St. Mary's University School of Graduate Studies

Department of Marketing Management

Relationship Marketing in the Hotel Industry: The Nexus between Concepts and Practices

(A case of Ghion Hotel, Addis Ababa Branch, Ethiopia)

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Advisor: Shiferaw Mitiku, (PhD)

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St. Mary's University School of Graduate Studies Department of marketing management Assessment of Relationship Marketing in the Hotel Industry: the Nexus between Concepts and Practices, In the Case of Gion Hotel

By:-Tsion kassahun

(SGS/0625/2008A)

Approved by Board of Examiners

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Advisor   **Date and Signature**

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External Examiner   **Date and Signature**

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Internal Examiner   **Date and Signature**

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Statement of Certification

This is to certify that Tsion Kassahun has carried out her research work on the topic entitled Relationship marketing in the Hotel Industry: The Nexus between Concepts and Practices (A case of Ghion Hotel, Ethiopia, Addis Ababa Branch)is her original work and is suitable for submission for the award of Master's Degree in Marketing Management.

_____

Advisor: Dr. Shiferaw Mitiku

Date: July, 2017.

Statement of Declaration

I hereby declare that**Relationship marketing in the Hotel Industry: The Nexus between Concepts and Practices** project is wholly the work of Tsion kassahun. I have carried out the present study independently with the guidance and support of the research advisor, **Dr.Shiferaw Mitiku.** Also any other contributors or sources have either been referenced in the prescribed manner or are listed in the acknowledgements together with the nature and the scope of their contribution. It is in partial fulfillment to the requirement of the program Master's Degree in Marketing Management.

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Tsion kassahun

Date: July, 2017

ABSTRACT

This study examines the nexus between concepts and practices of relationship marketing in hotel industry with special emphasis of Ghion Hotel (Addis Ababa Branch) in Ethiopia. In recent times, relationship marketing has been viewed to be critical to the success of business organizations. Nevertheless,the concept has been gaining currency within the academic circle.

On other wards the implementation and practices of relationship marketing in real world context has not been matured due to the lack of knowledge and principles of subject matter. .These circumstances are, therefore, compelled many practitioners to face with 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. In the same vein, the majority of the previous studies had been focused on defining constructs and presenting conceptual model of relationship marketing. Even the geographical scope of most studies conducted on relationship marketing implementation has been limited to Western and Eastern business environments contexts. And studies which doneup on relationship marketing implementation in the context ofmany African countries particularly in Ethiopia, remains unverified. Thus, the aim of this study is providing an overview of relationship marketing practices in the hotel industry that are applicable to a range of Ethiopian business environments.This research project describes the gaps between concepts and practices that influence the achievement of relationship marketing practices. The findings from the research conducted in this study are based on the data collected from survey which examined the hotels guests' position on the importance level of variables constructed and their perception of relationship marketing practices being witnessed in a case company. In addition, interview was conducted with the marketing department manager and other related staff members of Ghion Hotel to examine the awareness of relationship marketing concepts and systems employed for the actualization of relationship marketing practice on the ground. Random sampling technique was used in the study and equation for large sample size was employed. In order to analyze the data collected frequency analysis, percentage analysis and descriptive gap analysis were used with the help of SPSS. The results and recommendations of the research will provide a valuable insight in to relationship marketing in the Hotel industry. It also hopefully forms the root for later improvements in relationship marketing practices for service provider under study. Furthermore, other service providers can infer issues on how relationship marketing developed and practiced.

Key Words; Ghion, Service Provider, Relationship Marketing, Transactional Marketing

Acknowledgments

Acronyms

RM= Relationship Marketing

TR= Transactional Marketing

GOE= The Government of Ethiopia

PASDEP= Plan for Accelerated and Sustained Development to End Poverty

CMS= Competitive Marketing Strategy

Table of Contents

Chapter Three

Chapter Four

Chapter Five

Reference

Appendix 1- Employee Questionnaire

Appendix 2- Customer Questionnaire

List of Tables

List of figures

Chapter One

1. Introduction

This chapter introduces the reader to the study of the nexus between concepts and practices of relationship marketing in relation to customers in the Ghion Hotel, Addis Ababa (Branch). It goes on to look at the statement of the problem, objectives of the research, research question, scope of the study and delimitation of the study.

1.1. Background of the study

During the 21st 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).

In order to address the marketing challenges posed by these situations, there are four most compelling areas of marketing (Bruce, 2007). 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). 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(Gronroos, 1994).**

> **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. 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'(Preechanont, 2009).

While the concept of relationship marketing 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 a new focus". In the same way, (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 (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) **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.**

In the marketing literatures customer loyalty and positive customer 'word-of–mouth' communication are two constructs as key RM outcomes (Hennig-Thurau*etal*, 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 is among the most reasons given for abandoning activities related to relationship marketing. From this point of view, relationship marketing is still an ambiguous marketing approach.

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 (Olotu*etal,*2010). 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 nexus between the concept and practice of relationship marketing in hotel industry. It doesthis by initially identifying the company's level of awareness on RM concept. **It then proceeds to look at RM strategies, organizational structure, and management employed for relationship marketing practice. It explores the possible convergence and divergence when it comes to concepts in practice.**

1.2. Background of Ghion Hotel

Ghion hotel, which is popularly known as "The Garden Palace Hotel of East Africa" is located in the heart of down town Addis Ababa in Spacious verdant compound. Opened in 1951, the Ghion Hotel has for years distinguished itself as the hotel where heads of state and other VIPs stayed. The Hotel is within a walking distance from attractive sites and museums of the city. It is also in close proximity to ECA (Economic Commission for Africa) and other Governmental and non-governmental organizations headquarters.

Ghion is a hotel with 196 rooms which stretching over thirteen hectares of land area. The rooms comprise 64 apartments, 28 bungalows and 104 rooms, the later split in to suite, double, French and twin bedded rooms. The Ghion Health center offers one day to year-long packages to distress the body and relax the mind. Many people from all over the world have been captivated by beautiful compound of the hotel when experiencing the timeless African tranquility by day and night in the luxury of Ghion Hotel.

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, n.d.). Firstly, the approach assumes that all clusters or segments of customers are

similar. Finally, itassumes 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 services that are 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.

Though most of the CRM literatures are written in the context of the developed countries, CRM`s successful implementation in an integrated and holistic manner have been found to have a positive impact in the customer retention &satisfaction, reduction of costs and enhancement of competitive stand in the market. Based on this premises, it is of essence to examine the level of CRM application in a business to identify the components of CRM that are well implemented and those in slack to leverage them in the future.

The growing values of RM emanate from different angles given the assertion that "customer loyalty is worth ten times more than a single purchase" (Kotler & Keller, 2006) (Bruce, 2007) contends…We know that it costs, on average, anywhere from six to ten times more to get a new customer than to keep an old customer. Yet, most fortune 500 companies lose 50 percent of their customers in five years. Some statistics even show that a 5-percent increase in customer retention can increase profits 25–125 percent.

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.

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 laysgreat emphasis on examining the overall concept and practice of RM in hotel industry.

1.4. **Research objective**

1.4.1. General Objective of Research

The general objective of this study is to assess the nexus between concepts and practice of relationship marketing in hotel industry with special emphasis on Ghion Hotel, Addis Ababa Branch.

