

Managing Relationship with Corporate Clients: A Case Study of the Hotel Industry in Goa

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Abstract

Based on the results of a multiple-case study, this paper explores the marketing strategies used by hoteliers in Goa, a '365 days on a holiday spot'. Particular attention is paid to evidences of the practice of relationship marketing and managerial suggestions are presented

Keywords

Hotel Industry, Relationship Marketing, Relationship Quality.

Resumo

Com base nos resultados de um estudo de caso, o artigo aborda, numa perspectiva exploratória, as estratégias de *marketing* utilizadas pelos hotéis em Goa. O estudo centra-se, particularmente, na identificação das evidências da prática de *marketing* relacional e sugere implicações de gestão.

Palavras-chave

Hotelaria, *Marketing* Relacional, Qualidade da Relação.

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1 Introduction

Since relationship marketing (RM) was coined, more than twenty years ago, it has caught the attention of many researchers and practitioners. Relationship marketing is now a major theme in marketing literature. However, despite the existence of a large and growing body of literature on relationship marketing, there is still ambiguity on the way managers use, if at all, relational strategies in their daily activities. This is why more research is needed on whether relationship marketing is included in business practices and whether it is, in effect, adding value to organisations and their partners. Relationship marketing emphasises that relationships are partnerships. The emphasis is in social bonding, co-operation, joint problem solving, sharing resources and activities, and basing relationship on common goals. Also, relationship marketing emphasises that long-term relationships are mutual beneficial. However, these benefits can only be attained if organisations use relationship marketing in their day-to-day activities. Very little research has addressed this question: Are organisations using relationship marketing in their current business practices? Using a multiple case study, this paper aims at exploring the marketing strategies used by hotel managers in Goa, with special focus on identifying evidences of the practice of relationship marketing.

This paper begins with a conceptual overview that introduces the reader to relationship marketing and presents some concepts specifically needed to set the theoretical basis for the accomplishment of the study goals. Then, the contextual setting and the research methodology are described. Following, results are reported and discussed. The paper concludes by suggesting answers to the research question and presenting some managerial implications.

2 Theoretical overview

This study is carried on in the research area of relationship marketing, a concept that was first introduced by Berry (1983) in the context of service marketing. Since then, a wide stream of research has been produced and today relationship marketing is a major theme in marketing literature.

Relationship marketing has been and continues to be influenced by a diversified range of inputs from other areas. The first publication in this area,

by Berry (1983), lies on concepts developed by the Nordic School, such as long-term interactive relationships, marketing through networks, interactive marketing (Gummesson, 1996). The Nordic School in the area of services marketing, and the IMP (Industrial Marketing and Purchasing) Group in the area of industrial marketing, are the main precursors of relationship marketing. The rich contribution of the Nordic School to the scientific thought in the area of services marketing, which partly influences the profile of the present study, can be characterised by the following main guidelines (Gummesson, 1998, p. 32): priority focus on services marketing, rather than on marketing of consumer goods; gradual shift from focus on goods and services to focus on value; combination of the marketing function with the other functions and the global management; adoption of an international perspective, with inputs of several countries, such as the United Kingdom, the United States of America and Australia; less quantitative management research in relation to the tradition of other countries; more theory generating than theory testing type of investigation, thus more inductive than deductive type of investigation; a simultaneously empirical, theoretical and holistic kind of scientific thought. The contribution of the IMP Group is important as well: the concept of relationship used in this study is adapted from the IMP perspective and its network approach, in which relationships are characterised by activity links, resource ties, and actor bonds (Ford *et al.*, 1998).

The 1950s and the 1960s were characterised by mass marketing, the 1970s and the 1980s by market segmentation and since the 1990s it is the individualised knowledge on consumers that drives marketing strategies. The quality of goods and services, which was a competitive factor back in the 1980s, is nowadays just a minimum requirement for competitiveness. Since the early 1990s it is the quality of the relationship with clients that makes the difference and establishes the real measure of success (Peppers and Rogers, 1995). We are watching a real inflexion from transaction marketing towards relational marketing, both on the theoretical level and the practical level (Morgan and Hunt, 1994).

The current reality of markets is not compatible with a narrow vision on the way buyers and suppliers relate to each other. Indeed, there is no such a thing as one side dictating the rules and the other ones assuming a passive and reactive attitude. All parties are *active* and take the initiative

in the relationship. What really exists is an *interaction* between one partner *and* the other partner, instead of behaviours of one *or* the other (see, for example, Anderson and Weitz, 1989; Ford, 1980; Easton and Hakansson, 1996; Lindgreen, 2001). Moreover, marketing strategies must consider the establishment of long-term relationships where partners work for mutual benefits.

