance of factors in the RM practice. With five point scales, the intervals for breaking the range in measuring each variable are calculated as follows (Piyanuch Preechanont, 2009):

$$= \text{Max.} - \text{Min.} / 5 = 5 - 1 / 5 = 0.8 = \text{Importance Level}$$

It means that the scores falling between the following ranges can be considered as:

Importance Score 1.00 – 1.80 Means Unimportant at all

Importance Score 1.81 – 2.60 Means Somewhat Unimportant

Importance Score 2.61 – 3.40 Means neutral

Importance Score 3.41 – 4.20 means somewhat important

Importance Score 4.21 – 5.00 Means Extremely Important

As is indicated elsewhere, the statements found in table 4.7 were posed in such way that the respondents rank its importance and real practice in case of Sheraton Addis . As such, the table describes the informants' response on the importance level of each factor of service marketing package, its attributes as well as the instrumental dimension.

Thirteen variables were used to construct the service marketing package. They were cleanliness of the room, courtesy, friendly and helpfulness of staff, a friendly welcome on arrival, the atmosphere in the room, appearance /professionalism of staff, quality of service, food & beverage in restaurant/ bar, general safety whilst in the Hotel , room service, a quick check-in/ out procedure, Price/value, overall impression/Image of the Hotel, over all Physical facilities in bar, dining hall, room and location/convenience of building.

Table 4.8: Importance level of factors for building RM

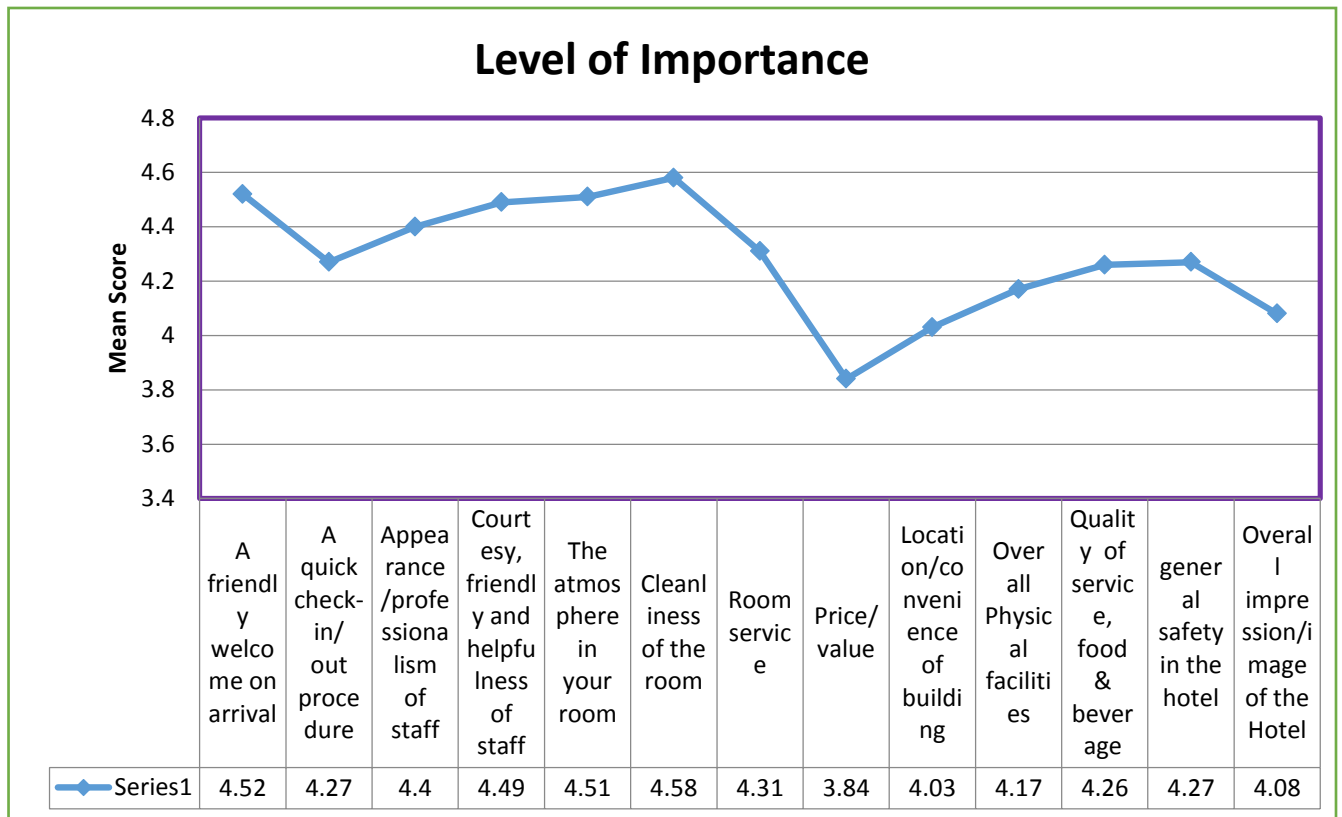
	N	Minimum	Maximum	Mean	Std. D	Importance Level
Service Package	91	3.00	5.00	4.45	.671	Extremely Important
A friendly welcome on arrival	91	3.00	5.00	4.52	.603	Extremely Important
A quick check- in/ out procedure	91	2.00	5.00	4.27	.518	Extremely Important
Appearance /professionalism of staff	91	3.00	5.00	4.40	.537	Extremely Important
Courtesy, friendly and helpfulness of staff	91	2.00	5.00	4.49	.621	Extremely Important
The atmosphere in your room	91	3.00	5.00	4.51	.524	Extremely Important
Cleanliness of the room	91	1.00	5.00	4.58	.667	Extremely Important
Room service	91	1.00	5.00	4.31	.664	Extremely Important
Price/value	91	1.00	5.00	3.84	.556	Somewhat important
Location/convenience of building	91	1.00	5.00	4.03	.407	Somewhat important
Over all Physical facilities in bar, dining hall, room, of hotel	91	1.00	5.00	4.17	.529	Somewhat important
Quality of service, food & beverage in restaurant/ bar	91	1.00	5.00	4.26	.574	Extremely Important
Your general safety whilst in the hotel	91	2.00	5.00	4.27	.538	Extremely Important
Overall impression/image of the Hotel	91	3.00	5.00	4.08	.321	Somewhat important
Instrumental dimension-	91	1.00	5.00	4.24	.602	Extremely Important
Financial ties	91	1.00	5.00	4.04	.419	Somewhat important
Special offer-price discount for your stay more days/usage	91	1.00	5.00	3.90	.495	Somewhat important
Free VIP cards, coupons for your stay more days/usage	91	1.00	4.00	3.83	.453	Somewhat important
Free delivery charge for your stay more days/usage	91	1.00	5.00	3.79	.505	Somewhat important
Importance of social connection	91	1.00	5.00	4.10	.481	Somewhat important
Greeting cards, gifts and etc.	91	1.00	5.00	3.17	.529	Somewhat important
Personal relationship with hotel/staff	91	1.00	5.00	3.75	.655	Somewhat important
customization ties	91	3.00	5.00	4.47	.544	Extremely Important
Standardized services	91	3.00	5.00	3.22	.511	Somewhat important
Individualized services	91	1.00	5.00	4.29	.586	Extremely Important
(structural bonds)	91	1.00	5.00	4.28	.582	Extremely Important
Provision of special equipment or computer links based services offered by the hotel	91	1.00	4.00	3.84	.445	Somewhat important
Delivery of product /service Knowledge / information	91	1.00	4.00	3.87	.417	Somewhat important
Importance of handling customers` complaints efforts	91	1.00	5.00	4.28	.687	Extremely Important