1.4.2. Specific objectives of Research

The specific objectives of the study are to:

- ▶ **To examine the awareness level of RM concept in the Hotel.**
- ▶ **To explore as to how RM has been developed and implemented within the hotel operations.**
- ▶ **To assess the strategies used for practicing relationships marketing.**
- ▶ **To assess the perception level of customer towards RM practices of the Hotel.**

1.5. Research Questions

Based on the Research topic and literature review presented in the conceptual framework the following basic research questions were raised:

RQ1: How does the hotel service provider develop and implement relationship marketing?

RQ2: What kinds of systems (tactics, strategies and management) are employed for practicing long term relationship marketing?

RQ3: How well the hotel service provider understand RM concept?

RQ4: How customers perceive the RM practice of the company?

1.6. Significance of the Study

Customers are the life blood for the survival of any company. For this reason, the study focuseson 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 will 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,** other service providers can infer issues on how Relationship Marketing developed and practiced.

It has an academic significance for future researchers andit also indicates some gap on the hotel industry for policy makers.

1.7. Scope of the study

The study covers how relationship marketing is practiced in Gion Company Hotel. By the Company's side with marketing department staffs and marketing department manager.Thus, the study concerned with the issues related to relationship implementation based on the four dimensions proposed on the frame of reference. Furthermore, the study limited to the guests who use sleeping accommodation services of Ghion hotel and one time customers of the Hotel.

1.8. Limitation of the Study

The lack of cooperation of the respondents and their commitment to complete the questionnaires and interviews to devote their time to provide the researcher with the relevant information were seriously limited the outcome of the research. Time and budget was also the limitation of the researcher.

1.9. Delimitation of the study

The study will examine an insight in to Ghion Hotel up on its relationship marketing implementation. The researcher limits the study to the analysis of the nexus between concepts and practice of RM applied by Ghion Hotel to see whether they have reached their potential within this area. The consequence of RM practice on the profitability of service provider will not be covered in this study.

1.10. Definition of Terms/Concepts

Operational Definition

In this study relationship marketing and resident guest are defined as follows:

Relationship marketing practice: is defined as process that at least comprise the major components of each dimensions i.e. the customer database system; management of compliant and information to & from target customers; jobs or division responsible for relationship management and tactic for attaching customers to product/services with fulfilling foundations to achieve the primary goal of RM for the long term.

Resident guest: is defined as those consumers who use accommodation and other services like banqueting, bar, swimming pool and other services of hotel at least for one night.

1.11. Organization of the study

This part gives a description in summary form of the main content and how the study is organized and structured. The study is 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 is used to conduct the study. In chapter four, data is collected using the data collecting techniques and analyzed with concept to discern commonalities and differences with the case of RM practice. The result of the study is also be presented by answering the research question posed in chapter one. Also the finding and conclusions were clearly stated and finally recommendations and implications for the practitioners/management were presented in chapter five.

Chapter Two

2. Related Literature Review

This study examines service provider's awareness on RM concept and assesses the relationship marketing practice based on foundations of RM by (Zeithaml, 2004) and the four dimensionsofRM implementation exhibited by (**AL. pop and Pelau, 2004). Retention strategies suggested by** (Berry and Parasuraman, 1991) 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.**

As stated in the prior chapter, the effective relationship marketing practices increase the overall profitability of a hotel through customer loyalty and positive word-of-mouth **(Hennig-Thurau***etal,***2002), (Sheth, 2008).** However, in today's intensely competitive marketplace, **unwavering loyalty from customers is rare (Buttle, 1996). Further,** the expansion of **relationship marketing is still in its infancy as a typical marketing concept (Gronroos, 1994).**So the development and retention of long-term relationships is more crucial than ever. Relationship marketing is perceived to be a key element in any corporate strategy which aims to enhance customer satisfaction, develop customer loyalty, and sustain long-term customer relationships (Henning-Thurau*et al, 2*002).

This chapter, therefore, portrays the overall concept of relationship marketing, development and typologies of relationship marketing. The point of difference between transactional marketing and relationship marketing are outlined. Strategies and tactics for practicing relationship marketing in service provider typically in hotel industry for maintaining long- term relationships with customers are described. Finally, the chapter also presents the theoretical framework of this study.

2.1. Foundation 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 over the origins of RM.According to literature; the history of relationship marketing concepts was back to

medieval period (West, n.d). 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 Leonard L. 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 *et al*, 1994).

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:**

> **"Relationship 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".**

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).

'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'.

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, n.d.). 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, n.d.).But, since 1980s a focus on one –time transactions cannot succeed any more (Bruce, 2007). **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)**.**

Figure 2.1: The switch from transactional to relationship marketing

Extensive Marketing

- Growth of sales volume
- Growth of market share
- Growth of the number of customers

Growingstrategic vision

Intensive marketing

- Growth of the frequency of customer visits.
- Growth of sales per customer
- Growth of the value of sales per customer.

20

Transactional Marketing

Relationship Marketing
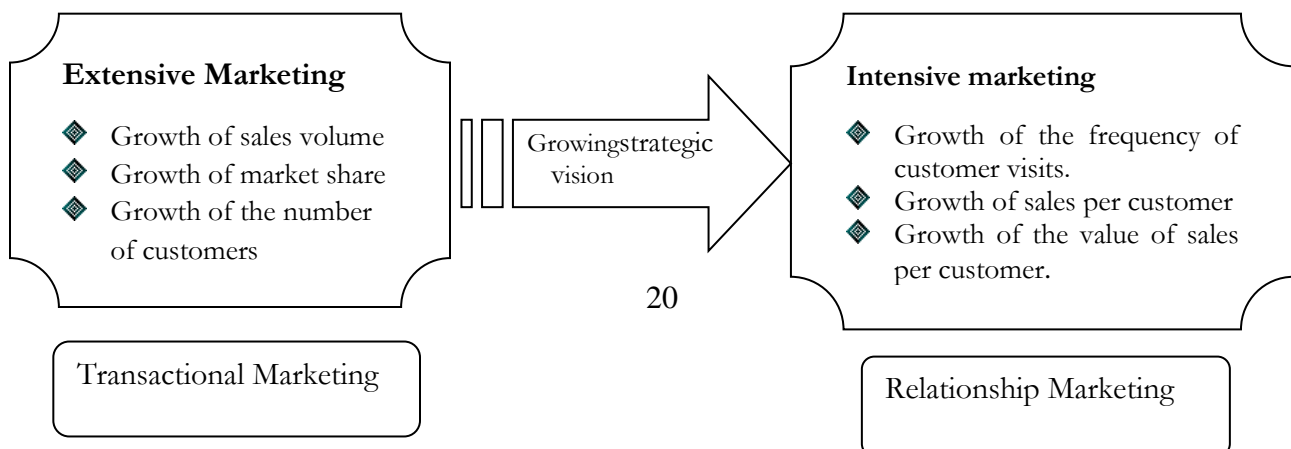
Source: AL. pop and Pelau, 2004.

RM is sometimes referred as an extension of simple transactional marketing or rather simple buyer-seller relationship. There is no doubt that RM is 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: **(AL. pop and Pelau, 2004).**

Table 2.1: The comparison between the RM and Transactional marketing

The strategy continuum	Transactional Marketing	Relationship Marketing
Time perspective	Short time focus	Long term focus
Dominating marketing function	Marketing mix	Interactive marketing (supported by 4p's activities)
Price elasticity	Customers tend to be more sensitive to price	Customers tend to be less sensitive to price
Dominating quality dimension	Quality of output (technical quality dimension) is dominating	Quality of interactions (functional quality dimension) is dominating
Measurement of customer satisfaction	Monitoring market share (indirect approach)	Managing customer base(direct approach)
Customer information system	Ad hoc customer satisfaction surveys	The real time customer feedback system
Interdependency between marketing, operations and personnel	Interface of no or limited strategic importance	Interface of substantial strategic importance
Role of internal marketing	Internal marketing is no or limited importance to success	Internal marketing is substantial strategic importance to success

Source :(**ALpop and Pelau, 2004).**

2.5. Typologies of Relationship Marketing

RM involves a range of relationships. (Christopher, Payne and Ballantyne, 2002) 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) 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, non-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.