How to define relationship marketing?

In the last two decades many attempts to define relationship marketing have been made, most of them of great value to the field. The fact is that there is no consensual definition for relationship marketing, probably because of the various contributions from so many and diversified areas, each one of those areas trying to define it in its own terms (Harker, 1999; Lindgreen, 2001).

One of the best-known definitions that has been suggested integrates both transactional and relational perspectives: For Gronroos (2000, p. 26), the purpose of marketing is to "identify and establish, maintain and enhance and when necessary, terminate relationships with customers (and other parties) so that the objectives regarding economic and other variables of all parties can be met. This is achieved through a mutual exchange and fulfilment of promises." This definition is the one that identifies itself the most with the context of the present investigation, for it integrates most of the aspects characterising marketing in a relational perspective.

The nature of relationships: from transactions to partnership

Increasingly difficult competition, more knowledgeable and demanding clients, and recessive pressures, are just some examples of factors explaining why organisations cannot depend exclusively on winning new customers to compensate the loss of customers (Buttle, 1996). It is true that organisations should focus on attracting customers, which is very important. However, if retention and profitability of relationships are not considered, organisations run the risk of wasting many resources. Focusing on winning new customers firms take some measures such as promotions or price cuts. Some customers take advantage of that, often in a mere opportunistic way. However, these short-term measures do not make customers come back, do not bring repeat

business; in short, they are not useful to consolidate relationships that are satisfactory for all parties. On the contrary, adopting a relational business approach, instead of a transactional one - that is, seeing long-term relationships as assets to be maximised for profit, like any other asset - organisations are able to get to know customers better with time, effectively satisfying its needs and expectations, in a profitable way (Ford *et al.*, 1998).

This idea can be illustrated, as a manager from Holiday Inn Hotels did, by comparing the marketing of a hotel to a bucket, as follows: sales, advertising and promotion programmes pour business into the bucket. As long as these actions, putting business through the tap, are effective the bucket stays full. But there are holes in the bucket. As long as the supplier fulfils its promises and meets customers' expectations, the holes are small and not many customers are lost. When, on the contrary, customers are not satisfied, the holes increase in size and customers are lost faster than they can be poured through the tap. The 'bucket theory' helps in understanding the need for a strategy of customer retention, in order to fill up the holes through which customers are escaping (Zeithaml and Bitner, 1996).

Relationship marketing is a strategy aiming at profit maximisation, by concentrating efforts more on profitable retention of customers, and less on attracting customers, though the latter is also not neglected (Evans and Laskin, 1994; Gummesson, 1998). Today, though marketing theory is still and traditionally orientated for the product and the transaction, instead of for the customer and the relationship, the nature of business relationships is changing and the number of firms adopting a relationship marketing strategy is increasing.

Relationship benefits

Once a relationship is established, all intervening partners have benefits. In fact, with time, as links between partners increase, through products/services, customer and supplier become more important to each other. These links, which initially are not more than predominantly transactional interactions, give birth to personal relationships, activity links and resource ties, which transcend mere products/services buying and selling. This relational interaction produces certain benefits, intangible yet not negligible, for both parties.

The customer will stay in the relationship as long as its perception is that there is more value received than it would be in another relationship with a different provider. Value, that is, perceived value, is defined in this context as the global assessment made by the customer, of the product's usefulness, based on the comparison between the perceived benefits - quality, satisfaction, specific benefits - and perceived 'sacrifices' - monetary and non monetary costs (Monroe, 1991).

Benefits arising from the establishment of long-term relationships are substantial for the service provider as well. In terms of revenue, there is a growth tendency. It has been shown that customers tend to increase purchases in a certain provider, as much as both parties get to know each other and the level of satisfaction with the relationship increases (Reichheld and Sasser, 1990).

In short, firms participate in relationships with other firms in order to obtain benefits, namely associated with increases in revenue and/or cost reduction (Ford, 1980). For example, and using the terminology of Payne (1994, p. 30), a hotel client which is pleased with the relationship and is already on the top of the 'relationship ladder' - and, therefore, has already become a partner - provides positive and, probably, more effective word-of-mouth endorsements, thus reducing costs associated with attracting new business. In addition, the supplier would obtain a deeper knowledge on the client, which constitutes a competitive advantage when deciding whether to increase the business involvement with the client or not.