Here, the mean score falls on the range [3.41-4.20] means somewhat important and extremely important on the range [4.21-5.00].Therefore;

The mean scores show that the most important service marketing package variables were cleanliness of the room (mean =4.58), courtesy, friendly and helpfulness of staff (Mean=4.49) , a friendly welcome on arrival (mean =4.52), the atmosphere in the room (mean=4.51), appearance /professionalism of staff (mean=4.40), quality of service, food & beverage in restaurant/ bar(mean= 4.26), general safety whilst in the Hotel (mean=4.27), room service (mean=4.31), and a quick check- in/ out procedure (mean=4.27) respectively. Furthermore, the importance level of Price/value (Mean=3.84), Overall impression/Image of the Hotel

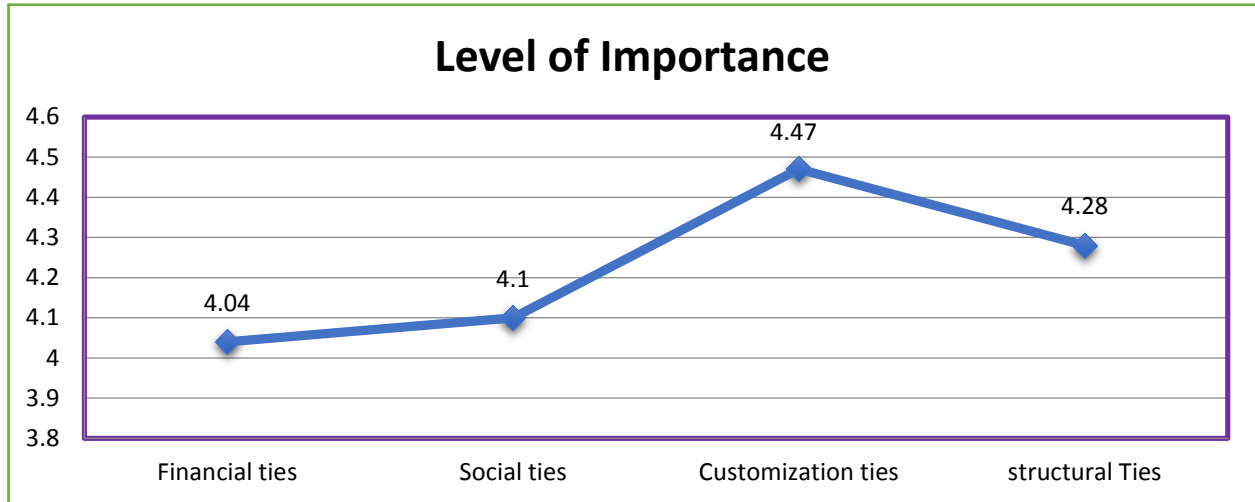
(Mean=4.08), Over all Physical facilities in bar, dining hall, room (Mean=4.17) and Location/convenience of building (Mean= 4.03) are somewhat important for the respondents.