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 RM. Then as the 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).

2.7. 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). 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, 2006:155). 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).

2.8. 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) were used to examine the practice of relationship marketing. These are presented graphically in figure 2.2 below

Figure 2.2: Dimension of Relationship Marketing
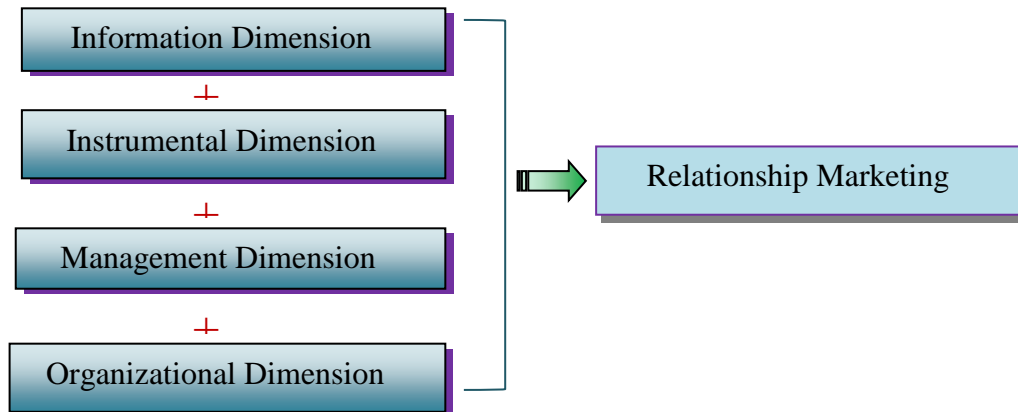
Source: Pop and Pelau, 2004

2.8.1. Informational Dimension

The informational dimensionregards the general communication of the company with its customers, for gaining information about the customerthis 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).

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 (Bersoon*et al*., 2000). Data mining tools could help these organizations to discover the hidden knowledge in the enormous amount of data.

Berson, e*t al.* (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*etal*, 2000). As such, the application of data mining techniques in CRM is worth pursuing in a customer-centric economy.

2.8.2. Instrumental Dimension

Itrefers to all instruments that the company uses in order to attachits 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. (**NicolaeAL. pop and CorinaPelau, 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: Financial Bond, Social Bond, Customization Bonds and Structural Bonds.

2.8.2.1. 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).

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 whopurchases 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.

2.8.2.2. 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).

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).**

2.8.2.3. 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 a highly efficient means of communicating with customers (Ennew**and Waite, 2007**).

2.8.2.4. 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**&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 *et al*, 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 customer'swhichcompetitors usually cannot offer, this bond would raise the switching cost of customers (Zeithaml&Bitner, 2004).

2.8.3. Organizational Dimension

With regard to relationship marketing practice, qualified staff is crucial(Rapacz and Michalska-Dudek, 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 customer'shasgenerated 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).**

2.8.4. 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 perceptions 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&Keller, 2006 &Zeithaml&Bitner, 2004).

2.9. Identified Literature Gap

From the above literatures reviewed some of the identified literature gaps can be most of the CRM literatures are written in the context of the developed countries, most of the studies on CRM doesn't use empirical review and most researchers focus on research topics which are repeatedly studied which are

service quality, customer satisfaction & effectiveness of promotional strategies rather than searching for other related issues of marketing. Accordingly the present study will contribute to the existing literature gap identified in the above concept.

Chapter Three

3. Methodology of the Study

This Chapter highlights the type of the research methodology; methods of data gathering together with the justifications for choosing one against the other. It also describe on how these methods have been implemented in the objective to find answers to the purpose of the study. Issues related to reliability and validity within the proposed methods is being put in place briefly.

3.1. Description of the study area

The focus area of this study is to examine the nexus between the concept and practice of relationship marketing in hotel industry. It does this by initially identifying the company's level of awareness on RM concept. **It then proceeds to look at RM strategies, organizational structure, and management employed for relationship marketing practice. It explores the possible convergence and divergence when it comes to concepts in practice.**

3.2. Research Approach& Design

Both qualitative (in-depth interview) and quantitative research methods (questionnaires) were used to collect data for this study. Because, it enables to get a deeper understanding regarding hotel service provider practice. To learn more about the organization in depth-interview wasconducted 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).Likewise, relationship marketing is a contemporary and there is no agreement as to what it constitutes; no accepted principles or constructs have yet been established. Thus, lack of understanding and divergent perspective about RM is another reason that supports the chosen approaches. In general, researcher believe that information only gathered through a qualitative approaches alonehave little interest or value. Investigating RM practice situation only from the company's point of view is giving little knowledge about the reality, how the hotel is perceived by the customer.

The study is descriptive type of research because the researcher relied on variables (relationship marketing foundations, dimensions of RM, and Relationship Marketing practice) drawn from the theory in the frame of reference.

3.3. Population and Sample (Sample size determination technique and sampling technique)

3.3.1. Population of the study

The study takes Ghion Hotel as a case where the nexus between concepts and practice of relationship marketing is empirically tested. The target populations were defined based on the nature of the study and the objective of the study. To this effect, interview was conducted with marketing department and other related department staffs of Ghion Hotel. In order to understand about core and secondary service package and strategy of relationship marketing (instrument of RM), questionnaires were distributed to guests who use accommodation and other services of the hotel at least for one night experience and other one-time customers during the time of data collection.

3.3.2 Sampling plan

This study uses different type of sampling technique. Firstly, simple random sampling technique was used because the arrival of guests by itself is random. Secondly, the questionnaires were distributed to the resident guests and one-time customers. Finally, the Ghion Hotel has been chosen purposively because it provides **rich information for the study at hand regarding relationship marketing practices and also marketing department manager & staffs in the department were chosen purposively. Its accessibility is another rationale for choosing the case.**

3.3.3 Sample size

The population of the study include marketing department manager and staff members working in the department, other departments related to the study area, one time customers, resident guests who use accommodation and other services like banqueting of hotel at least one night experience. As it is impractical to assess the relationship practice employed in the hotel , a purposive sampling is found to be the most appropriate for this study approach, because 'information- rich' cases can be selected so as to learn much about the issues that are important to the study(Patton, M. Q, 1990).

In addition to the purpose of the study and population size, three criteria usually will need to be specified to determine the appropriate sample size for large and unknown population: population standard deviation (approximated by *S*), magnitude of acceptable error (*E*), and confidence level (*Z*). (Cochran, 1999). Due to large number of customers in Gion hotel, sample size for populations that are large will be determined through the equation developed by Cochran (1999).

$$n_0 = \frac{(ZS)^2}{E^2}$$

n0 is the sample size, Z^2 is the abscissa of the normal curve that cuts off an area α at the tails (1 – α equals the desired confidence level, e.g., 99%), more heterogeneous the population the higher expected population standard deviation and accordingly the larger sample size is required. Thus, as a rule thump that most commonly used Z-value of 2.57 where two standard deviations away from the mean cover 99% of the normal curve (Cochran, 1999). Thus to determine the sample size of customers, the study uses 99% confidence level and assuming 90% population heterogeneity under two standard deviation which is approximately equal to 210.