Evidences of the practice of relationship marketing

In order to accomplish the proposed goals for this study, it is necessary to use some references in terms of relationship marketing as a strategy. Thus, some dimensions/evidences of a relationship marketing strategy were selected, such as social bonds, structural bonds, activity links and resource ties, segmentation, customer information management, relationship quality (RQ) and networks. A brief explanation of these concepts follows.

It is generally acknowledged that customer satisfaction by itself is not enough to retain customers, there are other factors needed for relationships to last and to be profitable and that the development of commitment between customer and provider requires some kind of bond between the two parties. IMP researchers have identified

various different types of bond, but two of the most widely discussed are social and structural bonds (Holmlund and Kock, 1996).

Social bonds develop over time and refer to the degree of mutual personal friendship and liking shared by the provider and customer (Wilson 1995). They develop as a consequence of interaction and play a crucial role in customer retention (Turnbull and Wilson, 1989). Hakansson and Snehota (1997) refer to a similar concept: actor bonds. Actor bonds are described as bonds between key individuals in organisation that develop over time and as a result of both task and social interactions.

Structural bonds are usually based on technical, knowledge, legal or economic elements which generate a barrier to relationship termination (Wilson 1995). Many IMP studies have mentioned shared investments and product and process adaptations as forms of structural bonding. Differently, legal and economic bonds exist when there is a signed contract or agreement (Holmlund and Kock 1996).

Activity links and resource ties have also been proposed as promoters of lasting relationships (Hakansson and Snehota, 1997). Activity links refer to any joint activities between partners (e.g. joint product design) while resource ties relate to any sharing of resources whether people, technology or information. Combined with actor and structural bonds, activity links and resource ties form a degree of mutual interdependence between parties.

Segmentation is a crucial element in marketing strategy and constitutes the basis for a relational strategy (Zeithaml and Bitner, 1996). The aforementioned definition of marketing by Gronroos (2000) explicitly contemplates the need of terminating relationships. Notwithstanding the countless benefits of long-term relationships, not all relationships are beneficial. Some of them became disadvantageous for certain parties. The premise that all customers are good customers is closely associated to the maxim that the client is always right. However, as the client is not always right, not all clients have the potential for a long-term relationship profitable for all parties. The keyword is, therefore, segmentation. Organisations must pay careful attention to market segmentation. It is not beneficial to none of the parties if a relationship is established with a client whose needs the organisation is not able to satisfy. It is not also adequate to develop simultaneous interactions with incompatible segments. Services

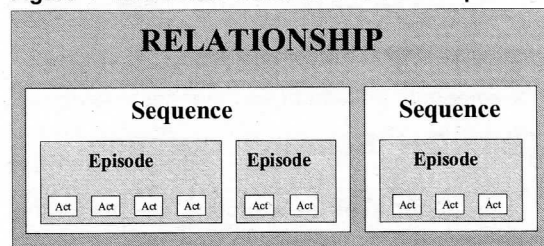
are typically delivered to different customers simultaneously. Customers often share the same space and influence each other's perceptions of received value. In this context – and in order to maximise profits of core segments – it is probably more effective to renounce segments of marginal/subsidiary revenue if these reveal to be incompatible with the core segment (Zeithaml and Bitner, 1996). For example, in a hotel with business travellers as the main segment, it is probably not wise to accept reservations for the same period for both a group of executives that is going to discuss a serious matter and a group of football fans.

Customer Information Systems are one of the pillars of effective management of customer relationships. One of the tools that can reinforce the effectiveness of retention efforts is a database containing, on one hand, information on clients' profiles, in which the specific details of each client (wants, preferences, etc.) would be introduced in each moment of truth and, on the other hand, information on the rate of client retention. A number of hotel chains are making much greater use of database driven systems to manage information on clients' profiles. Ritz-Carlton is probably the most widely publicised user of such systems. Ritz-Carlton uses these databases to deliver a personalised service to each one of its approximately 250.000 clients (mainly businesspeople) all around the planet. Hotel services providers like Ritz-Carlton use these databases to monitor repeat business as well. These databases can contribute to narrow the gaps between the perceptions of the two parties. This makes the difference for clients value little big details. This means that hotels/chains like Ritz-Carlton have a competitive advantage in relation to those not using these kinds of client management and retention tools.