Figure 4.2: Importance Level of Service Marketing Indicators



Four major variables were used to construct instrumental dimension. These include financial, social, customization and structural bonds. The mean scores reveal that the extreme important instrumental dimension were customization ties (Mean=4.47, S.D. =0.544) and structural ties (Mean=4.28, S.D. =.582). These shows individual based service is more important for them and they give emphasis for one-to-one solution for their needs with flexible processes and organizational structures to produce varied and often individually customized products and services at the price of standardized services to the client that are frequently designed right in to the services delivery system for the client.

Figure 4.3: Importance level of Instrumental Indicators



Moreover, the handling customer complaints were another constructed variable for the effective practice of relationship marketing. Thus, the mean scores (Mean=4.28, S.D =.687) indicate that handling customer complaint is the most important variable of relationship marketing.

4.1.4. RM system (tactics and strategies) employed

The result of statistical analysis on the strategy and tactics of RM system employed by the hotel with its major and sub major RM practice indicators are displayed hereunder. In doing so, mean and standard deviation were used to measure how well it's employed by the hotel.

As table 4.9 below demonstrates, among the service marketing and its sub attributes practiced by the hotel; roomservice, Over all Physical facilities in bar/dining hall/room, Location/convenience of building, Overall impression/Image of the Hotel, Courtesy, friendly and helpfulness of staff and A friendly welcome on arrival respectively were scored high which means guests believed those service marketing elements well practiced by the hotel. Relatively elements like price/value and the atmosphere in the room scored lower.

Table 4.9: Descriptive statistics for the service marketing practiced by hotel and its sub attributes

RM Practice	N	Mean	Std.Deviation
A friendly welcome on arrival	91	3.901	.496
A quick check- in/ out procedure	91	3.835	.454
Appearance /professionalism of staff	91	3.791	.506
Courtesy, friendly and helpfulness of staff	91	3.978	.333
The atmosphere in the room	91	3.121	.491
Cleanliness of the room	91	3.758	.656
Room service	91	4.418	.539
Price/value	91	3.319	.598
Location/convenience of building	91	4.033	.407
Over all Physical facilities in bar, dining hall, room	91	4.055	.431
Quality of service, food & beverage in restaurant/ bar	91	3.846	.445
General safety whilst in the hotel	91	3.879	.417
Overall impression/Image of the Hotel	91	4.022	.540

4.10: Descriptive statistics for Instrumental Dimension & its attributes practiced by the hotel

Instrumental dimension	N	Mean	Std. Deviation
Financial ties	91	3.055	.899
Special offer –price discount for your stay more days/usage	91	2.736	.854
Free VIP cards, coupons for your stay more days/usage	91	2.769	.857
Free delivery charge for your stay more days/usage	91	2.626	.915
Social ties	91	2.560	.748
Greeting cards, gifts and etc.	91	2.384	.711
Personal relationship with hotel/staff	91	2.374	.825
Customization ties	91	2.341	.670
Standardized services	91	2.315	.740
Individualized services	91	2.341	.670
Structural bonds	91	2.363	.691
Provision of special equipment or computer links based services offered by hotel	91	2.352	.705
Delivery of Knowledge/information about product/service that not available elsewhere by hotel	91	2.692	.726
Handling customers` complaints (efforts to answer /avoid customer`s complaint)	91	2.472	.821

In the table of 4.10, the result on the practice of instrumental dimension and its sub- dimensions are displayed. As a result, among the sub-dimensions included under instrumental dimension the financial ties scored above average, social, customization and structural bonds scored average and below average by guests respectively. Handling of customers` complainants was another variable constructed. This variable also scored below average by guests. This dimension should not be regarded as a list of methods used occasionally, depending on the market situation. It rather refers to the way in which the hotel combines all methods in one system and implement on sustain manner in order to make customers loyal. But the result vindicate the hotel need improvement on practicing instrumental dimension since it is main indictor for the well practice of RM (Nicolae AL. pop and CorinaPelau, 2004)

4.1.5. Respondents` response on Satisfaction and Recommendation Intention

Under this section, the study describe the respondents intention to come back again to the hotel and their intention of whether they recommend about the hotel to their relative /friends or other people after staying. Thus, the finding show that the majorities of respondent`s 81% (74) answered that they are considering to come back again to the hotel or they replied “Yes”. The other main issue that the study tries to identify is that whether the respondents are recommending their friends and other people about the hotel. Based on this 68.1% (62) respondents are replied “Yes” and 22.7% (29) are said “No”.