3.4. Data source and type

Descriptive study is considered the suitable research strategy for this project. Because, it enabledto get a deeper understanding of RM practice and rich explorations of a project or application as it develops in a real-world setting; which is a contemporary event that has no control over. In this particular study, the 'case' to study is one particular service provider that has been faced with the event of RM practice. The RM implementation examined based on the dimensions presented on framework section and the nexus of these practice addressed with the existing RM concepts and theory to draw conclusions.

3.5. Data Collection procedures

Primary and Secondary Data

To achieve the objectives of this study both primary data (questionnaire &interviews) and secondary sources of data (journals, books, company reports)were gathered.

3.6. Ethical Consideration

To reach the respondents the student researcher provided formal letter for conducting an interview and to get accurate information from different levels of management in Ghion hotel. The respondents were given privileges of not writing their name and no respondent was forced to fill the questionnaire unwillingly and

without making the actual purpose of carrying out the research clear to him/her and all the necessary ethical considerations made applicable like the right to choose to participate in the study, right to safety, right to be informed, right to privacy and confidentiality of the responses they give.

3.7. Method of data Analysis

Having both qualitative and quantitative data, the study turns to the task of analyzing data. Data analysis consists of "examining,categorizing,tabulating, or otherwise recombining both quantitative and qualitative evidence to address the objective of the study.

Based on the theoretical framework collected information needed through deep interviews in order to see if the reality is in accordance with the theories. The information collected was analyzed by comparing the empirical findings with the theories which are chosen for the study. In short, the data analysis was undertaken through frequency analysis, percentage analysis and Descriptive gap analysis with the help of SPSS.

3.8. Reliability and Validity

As a way to increase the reliability of the study, an in-depth interview guide was designed in the formof semi-structured questions. First, this guide will be tested and examined by the advisor and other Peoplethose who are not linked to the research to determine its clarity. Again, recording conversation of the studies as well as note-taking on point of interest reduce certain form of biases. To increase the reliability of the survey, five- scale system (Likertscale) questionnaires will be 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).

In this research different mechanisms wereused to enhance the validity of the study. In the first place, Face to face in-depth interview has 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.

Chapter Four

4. Result, Discussion and Interpretation

This chapter presents and analyzesthe data collected through interviews and a survey with the intention of examining the nexus between concepts and practices of relationship marketing in the hotel industry by taking Ghion Hotel, Addis Ababa Branch.

The chapter is organized under four sections. In the first section, data collected through a survey is presented and interpreted. 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, data collected through the interview with the marketing manager and other related staff members of the hotel service provider is 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.

Under the third section of the chapter, point of difference in between the results of survey and interview is assessed. Finally, the nexus between concepts and practices of RM within-case is presented as well as analyzed based on the research questions of the enquiry.

4.1. Analysis of data collected from customer survey

The main focus of this part is on the presentation of data resulted from the survey conducted pertaining to the practices of RM in Ghion Hotel. The structure of the section is based on the sequential order of the questionnaire in order to present the data at hand and provide the empirical results of the survey. The software which has been used for this study was SPSS.

Questionnaires were filled by all types of guests who stayed in the Hotel. The total sample size was 210 out of which 180 questionnaires were completed while 20 questionnaires were poorly filled upand 10 questionnaires were not filled.

4.1.1. General Information about Participants

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 (62 %) of the survey's participants were male. with regard to the nationality of the sample, the majorities (66 %) of them were Non-Ethiopian citizens and the remaining (34 %) were Ethiopian.

Table 4.1: Gender and Nationality of Respondents

		Frequency	*Valid Percent*
Gender	Male	111	62.0
	Female	69	38.0
	Total	180	100.0
Nationality	Ethiopian	60	34
	Non-Ethiopian	120	66
	Total	180	100.0

Source; Survey, 2017

Age

The majority of the respondents (55%) were aged in between 35-44, (22%) were between the age of 25-34, and (22%) were aged 45-54 (see Figure 4.2). Therefore, most of the participants were found under the age of 35-44 years making (55%) of the total number of participants.

Table 4.2: Age of Respondents

		Frequency	Valid Percent
Age	Between 35-44	100	55.5
	Between 25-34	40	22.2
	Between 45-54	40	22.2
	Total	180	100.0

Source; Survey, 2017

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 180 respondents, 40 respondents (22.2%) have school leaving qualification, while 80 respondents (44.4%) have bachelor degree, and 50 respondents (27.7%) have post graduate degree & 10 respondents (5.5%) have other level of education such as professor, PhD and diploma.

Table 4.3: Education level of Respondents

		Frequency	Valid Percent
Level of Education	School leaving qualification	40	22.2
	BA degree	80	44.4
	Post-graduate degree	50	27.7
	Other	10	5.5
	Total	180	100.0

Source; Survey, 2017

Visited Times Previously

When asked if this was their first to Ghion, 50% (90) replied 'this was my first visit', 27.7% (50) had '1-3 previous visits, and 22.2 % (40) had '4 or more previous visits'.) In addition, 33.3% (60) of respondents were spending 1 to 3 nights at the hotel, 16% (30) were spending 4 to 7 nights there, and 16% (30) were spending 8 to 14 nights there. Only 27.7% (50) respondent was staying for one month or more& 5.5 (10) respondents only visit for one time (see table 4.4).

The main purpose of their stay in the hotel was for pleasure/personal reasons 44.4% (80) and 33.3% (60) were there for business reasons. Another 22.2% (40) were there for other purposes. (See table 4.4)

Table 4.4: Visited times and length of Stay with their Purpose at Ghion Hotel

		Frequency	Valid Percent
Visited Times	This was my first time	90	50
	1-3 previous time	50	27.7
	4 or more times	40	22.2
	Total	180	100.0
Length of stay on this visit	1-3 nights	60	33.3
	4-7 nights	30	16.6
	8-14 nights	30	16.6
	one month	50	27.7
	one time	10	5.5
	Total	180	100.0
Main Purpose of Stay	Business	60	33.3
	pleasure/personal	80	44.4
	Other	40	22.2
	Total	180	100.0

Source; Survey, 2017

The Reasons the Respondents Choose the Hotel

As shown in table 4.5, 16% (30) of customers used a travel agency to choose the hotel, 33% (60) acted on recommendations from friends or relatives, and 22.2% (40) had visited the Hotel for attending meeting.

Table 4.5. The Reasons the Respondents chose the Hotels

		Frequency	Valid Percent
Reasons for Respondents to choose the Hotels	Friend or relative	60	33.3
	Attending meeting	40	22.2
	Travel agent	30	16.6
	Advertisement	10	5.5
	Internet	20	11.1
	Other	20	11.1
	Total	180	100.0

Source; Survey, 2017

Respondents Personal Relationship and their Recognition

A number of RM type have been proposed by researchers to be crucial in. 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 27% (50) have no relationship at all with hotel. Further, 16% (30), 27% (50), 16% (30) and 11% (20) have neutral, somewhat close, somewhat unclose and very close respectively. (See table 4.6)

As for the recognition and personal treatment by staff members for guests, 22.2 % (40) respondents replied neutral; 25% (45) and 13.8% (25) have somewhat unclose recognition and no recognition at all by staff members respectively. (See table 4.6).

Table 4.6: Respondents' personal relationship with the Hotel staff & their recognition

		Frequency	*Valid Percent*
Respondents'Personal relationship with the hotel staff	No relationship at all	50	27.7
	Somewhat unclose	30	16.6
	Neutral	30	16.6
	Somewhat close	50	27.7
	Very close	20	11.1
	Total	180	100.0
Respondents' recognition	No recognition at all	25	13.8
	somewhat unclose recognition	45	25
	Neutral	40	22.2
	Somewhat close recognition	30	16.6
	Very close recognition	40	22.2
	Total	180	100.0

Source; Survey, 2017

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 respondents 87.7% (158) 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 158% (87.7) respondents replied 'Yes' and 5.5% (10) said 'No'.

Table 4.7: Respondents response on intention to recommend and to come back to the hotel

		Frequency	*Valid Percent*
Whether they come back again to the hotel	Yes	158	87.7
	No	22	12.2
	Total	180	100.0
Whether they recommend the hotel to their friends/other people	Yes	158	87.7
	No	10	5.5
	Don't know	12	6.6
	Total	180	100.0

Source; Survey, 2017

The respondents were asked if any aspect of their stay exceed their expectations after staying in the hotel. According to findings, 83.3% (150) 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 11.1% (20) 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 5.5% (10) respond 'Don't know'. Here the number of respondents those their staying exceed their expectation and those their staying is not exceeding their expectation have no great distinction between them.

Table 4.8: **Respondent's response on if any aspect of their stay exceeds their expectations:**

		Frequency	*Valid Percent*
Whether their stay exceeds their expectation	Yes	150	83.3
	No	20	11.1
	Don't know	10	5.5
	Total	180	100.0

Source; Survey, 2017

4.1.2. General Opinion and Comment of Respondents

In the final part of Questionnaire, the study forwarded questions so as the respondents give their opinions and comments that could improve Ghion hotel relationship marketing practice efforts. Among the total sample of respondents only few are giving their opinion and comment. Thus, this part is summarizing the comment given by individual guests. Individual guests comment is abbreviated as 'IC'. The frequency of

comment is displayed in front of each opinion, to show the number of individual guest that gave the same suggestion.

Among the opinion and comment of the respondents, five individual guests provided general comment which stated as:

'A lot of things must be improved in this Hotel' IC5

On other hand, few respondents who are not satisfied with the service provided by the hotels suggest different comment and opinion. They said that the hotel staffs were not speaking foreign language and their appearances were not good. Here are a few of their comment associated to the staff of hotel and on the level of service.

'There is good and clean rooms. But the service duration has taken long time and the employees' foreign language communication is things that need improvements in this hotel because, communication has vital contribution in the process of service provision.' IC14

'We are not considering coming back to this hotel because the staff doesn't speak foreign language and the staff appearance is not nice.'IC2

'I'm coming back to the hotel not because I'm satisfied by the service and /or product because, I don't have alternative choice in terms of location and price.' IC4

'The hotel should try to improve the customer relationship and computer based services.'IC1

'Management should improve price/value of offering. Especially, room services should get attention. Customer handling courses should be given to all staff; the hotel policies and rules should also be improved.' IC3

'Hotel is clean and safe. But, toilet shone head was leaking and long bath and toilet floor drainage were clogged, though repairer was come and fix them quickly. Overall impression of toilet is not good. IC1

'New and upcoming Hotels offer better room and facility for the price Ghion charges. Thus, the current price should much with the facility and service offered by the Ghion Hotel. In addition, the rooms and facility are need improvement and must be checked and upgraded periodically because year to year I find rooms that not fully functional; facility store, shower, window must be tested and fixed periodically; food service also need improvement. Generally, maintenance is the biggest problem.'IC1

'In the few days I visited Ghion and I see everything is ok! But what I advise this hotel is to work according to the vision and materials needs replacement'IC1

'I really admire the hotel in all direction but there is also some technical and strategy implementation difficulty. That is there is no discount while the customer is staying more days or using more services.'IC12

One respondent identify things done very well and not done very well on the overall service of the hotel as follows:

'Things done very well in this hotel are: good maid service, good laundry service, good service at bus, very nice dining room , hot water supply is excellent in morning (but not evening), nice bedrooms furniture, TV and internet service is good.' And also suggest things that might be improved as follows:

1. People talk very loudly in hallways 6-6:30 a.m. This makes it is difficult to sleep past 6 a.m.
2. Breakfast service is slow. There is lots of staff there, but it takes a lot of time sometimes to get a cup of coffee. Places are not set up with cutlery, napkin. So the customers are running around grabbing coffee cups, napkins, and cutlery wherever they can find them. A supervisor needs to ensure that every customer is served promptly.
3. Proper control of water temperature in the shower is very difficult.
4. Stores in the lobby have few customers-you may wish to reconsider whether these are the types of stores your visitors want.'

Few of the respondents were very satisfied with the service provided by the hotels. They said that the hotel should keep the current performance. Here are a few of their positive comment and opinion provided in regard to the overall service performance of the hotel which is summarized as follows:

'I know this was a good Hotel! I'm very happy.'IC4

'As it stands now it is performing nice. I wish the Hotel to keep its current standard and exert endeavor to keep itself as per with world class services.'IC3

'I am good! I love the place, quality and the life at Ghion Hotel! Great breathing space! Thank you!'IC4

'On the whole our group stay in Ghion hotel was pleasant and good.'IC5

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 Ghion Hotel and they spending one to three nights there. The main purpose of their stay was for pleasure and most of them used friends to select the Hotel. Moreover, the study shows that men and respondents aged 35-44 are more likely to revisit Ghion.

Although, the majorities of respondents have none and unclose personal relationship with Hotel and their recognition and treatments by staff is neutral and unclose 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 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.

All variables constructed had positive and significant association with relationship marketing practices, though, its association is weak except some attributes of service marketing (atmosphere and cleanliness of the room, location, safety, price/value and the physical facilities in bar & dining hall) and compliant handling that have moderate association. According to Field (2005) classification, all sub-dimensions of instrumental (financial, social, structural and customization ties) have weak association with the practices of RM.

Generally, most of respondents comment that the staff appearances and their ability of foreign language communication is weak. For this reason they suggest the improvement on customer handling and relationship marketing. Even most of the respondents suggest clean and safe rooms, the other guests forward their opinion that overall impression of room toilet is not good and the facilities are not fully functional. In regard to service the respondents suggest on price and service duration time. Respondents also give opinion that there is the difficulty of strategy implementation.

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 manager 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 concept of RM and its practice in case of Ghion Hotel from Marketing Department Manager's point of view. 'Marketing Department Manager' is abbreviated to 'MDM'.

4.2.1 Response of Manager on Awareness of Relationship Marketing Concept

Here, questions pertaining to the concept of relationship marketing were posed to the marketing department manager (MDM) of Ghion Hotel.

As for the response, the MDM 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 MDM 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 MDM 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 MDM. As a result, the MDM claimed that the main reasons the customers chose Ghion Hotel in regard to service marketing package is that the hotel have good image and emerged prior to the competitors hotel service providers in Ethiopia. In addition, the MDM said that the hotel is rated as 'four-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 Ghion Hotel is providing advantage of 'Walking distance' which saves additional costs to post office, airline and shopping for customers. The other positive factor, according to the MDM, has to do with the compound and garden as well as natural hot water with the hotel compound. The manager went to add that having the only Olympic size swimming pool with the natural terminal water within the hotel is another benefit.