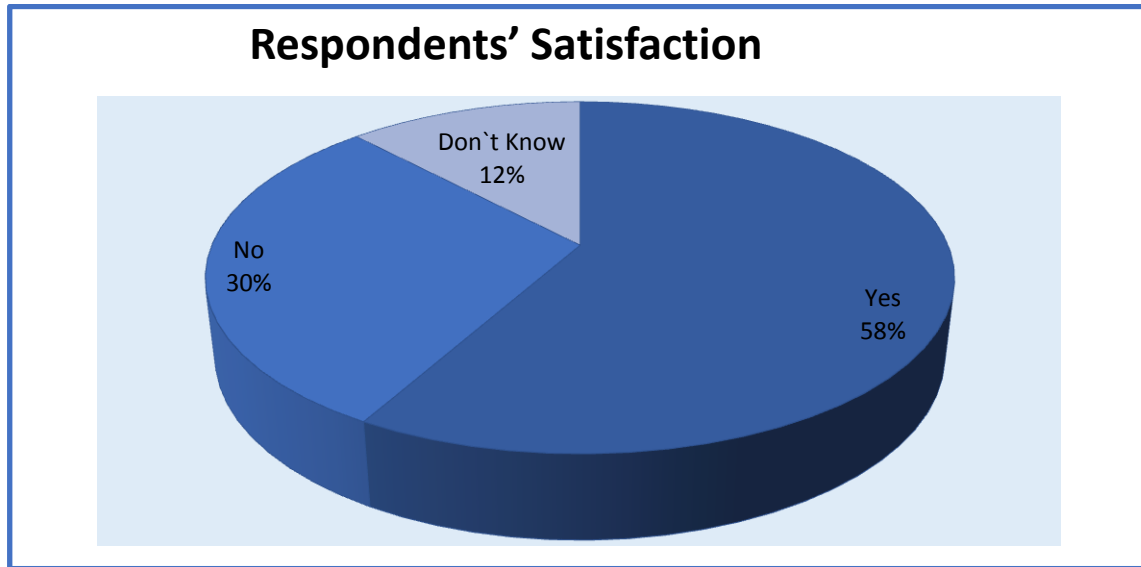
Table 4.11: Respondents` response on intention to recommend and to come back to the hotel

		Frequencies	Percent
Whether they come back again to the hotel	Yes	74	81%
	No	17	19%
	Total	91	100%
Whether they recommend the hotel to their friends/other people	Yes	62	68.1%
	No	25	27.5%
	Don` t know	4	4.4%
	Total	91	100%

The respondents were asked if any aspect of their stay exceed their expectations after staying in the hotel. According to findings, 58.2% (53) out of the total respondents were replied “Yes” which mean that the respondents were satisfied with the hotel rooms, and felt that they exceeded their expectations. While 29.7% (27) said “NO” i.e. they felt that they are not

exceeded their expectations` and not satisfied by their staying in the hotel. The remaining respondents 12.1% (11) respond “Don`t know”. Here many respondents are exceeding their expectations on any aspect while staying in the hotel. (See figure 4.4)

Figure 4.4: Respondents' Satisfaction whilst their stay



4.1.6. Summary of Survey Results

In general, concerning to the respondents` profile, the majority of participants was male and aged 35-44. The majority had Bachelor degree. For the most of the informants, this was the first time to Sheraton Addis Hotel and they spending one to three nights there. The main purpose of their stay was for pleasure and most of them used attending meeting to select the Hotel. Moreover, the study shows that men and respondents aged 35-44 are more likely to revisit Sheraton Addis.

Although, the majorities of respondents have none and unclosed personal relationship with Hotel and their recognition and treatments by staff is neutral and unclosed recognition, most of them are considering coming back again and also need to recommend the hotel to their friends and other people. Finally most respondents` stay at hotel were exceeded their expectations i.e. they were satisfied. As per the statistics calculated for the importance level of variables constructed all most all are very pertinent to the customers or respondents. But, instrumental dimension level of importance is less as compared to the service marketing package.

Generally, most of respondents comment that the skill and their ability of foreign language communication are weak. For this reason they suggest the improvement on customer handling

and relationship marketing. Even most of the respondents comment that the hotel has no GYM. In regard to service the respondents suggest on price and service duration time.

4.2. Analysis of data collected from Interview

Under this section, the analysis is conducted on the data collected through interview based on thirteen semi-structured questions with the marketing department representative of the Hotel. Themes were identified to categorize these data in light of the aims and objectives of the research. This section, therefore, explores and describes the awareness of RM concept and its practice in case of Sheraton Addis Hotel from marketing department deputy director representative's point of view. "A Marketing Department representative is abbreviated to "MDR".

4.2.1 Response of marketing department representative on Awareness of Relationship Marketing Concept

Here, questions pertaining to the concept of relationship marketing were posed to the marketing department representative (MDR) of Sheraton Addis Hotel.

As for the response, the MDR claimed "our organization was working with relationship marketing". Furthermore, the manager defined the relationship marketing as "the process of 'customer development' which focuses on customer retention through customer attraction and satisfaction". The MDR said, "relationship marketing" is the profitable programs than selling and marketing product/service in the traditional manner". He also explained the reasons why the RM program is most preferable by mentioning that RM is saving cost and enable any firms to obtain retention of customers for long time without incurring much cost for promoting goods and services.

Moreover, the MDR of the hotel asserted that RM is an important strategy for their Hotel because the nature of service provision is intangible and inseparable. Customers, therefore, require some strategy and tactics (like relationship marketing) that assure the existence of physical evidence whilst transaction.