Concerning to learning and defining customers that the service provider wants to have relationships with, there are a number of ways to be employed. The manager stated that the Hotel had been using various means. For instance, different room types with different price rates is offered in way affordable to customers. Apart from this, different menu based on the demographic characteristics (e.g. menu for children, middle age and old customers) are provided for customers.

4.2.3. Response of Manager 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 guest format question (suggestion format), customer satisfaction index, log book and suggestion box. However, the Hotel has not been using well established marketing research to get and collect the customers' suggestion & opinions.

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*et al*, 2000). As such, the application of data mining techniques in RM is worth pursuing in a customer-centric economy.

The MDM responded that the customer database is not employed as a relationship marketing tool because system of mining customer database is not fully automated currently. Thus, there is no information and special offer to be sent to the customers' addresses like e-mail. All in all, extracting and identifying useful information and knowledge and enhancing customer value may not effective for the current Hotel service provider.

4.2.4. Response of Manager on Instrumental dimension of RM

According to the result of the interview conducted with MDM, repeated and profitable customers are treated differently. Those customers are identified based on guest- history-card and log-book. The strategies of treating customers are made through giving recognition, reasonable and stable price, free fruit, drink and gift.

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 manager 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 underpinning the study, the realization of such strategies, however, require strict management and independent structure like public relation.

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 suggestion format, customer satisfaction index, log book and suggestion box 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 MDM 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 customer 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. Thus, 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(e.g. providing information about where to prey, museum etc.). (See Figure 4.3)
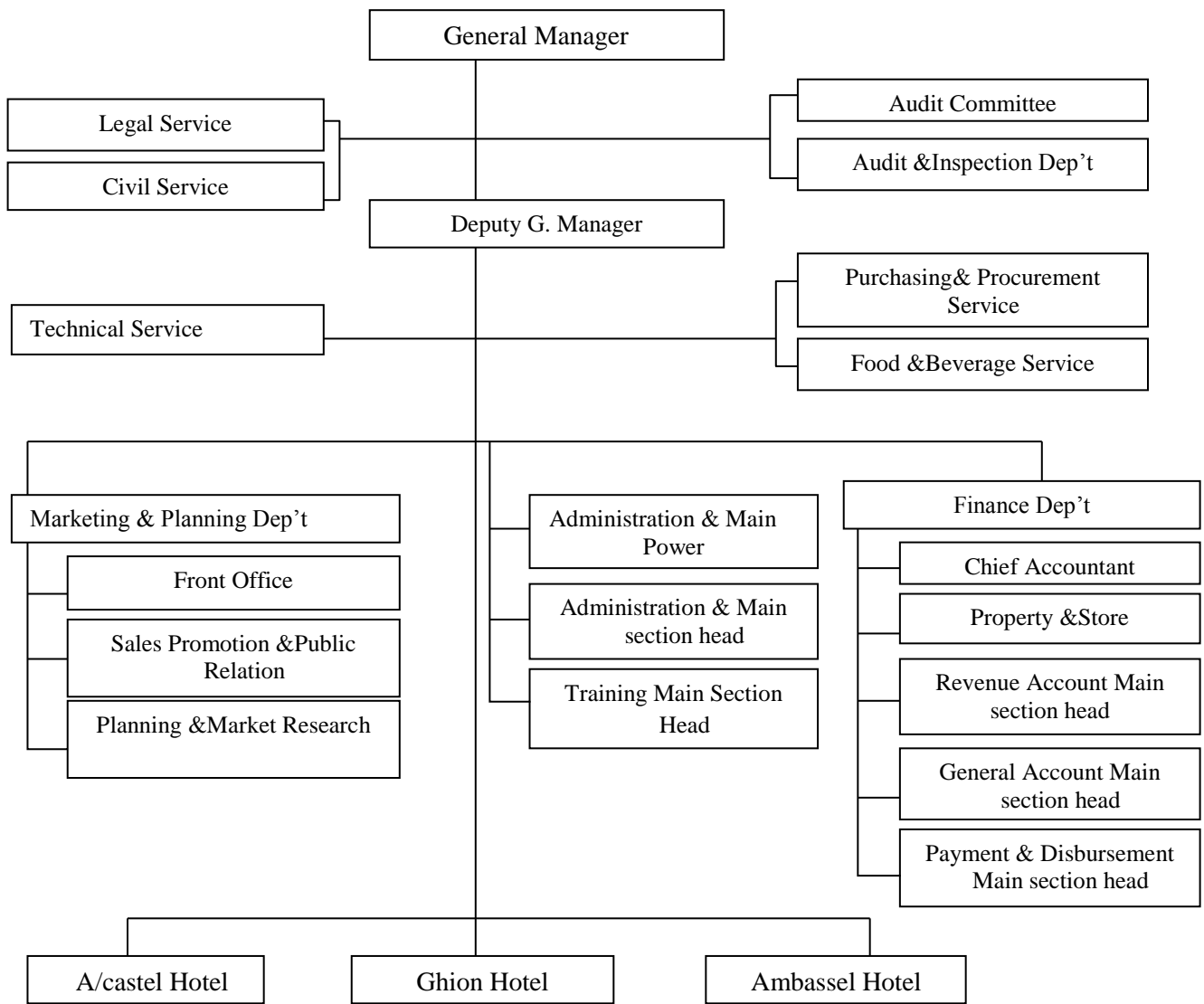
Figure 4.3: Organizational structure of Ghion Hotel

The interview data analysis provides an insight to RM in Ghion 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 examine the nexus between relationship marketing practices and concepts (theory) in the Ghion 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: Examining the Hotel's 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 MDM 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

Objective 2: Exploring 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 aresult of which stronger relationships and greater profitability for the hotel could established. 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, image, skillful management, and compound of hotel, Olympic size swimming pool, and natural hot water. 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 customer satisfaction index, log book and suggestion box.

While the interview result emphasized employees' experience and management skill as basic elements for RM implementation, the survey result is contrary to what the manager responded about staff of the hotel. Because, the employees' helpfulness, courtesy, appearance have weak associationwith the current RM practice as compared to other service marketing package attributes. In other words, the employees' experiences and skills have not significant effect on the RM practices.

Objective 3: Describing and assessing the systems (tactics, strategies) used for practicing relationships 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, free fruit, drink and discount for attaching customers to services and product. But, integration and implementation of those strategies and tactics are not regularly and fully practiced and not strictly practiced in sustain manner. The

Survey results also vindicate this conclusion. All of instrumental sub dimensions and its attributes indicate weak assoication with RM practice.

Management of customers' information and opinion on the service performance of the Hotel are collected through customer satisfaction index, log book and suggestion box. There are also procedures to be followed by employees so as to manage customer complaints.The result from the survey on thehandling of customers' complaints and/or efforts to answer /avoid customer's complaint has moderate association with the practice of relationship marketing.

Objective 4: Assessing 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, 2004). 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 appearance of staff.

4.4.1 Nexus between Concepts and Practices of RM within-case study

In this section, analysis is being made for each research question to discover the nexus between concepts and practices of relationship marketing in the context of Ghion Hotel. Here, it is intended to show the possible convergence and divergence when it comes to theories and practices of the case at hand.

4.4.2 RQ1: How well the hotel service provider understand RM concept?

In the table 4.14 theoretical assumptions are compared to the empirical data. The text in the table that is not underlined indicates the point of convergence. If the text in the table is underlined, it indicates the point of divergence.

Table 4.14: Analysis of RQ1: How well the hotel service provider understand RM concept?

Issues	Theories	Finding	Status of the case

			company
Concepts of RM	Customer-centeredapproaches whereby a firm seeks long-term business relationships with potential and existing customers and stakeholders which results in greater commitment, repurchase and loyalty' (Preechanont, 2009).	The process of 'customer development' which mainly focuses on customer retention through attracting and satisfying customers.	In line with the theories.
	Relationship Marketing is emerged as alternative to transactional Marketing	Relationship marketing is profitable than Transactional marketing.	In line with the theories.
	RM Outcome- **Customer loyalty, positive customer 'word-of–mouth' communication, profitability.**	RM is saving cost and keeping customers for long time without incurring much cost for promoting goods and services.	In line with the theories.

RM could mean different things to different people. However, the most comprehensive definition, which is the working definition for this study, is "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" (Preechanont, 2009). This essence of RM is supported by the finding of the study.

The marketing manager of Ghion Hotel stated that their main motive for working onrelationship marketing had been its profitability unlike transactional marketing. Bruce (2007) contends that business cannot succeed any more by focusing on one-time transactions in this era of tough competition. In addition, West (n.d.) criticized the transactional marketing by raising a number of reasons and concludes that transactional marketing have not potential for building long –term customer loyalty and continued patronage. This result of the study is, therefore, well grounded in the theory.

One of the most important reasons for the growing values of RM emanates from its outcome given by assertion that "customer loyalty is worth ten times more than a single purchase" (Kotler& Keller, 2006). In the same vein, Bruce (2007) argues that getting new customer costs, on average, anywhere from six to ten times than keeping an old customer. Some statistics even show that a 5-percent increase in customer retention can increase profits 25–125 percent. This study also found and confirmed the above assumptions as one of the most motives of Ghion Hotel for performing the RM is it saves cost and

enables any firm to keep customers for long time without incurring cost for promoting goods and services.

RQ2: How does the hotel service provider develop and implement relationship marketing?

The Marketing Theory states that service marketing package and Market segmentation are the basic foundations needed in focusing on retention strategies. If all elements of service marketing attributes of hotel are not suitable, retention strategies will have little long term value (Zeithaml&Bitner, 2004).It is also worth mentioning that the Hotel is aware of the importance of service marketing and market segmentation for developing and practicing RM. These assertions are supported by the marketing manager who stated that quality of service marketing and segmentation is the main base for developing sustainable relationship.

Effective service marketing entails the provision of a high level of service quality and customer service (Gummesson, 2002). High quality of service and efficient customer service lead to customer satisfaction which in turn leads to the formation of stronger relationships and greater profitability for the hotel.Thus, the findings of interview indicates that the service provider dependes on the service marketing and identified the factors considered to be SCA (sustainable competitive advantage) of the Hotel.

Although, the Hotel service provider has been developing RM in line with the marketing theory, the survey results show that the practices of some service marketing does not not match with the expectations of customers.The respondents rates service marketing factors as the most important factors for their satisfaction . But, the practice in most cases like friendly welcome, a quick check in/out procedure, apperance/proffesionalism of staff, room service and staff helpefulness and courtsey have weak correlation with RM. The respondents also commented for the improvement of quality of service marketing factors just to mention, staff ability of communication and their apperance, room service, facility and service delivery duration.

The theory of marketing states that market segmentation helps to identify the behavior, expectation and perception of customers to offer service that fit to their expectations, needs and preferences (Zeithaml, 2004). It requires a thoughtful and detailed analysis; determination of customer characteristic while the marketing mix is causally related to relative persistency. **Here, the hotel provides** a variety of variant product/services with different price/ amount based on information collected from customer satisfaction index, log book and suggestion box. But, there has not been no well integrated and continues marketing researches so as to identify the bases of segmentation that the customers share as common characteristics. These show the gap between the theory and practices of the Hotel.

In the table 4.15, theoretical assumptions are compared to the empirical data. The text in the table that is not underlined indicates the point of convergence. If the text in the table is underlined, it indicates the point of divergence.

Table 4.15: Analysis of RQ2: How does the hotel service provider develop and implement RM?

Issues	Theory	Finding	Status of the case company
How service provider develop and implement RM.	Developing and practicing long-term relationship require basic foundations i.e. service marketing package and market segmentation.	Developing relationship marketing based on service marketing as whole and further by focusing on the sustainable competitive advantage.	In line with the theories.
	Market segmentation follows these step: **1.Identify the base of segmentation** **2.Develop profiles of resulting profiles** **3.Develop measures of segment attractiveness** **4. Select the target market** **5.Ensure that segments are compatible**	**Provide a range of variant product/service with different price and amount based on information of customers collected from suggestion box,** customer satisfaction index, log book; no well integrated and continues marketing research so as to identify the bases of segmentation.	**Deviated from the theory.**

4.4.3. RQ3: What kinds of systems (tactics, strategies and management) are employed for practicing long term relationship marketing?

Theoretically, the overall system used to treat the relationship marketing practice is based on four dimensions: informational dimension (database marketing) instrumental dimension (all instruments that

the company uses in order to attachits customers to its products (financial bond, social bonds, customization bonds and structural bonds), organizational dimensions (structure) and management dimension (Zeithaml, 2004, **AL. pop &Pelau, 2004).** Besides, the hotel service provider has been using reasonable and stable price, free fruit and drink and discount for attaching customers to service /product which is supported by (Zeithaml, 2004).

However, the company under study does not employ a customer database. This is, therefore, meant to be a divergence from the theory which assumes the application of data mining tools in relationship marketing is worth pursuing in a customer–centric economy (Berson*etal,* 2000).

The Hotel emphasized the importance of customer feedback. These statement is accentuated by (Christopher*etal,* 2002) when he recommends that companies need to adopt step-by-step customer feedback and monitoring systems so that they can improve their value delivery process.

Again, the service provider uses related divisions like front office and public relation and promotion divisions for operating and performing relationship marketing. Yet, this assertion is divergent with literature that a certain structure of the firm is required for the effective administration of relationship with the customers **(Pop and Pelau, 2004). In the table 4.16 the theory is compared to the empirical data and identify the systems practiced in the case company.**

Table 4.16: Analysis of RQ3: What kinds of systems are employed for practicing long term RM?

Dimensions	Theory	Finding	Status of the case company
Informational Dimension	The existence of customer databasewithin the marketing informational system is strictly necessary**and it accelerating RM implementation (Kotler&keller, 2006).**	**No customer database system**	**Deviated from the theory.**
Instrumental Dimension			
Financial bond (Level- 1)	Financial bonds enhance relationship through financial incentives and club marketing programs to loyal customers (Zeithaml&Bitner, 2004; Kotler& Keller, 2006) - includes volume and frequency rewards, bundling and cross-selling, stable pricing.	Reasonable and stable price, free fruit & drink and discount are used rarely	In line with the theory.
Social bond (Level-2)	Social bonds are the investments of time and energy that creates the positive interpersonal relationship with customers (Zeithaml&Bitner, 2004) involves greeting cards, gift, and social bonds like sponsorship.	**No greeting cards are sent to individual client but there is gift rarely**	**Deviated from the theory.**
Customization bond (Level-3)	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 (Zeithaml&Bitner, 2004)	There is attempt to tailor the marketing mix to particular needs of customers. But this possibility to individualize service is still need enrichment.	In line with the theory.
Structural bond (Level -4)	Created by providing services to the client that is 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.	**The practice of delivering of knowledge or information about hotel's product that not available elsewhere or molding business process in line with the requirements of their customers is not well**	**Deviated from the theory.**

		developed.	
Management dimension	Management of relationships is means of monitoring and evaluating relationship quality over time is basic for RM implementation (Zeithaml&Bitner, 2004)	**Collect information through** suggestion box, log book, customer satisfaction index & apply customer compliant handling procedure performed by employees.	In line with the theory.
Organizational dimension	A certain structure of the firm is required for the effective administration of relationship with the customers **(Pop and Pelau, 2004). Moreover, relationship management with the customer's hasgenerated a new position in the firm of the company, that of a relationship manager which is not be mistaken with a PR specialist (Pop and Pelau, 2004).**	Use related divisions like front office and public relation and promotion divisions.	Deviated from the theory.