4.2.2. Response of Manager on the foundations for long- term RM building

With regard to the foundation of long term relationship marketing, questions related to service marketing package and market segmentation were forwarded to the MDR. As a result, the MDR claimed that the main reasons the customers chose Sheraton Addis Hotel in regard to service marketing package is that the hotel have good brand image and emerged prior to the competitors chain hotel service providers in Ethiopia. In addition, the MDR said that the hotel is rated as “five –star” Hotel. The Manager also mentioned that the long time experience of employees and skillful management is another factor for customers to choose the Hotel. Besides, the location of Sheraton Addis Hotel is providing advantage of “Walking distance” to Menelik II's Palace (14-minute walk),Addis Ababa Stadium (14-minute walk),Holy Trinity Cathedral (14-minute walk),“Red Terror” Martyrs' Memorial Museum (15-minute walk) and Addis Ababa National Archives and Library (15-minute walk), a quick drive to the United Nations and African Union Headquarters and airline.

4.2.3. Response of MDR on the Informational Dimension of RM

In the process of building and maintaining relationship marketing, information is quite important. According to the result of the interview conducted, the Hotel has been gaining opinions of customers through online questioners or hard cope which is found in all rooms and guest satisfaction index which is rated out of five. Any feedback, comment and complaint which need an answer should get response in 48hr, otherwise the system automatically send it directly to the head office which control all its chain hotels. They have a well-established marketing research and development to get and collect the customers` suggestion & opinions. All chains hotels rate monthly and customers comment, complaint send back to each hotels for their handling.

In the literature, the application of data mining tools in RM is an emerging trend in the global economy. Analyzing and understanding customer’s behaviors and characteristics is the foundation of the development of a competitive RM strategy in quest of acquiring and retaining potential customers and maximizing customer life-value. Appropriate data mining tools which are good at extracting and identifying useful information and knowledge from enormous customer databases are one of the best supporting tools for making different RM

decisions (Berson., 2000). As such, the application n of data mining techniques in RM is worth pursuing in a customer-centric economy.

The MDR responded that the hotel employed customer database as a relationship marketing tool and system of mining customer database fully automated. Thus,basic information of guests whose stay at the hotel kept by the hotel. All in all, extracting and identifying useful information and knowledge and enhancing customer value are the main objective for the hotel.

4.2.4. Response of Manager on Instrumental dimension of RM

According to the result of the interview conducted with MDR, repeated and profitable customers are treated differently. Those customers are identified easily with their passport information from the system database and most of them are identified before their arrivals and special welcoming presents by the hotel. The strategies of treating customers are made through giving recognition, reasonable and stable price, free meal, extra amenities, drink, gift and limousines.

As per the interview results, various strategies and tactics are applied so as to attract customers towards the company's product and services. The Marketing managers also said that there are free provision of fruit, drink and different gift while the guests are in their room; discount to be offered to those guests who use room services for more days or nights. Yet the MDR also acknowledged that such strategies and tactics are not regularly and fully implemented and/or not strictly practiced in sustain manner. Viewed from the theories under pinning the study, the realization of such strategies, however, require strict management and independent structure.

4.2.5. Response of Manager on Management aspect and Organizational structure of RM

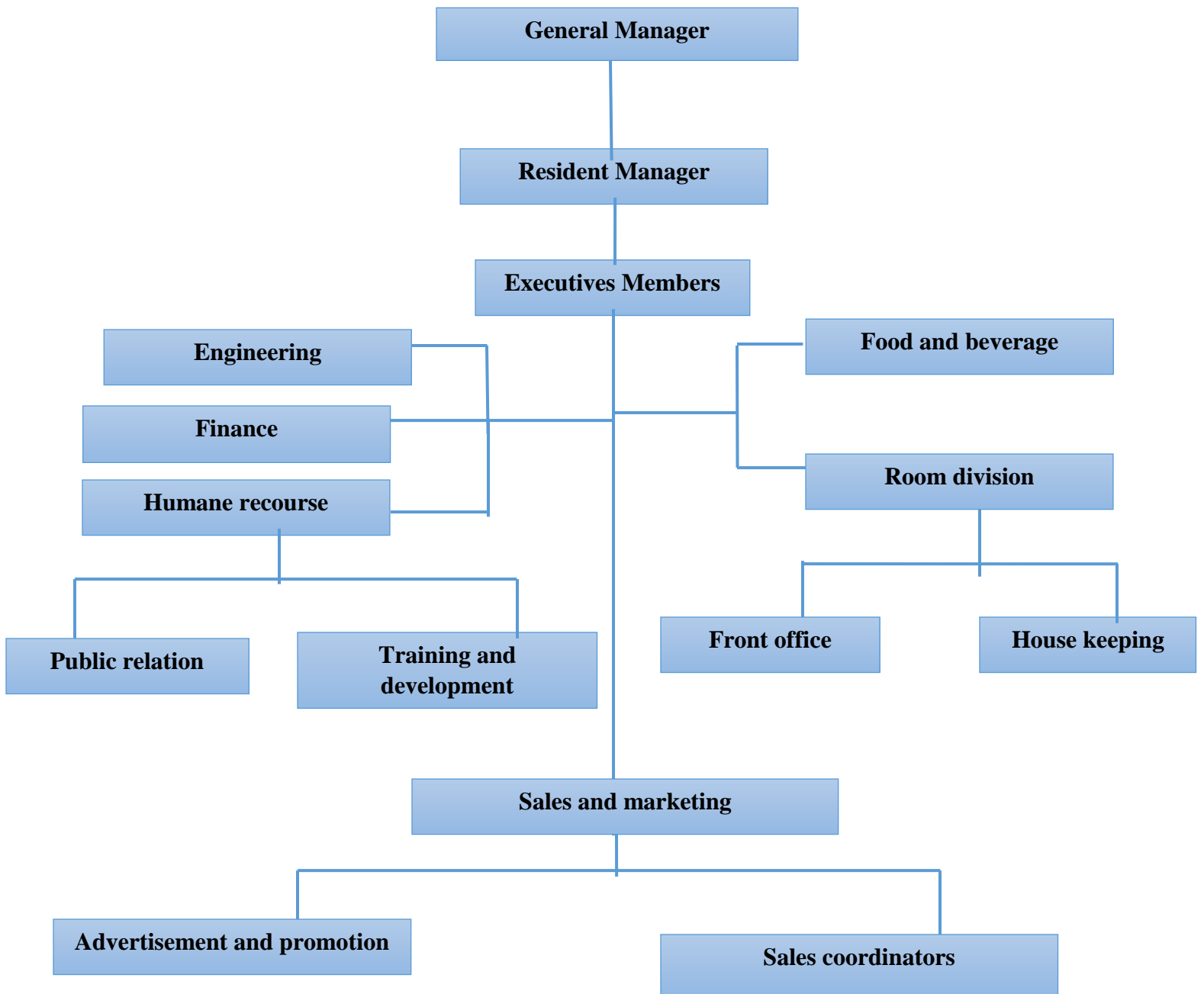
The manager emphasized the importance of customer feedback saying, “in order to retain customers, the hotel has to understand the customers` needs and wants, and customer feedback provides valuable information which helps to build on this understanding and improve customer satisfaction”.to this effect, the information/feedback of customers is collected through questioners online or in the Hotel. After all information /feedback about the service performance of the Hotel is collected and gathered, the marketing department reviews and analyzes customer feedback and reacts accordingly. The MDR enumerated the subsequent actions in such manner that the collection and analysis of customers feedback made through the mechanisms mentioned above had been also used for the measurement of guest satisfaction. The process of analysis had

been made periodically. The results from all mechanisms are used to improve the hotel's products and services to meet customer expectations.

In addition, there are also procedures to be followed by employees whilst complain is raised by customers: giving full attention to problem/complain, calming down, taking note about complain, not interrupting until the guest concludes his/her complain, and asking apology for the problem. In the literature, organizational dimension of RM involves when new jobs appear with new responsibilities, tasks and different functions. Retention efforts cannot become successful until the management and staffs work together to achieve the same objectives. Certain structure of the firm is, therefore, required for the effective administration of relationship with the customers (Pop and Pelau, 2004). For this reason, question relating to the organizational structure for RM practicing were posed to the interviewee.

However, the marketing manager claimed that there had not been independent structure and persons (employees) assigned for running relationship marketing(See Figure 4.3). But, the hotel currently employed front office and public relation and promotion divisions for operating and performing issues related to the relationship marketing. In relation to the RM, for instance the public relation is conducted SWOT analysis and internal service quality. Put more, front office is performing additional services that can enhance or contribute to the practice of relationship marketing by supporting guests (especially foreigner guests) through delivering any information they need to have by assigning concierge at the lobby.

Figure 4.5: Organizational structure of Sheraton Addis Hotel



4.3. Discussionon Survey and Interview Results

The interview data analysis provides an insight to RM in Sheraton Addis hotel. The development of a suitable questionnaire enabled the attitudes of guests in the hotel to be quantitatively measured. Coupled with qualitative interviews, the major aspects of hotel relationships marketing practices were examined. This section, therefore, tries to discuss the main finding of both methods (survey/interview). The finding of these methods are compared and contrasted (triangulated). As has mentioned in chapter one, the general objective of this study is to assess/examine the practice relationship marketing in the Sheraton Addis hotel, in Ethiopia. In order to answer this general objective, the following major results from both survey and interview are summarized for each specific objective.

Objective 1: Examine the Hotel’s existing awareness of RM concept.

Ethiopia has huge potentials to emerge as a tourist destination. The Government of Ethiopia (GOE) has also prioritized tourism development in its development strategy, PASDEP (Plan for Accelerated and Sustained Development to End Poverty).

The expansion of the tourism sector, therefore, has seen a simultaneous growth of the hotel industry in Ethiopia. And many hotels are under construction to meet the growing demand while GOE is taking a role in supporting and motivating such initiatives. It is logically plausible to hold that increase in number of hotels and that would be competitive scenario becomes a question of survival. In this case, in order for the hotel industry to actualize its triple objectives that is generating significant profits for the economy as a whole and adapting competitive nature of the marketplace as well as attracting tourists through ‘positive – word–of mouth’, the spread of relationship marketing concepts and practices will be of paramount importance.

The effective implementation of relationship marketing will enable a hotel to develop strong relationships with new customers and maintain long-term relationships with existing ones. The data analysis conducted in this study reveals that the MDR is aware of the importance of relationship marketing in achieving success in the hotel business. This may consequently improve the hotel’s reputation by encouraging customer repurchase which

will in turn have a positive effect on the financial performance of the hotel by reducing expenditure on marketing.

These are also supported by survey results even the practical level of relationship marketing is not match to the expectation of many respondents. Some respondents also commented that the Hotel's customer relationship requires improvement on the ground. (See section 4.2.1 & 4.1.5).