Chapter Five

5. Summary, Conclusion and Recommendations

5.1. Introduction

In this final chapter, based on the discussion in the four mentioned chapters, the study draws conclusions and recommendations for the Hotel service provider.

5.2. Conclusion

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. Thishas 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 nexus between concepts and practices of relationship marketing in the Hotel industry in case of Ghion 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 attests that there is a positive correlation between the awareness of the service company and the general theory of marketing.

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, apperance/proffesionalism of staff, room service and staff helpefulness and courtsey) 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 customer satisfaction index, log book and suggestion box. 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 has gap to operate customer segmentation in accordance of the theory.

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 Ghion hotel has not 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. These strategies have weak association with the practices of relationship marketing. Generally, the findings in regard to systems (strategies + tactics) are not well grounded in the theory. Because systems currently practiced are not completely support theories.

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.

5.3. 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 be designed and integrated in a way that 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 *et al*, 2001; 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 customer database system, email, SMS 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. Recommendations for 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 one week. 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.

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Appendix 1

Questionnaire Filled by Guests of Ghion Hotel

This questionnaire is prepared to examine the relationship marketing practice being witnessed in the **Ghion Hotel (Addis Ababa Branch) in Ethiopia.** The responses are to be kept confidential and will be used for academic purpose only. In addition, all personal data shall be treated collectively rather than on personal levels.

The findings of the survey will aid in improving the Hotel services in future. Therefore, I expect your unreserved support in filling up the questionnaire. I thank you very much in advance.

Instruction: Use **a '√ '**mark to select the option that best represents your response.

Part I: General profile of Informants

1. Gender ☐ Male ☐ Female

2. Nationality ☐ Ethiopian ☐ Any nationality outside Ethiopia

3. Age

☐ 18-24 ☐ 25-34 ☐ 35-44 ☐ 45-54 ☐ 55-64 ☐ 65 &over

4. What is the highest level of education which you have completed?

☐ School leaving qualification ☐ Bachelor's degree

☐ Post-graduate degree ☐ Other (please specify)

5. How many times have you previously visited Ghion Hotel?

☐ This was my first visit ☐ 1-3 previous visits ☐ 4 or more previous visits

6. If you have visited Ghion Hotel before, did you stay at this hotel?

☐ Yes ☐ No

7. If you choose Yes for no 6, how long did you stay in this hotel on this visit?

☐ 1-3 nights☐ 4-7 nights☐ 8-14 night's☐ one month

☐ More than one month

8. What is your main purpose of staying in this hotel?

☐ Business ☐ Pleasure/Personal ☐ other (please. Specify)

_____

_____

9. How did you get informed about this hotel? (You can also tick more than one option)

☐ Friend or relative ☐Attending meeting ☐ Travel agent ☐ Radio☐Advertisement

☐ Internet ☐ other (please specify) _____

10. What does it mean to you to be recognized by staff members and get personalized treatment?

☐ No relationship exists at all ☐ somewhat unclose

☐ Neutral ☐ somewhat close ☐ Very close

Part II- Questions related to Building Relationship Marketing

Please indicate the extent to which you agree/disagree with the following statements. Very low practice carries the least weight of 1 while Very highly practiced carries the highest weight of 5. Please put √ mark accordingly.

Item	Very low practice(1)	Low Practice(2)	Moderately practiced(3)	Highly practiced (4)	Very highly practiced (5)
How does Ghion perform?					
1. A friendly welcome on arrival.					
2. A quick check- in/out procedure.					
3. Location/convenience of building.					
4. Practice of handling customers complaints.					
5. Delivery of knowledge or information about hotel's product/service that is not available elsewhere to your addresses.					
6. Provision of special equipment or computer links based services offered to you.					
7. Practice of sending greeting cards & birthday cards through your e-mail or address.					
8. Practice of delivering free VIP cards, coupons for your stay more days/usage.					
9. Free delivery charge for your stay more days/usage.					
10. Practice of special offer- price discount for your stay more days/usage.					
11. Practice of taking customer feedback using a variety of direct and indirect measures.					
12. Practice of helpfulness of the staff.					
13. Practice of cleanliness of the room.					
14. Practice of courtesy of the staff.					
15. Practice of social ties/ connection.					

16. Practice of incentive (financial ties) by hotel.					
17. Practice of any instruments used by the hotel for attaching guests to its service/product.					

Part III: Questions on Relationship marketing practice

1. How do you see the relationship marketing practice/implementation of Ghion Hotel?

       ☐ **Very low practice**☐ **Low practice**   ☐ **moderately practiced**

       ☐ **highly practiced**   ☐ **Very highly practiced**

Part IV: General feedback

1. Will you consider coming back at this hotel again?

     ☐ Yes   ☐ No

  If your answer is no, please elaborate?

    _____
    _____
    _____.

2. Will you recommend this hotel to your friends?

     ☐Yes   ☐No   ☐Don't know

3. Did any aspect of your stay exceed your expectations?

     ☐Yes   ☐No   ☐ Don't know

Feel free to comment on what you believe could improve Ghion Hotel Relationship marketing implementation efforts.

_____
_____
_____
_____
_____
_____

Appendix 2: Interview Questions for Marketing Department & other selected staff members working in Gion Hotel.

Specific Questions on awareness of Relationship Marketing Concept

1. What does the concept of relationship marketing mean for you?
2. Do you think relationship marketing is an important strategy for your hotel?

Specific Questions on the foundations for long- term Relationship marketing building

3. What do you think is the main reason for customers to choose your hotel?
4. Have you divided your customers in to segments? If yes, what segments are you targeting?

Specific Questions on the informational dimension

5. Have you conducted any surveys to get customers opinions? If yes, of what type?
6. How do you use the computer database as a relationship marketing tool?
7. Do you use regularly the database to send information about special offers to customers and for designing future strategies? If yes, how?

Specific Questions on instrumental dimension of relationship marketing

8. Do you think that loyal customers are treated differently? Do they get any benefits? If yes in what way?
9. What efforts (strategies) do you put in order to practice relationship marketing?

Specific Questions on management and organizational structure of Relationship marketing

10. How do you respond to the information/feedback obtained from the customers in order to make them satisfied?
11. Do you measure customer satisfaction? If yes, how do you usually measure it? If no, could you explain why?
12. Do you usually confront problems that your customers have with hotel? How do you deal with such problems?
13. 13. Do you think that practicing Relationship Marketing need certain organizational structure in the context of your hotel? If yes, do you have an assigned relationship manager?