Objective 2: Assess as to how RM has been developed and implemented within the hotel operations.

Effective relationship marketing practice and development initially require the foundations quality service marketing and market segmentation. High quality of service leads to customer satisfaction as a result of which stronger relationships and greater profitability for the hotel could establish. Much of the development of service marketing around the globe has focused on service quality in the sense of customer perceived quality, customer satisfaction and value for the customer.

Based on the interview results it can be concluded that the development and implementation of relationship marketing is presumed to be initially determined by the whole service marketing and the sustainable competitive advantage (SCA) factors such as location, brand image, skillful management, and compound of hotel, massif swimming pool, and private villas.

Taking the theoretical insights into account, implementation of relationship marketing is also influenced by market segmentation. As such, the interview result revealed that the market segmentation activity is made by providing a variety of variant product/services with different price/ amount based on information collected from electronic and hard cope questioners.

While the interview result emphasized employees` experience and management skill as basic elements for RM implementation, the survey result is contrary to what the MDR responded about staff of the hotel. Because, the mean score on the basic elements of instrumental dimension i.e. social and customization tie which are highly related to employees` experience and customer service skill is below average and it is not the most important service marketing for respondents as compare to others. In other words, the employees` experiences and skills have not significant effect on the RM practices.

Objective3: Investigate the systems (tactics, strategies) used for practicing relationship marketing.

As is indicated under chapter two, effective relationship marketing practices constitute at least one component from the four dimensions of RM. This entails the customer database system from informational dimension; management of compliant and information to and from target customers from management dimension; jobs or division responsible for relationship management from organizational and tactic for attaching customers to product/services from instrumental dimension Hence, the four major dimensions were assessed against both survey and interview results.

According to the interview results, the Hotel used reasonable and stable price/discount, free meal, extra amenities, drink, gift and limousines for attaching customers to services and product. But, the hotel should work more on integration and implementation of those strategies and tactics in regularly and fully practiced in sustain manner . The Survey results also vindicate this conclusion. All of instrumental sub dimensions and its attributes mean score indicates the hotel need improvement on implementing strategies and tactics of RM.

Management of customers` information and opinion on the service performance of the Hotel are collected through guest satisfactionindex, electronics and hardcopy questioners. There are also procedures to be followed by employees so as to manage customer complaints. The mean score result from the survey on the handling of customers` complaints and/or efforts to answer /avoid customer`s complaint is below average. This means the hotel complaint handling system need also an improvements.

Objective 4: Assess how the customers perceive RM practices of the Hotel.

If RM practice is founded on effective strategy and tactics, it is undisputable that positive outcome (satisfaction, specific benefit, social benefit, and trust) can be achieved (Zeithaml & Bitner, P, 2004:159). By the same token, creating such values for customers` is grounds on the succession of RM practice (Li & Peng, 2011).Thus, if customers perceive/receive/ greater value relative to what they expect from competing service providers, they will remain loyal to a service provider, unless, they are looking for alternative service providers.

It is possible to conclude that the respondents rank sub-attribute of service marketing and instrumental dimension as the most important factors for them. The study also identified comments and perceptions of respondents regarding the practices of relationship marketing. The majority of the respondents typically suggested that RM practices of the Hotel require the improvement on communication ability of staff, duration of services and mainly the hotel need to have gym.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

Based on the discussion in the aforementioned chapters, the study draws summary of the findings, conclusions and recommendations for the Hotel service provider.

5.1. Summary of the major Findings

- ✓ The Hotel service provider has awareness about the concepts of relationship marketing.
- ✓ The study found that the case service company developed and implemented RM by prioritizing quality of service marketing package.
- ✓ The Hotel failed to conduct well integrated and continuous marketing research so as to identify the bases of segmentation
- ✓ Based on the result, the study found that Sheraton Addis has been using customer database system but rather relies on means or mechanisms that do not accelerate the practices of relationship marketing
- ✓ The findings in regard to systems (strategies + tactics) are not well grounded in the theory
- ✓ The strategies concerning handling customer complaint as result of mean score indicates need improvements
- ✓ Finally The study also reveals that there is no independent organizational structure for RM. Rather the Hotel employed other divisions of marketing department for running relationship marketing

5.2 conclusions

The general objective of this study is to assess the practice of relationship marketing in Sheraton Addis. Descriptive research design and convenience sampling techniques were used to archive the stated objectives. In doing so, both primary and secondary data collection instruments were used to collect data. Based on the findings the study draws the following conclusions.

These days, the experience of many service companies is that they both acquire new customers and losing a number of existing customers simultaneously. Such a process of acquisition and attrition can result in a business working really hard to stand still as far as its numbers of customers are concerned. This has been referred as “the bucket theory of marketing”. This theory states that as long as the marketing programs are effective, the bucket stays full. But the problem is “there`s a hole in the bucket.” Which mean that when the business is running well and the firm is delivering on its promises, the hole is small and few customers are leaving. when the operations is weak and customers are not satisfied with what they get, however, people start failing out of the bucket through the holes faster than they can poured in through the top.

Therefore, this theory illustrates why a relationship strategy that focuses on plugging the holes in the bucket makes so much sense (Ennew and Waite, 2007). This pertains to the case at hand. Based on the analysis made on the practices of relationship marketing in the Hotel industry in case of Sheraton Addis hotel, the following conclusions can be drawn: In relation to the RM concepts and its significance, the study concludes that the Hotel service provider has awareness about the concepts of relationship marketing. In the same way, the case company recognized the significance of this concept. The data generated through interview with MDR attest the service company has awareness on the concept of RM practice and the general theory of marketing. (See section 4.2.1 & 4.2.2).

As has been mentioned, the development of effective relationship marketing practices initially requires quality service marketing and market segmentation as foundation. Thus, the study found that the case service company developed and implemented RM by prioritizing quality of service marketing package. It is concluded that the extent of practices of most factors (friendly welcome,

a quick check in/out procedure, appearance/professionalism of staff, room service and staff helpfulness and courtesy) is not match to the expectation of customers.

Market segmentation is performed by providing a variety of variant product/services with different price and volume having only information collected from guest satisfaction index, electronic and hard copy questioners. Here, the Hotel failed to conduct well integrated and continuous marketing research so as to identify the bases of segmentation that the customers share common characteristics in sensible way. Therefore, it could be deduced that the organization did not use its customer information to operate customer segmentation in accordance of the theory. (See section 4.2.3)

Wise-marketers start their activities of designing effective marketing strategy from collecting and analyzing customer data in fruitful manner. Based on the result, the study found that Sheraton Addis has been using customer database system but rather relies on means or mechanisms that do not accelerate the practices of relationship marketing. Here, the Hotel may fail to exert and identify useful information and knowledge to accelerate practices of RM. In addition, the Hotel employed instrumental strategies like delivery of free offering, reasonable and stable price. Here, the Hotel is only limited to these tactics. Guests also comment what they have been told /promised and what is practiced after check in is deferent. These strategies concerning handling customer complained as result of mean score indicates need improvements. Generally, the findings in regard to systems (strategies + tactics) are not well grounded in the theory. The study also reveals that there is no independent organizational structure for RM. Rather the Hotel employed other divisions of marketing department for running relationship marketing. (See Figure 4.3)

5.3. Recommendations

As discussed earlier in chapter two, relationship marketing is valuable to hotels because it promotes communication with customers, improves the quality of services and products, builds the reputation of the hotel, attracts new customers, reduces the cost of marketing, aids the acquisition of social capital and encourages customer repurchase in the future.

The findings of this study have significant implications for the management of hotels about the concepts and practices of relationship marketing. The analysis of the primary data enabled this

study to share the experiences, opinions, responses and suggestions of the most customers in the customer-hotel relationship. Moreover, the study have implication on a commitment to the implementation of RM within the organization as well as a commitment to the provision of better customer service in order to affect the relationship building and the implementation of RM. This places great emphasis on improving the customer service of personnel in order to ensure that the objectives of the RM strategy are attained.

In the final analysis, for the hotel to be competitive and able to achieve its stated objectives match efforts should be exerted towards addressing the gaps pertaining to RM practices. Therefore, the following recommendations are forwarded so that the management of the case company could consider them:

The current practices of service marketing attributes of case company should designed and integrated in way customer services and its quality is improved and strength customer's retention and loyalty.

Management of the Hotel should full fill the gap to function market segmentation and targeting in accordance to theories so as to identify customers that desired by the hotel service provider to have relationship with in real world setting.

The ability and willingness of staff to offer superior service and their friendliness to customers are the most important factors in determining customer satisfaction. Customer satisfaction is positively correlated with customer repurchase intentions and word-of-mouth (Kim & Cha 2002). Thus, the management should provide training with respect to customer service and service levels improvement. The management of the Hotel should develop much awareness on the theories of strategies and tactics of RM to accelerate its implementation.

The Hotel must fulfill new methods and techniques in communication such as the use of integrated database system and other technological communication devises to ensure continuous interaction and dig out valuable information and knowledge to re innovate the strategies and tactics of relationship marketing. Effective practices of relationship marketing require certain structure of organization (Pop and Pelau, 2004). Thus, the management of the Hotels should design certain division that responsible to the implementation of relationship marketing strategies.

5.4. Implication to Future Research

This study has yielded significant results and produced substantial contributions to the existing body of knowledge; however, there are also significant limitations which require further research to be conducted.

The limitations of the study are primarily related to the duration of data collection. In this study the data have been collected for two week i.e. from august 6-19/2016. The occupancy rate of bed rooms increase in December, January, April, March, and May which is contrary to the duration of data collection applied in this study. As a result, participants drawn for the study may not represent in these mentioned months. In line with this the sample size was not large. Therefore, the future studies can observe the implementation of relationship marketing in mentioned months by taking large sample size of the study.

Second, the study investigated only one hotel due to limitations of time and cost; according to Ministry of Tourism (2009), there are 93 hotels found Addis Ababa with facilities for international tourists. The case company taken in this study may limit the applicability of the findings to the Hotel industry in general. Thus, the researcher suggests that further studies can examine the remaining hotels and different industries and products, which would provide a wider basis of comparison and identify more experiential implementation and practices of relationship marketing. Finally, the study interviewed only representative of marketing department to assess the practice of relationship marketing in real life context. So that the future researchers can include employees of the hotel service provider to identify further reasons for the lower mean score results on the instrumental dimensions and its sub attributes found in this study.

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