Relationship Quality is a central concept in this context. It corresponds to the dynamics of formation of quality in long-term relationships, in the perspectives of both buyer and supplier of the service (Gronroos, 2000). To better illustrate what relationship quality is, perhaps it is useful to compare it to a more familiar concept, service quality. A relationship is formed by a sequence of episodes, which in turn, are constituted by acts (Figure 1). A sequence of episodes is, for example in the hotel business, a stay in a hotel; episodes are, for example, checking-in or having dinner at the hotel restaurant and handing over the key or the card to the room or bringing the food to a guest are examples of acts. However, if we have stayed

in a hotel only once we probably cannot say that we have a relationship with that hotel. But we probably can say that we have a relationship with a certain hotel when we have stayed in that particular hotel for several times. Service quality occurs at the level of acts, in a short-term perspective, in discrete transactions, whereas relationship quality is formed in the long-term, at the level of the series of sequences that form the relationship.

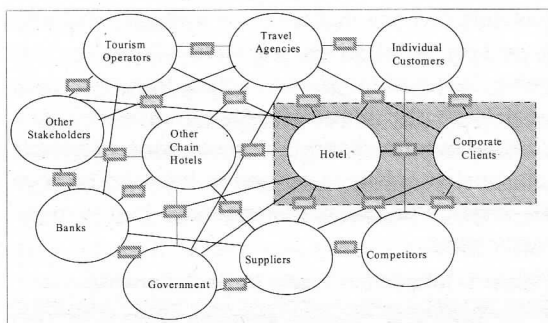
Figure 1- Interaction levels in a relationship



Source: Gronroos, 2000, p. 83.

Effective managers are aware of relationship quality a major competitive advantage and able to monitor its determinants, such as commitment (Berry and Parasuraman, 1991; Moorman, Zaltman and Deshpande, 1992; Morgan and Hunt, 1994; Dwyer, Schurr and Oh, 1987), common goals (Wilson, 1995; Morgan and Hunt, 1994; Heide and John, 1992), communication (Sheth, 1976; Williams and Spiro, 1985; Williams, Spiro and Fine, 1990), cost/benefit ratio (Han, Wilson and Dant, 1993; Morgan and Hunt, 1994), customer orientation (Bejou, Ennew and Palmer, 1998; Saxe and Weitz, 1982), trust and satisfaction (Bejou, Wray and Ingram, 1996; Dorsch, Swanson and Kelley, 1998; Dwyer and Oh, 1987; Lagace, Dahlstrom, and Gassenheimer, 1991; Roberts, Varki and Brodie, 2003; Smith, 1998; Wray, Palmer and Bejou, 1994). The concept of *network* is of particular relevance for this study as well. According to the 'theory of imaginary organisations' (Gummesson, 1996), a theory developed within the relationship marketing area, organisations are always a part of a network of relationships, which is in reality a larger organisation. Managers need to be aware of the importance of the interactions taking place in the network of relationships where their organisations belong. To belong to an imaginary organisation has several implications. For example, each partner can share resources of other partners, and what happens inside of each organisation is influenced by what happens in the interactions amongst all partners of the network. Relationship quality works as a kind of glue or cement that connects partners in a network (Figure 2).

Figure 2- Partners Connected through RQ in a Network



Source: adapted from Gummesson, 1996

3 Research question

This paper aims at exploring the marketing strategies used by hoteliers in Goa, with particular attention paid to the identification of evidences of the practice of relationship marketing.

4 Contextual setting

Scenic natural beauty, a long beautiful coastline of some 105 km, historical monuments and a unique landscape make Goa an unrivalled tourist destination. The evidence is that in the year 2002 the inflow of domestic tourists alone was around 1.32 million, nearly equal to Goa's population (source: www.goatourism.org). This palm-fringed state of India has a blend of colonial Portuguese and traditional Indian flavour, which is another attractive trait of the "365 days on a holiday" spot. Even before tourism attained an industry status in 2000 hospitality seems to have been a serious business in Goa. Paying guest facilities and hotels existed, but the past decade has seen several new entrants into the hotel business. Star hotels and heritage hotels were added on to the list of options available to the tourist in Goa. The total number of tourist arrivals in Goa showed an 8.8 percent increase between the year 2000 and 2001. As on October 2002, the total number of one, two, three, four, five and five-star deluxe hotels in Goa stood at 53 (source: www.goatourism.org). There is a consistent increase in the inflow of both tourists and hotels in Goa. In this situation, the competing hotels have now to market their services in order to survive.

5 Research design

As this study has to do with asking questions about the experience of actors of a certain phenomenon it requires a phenomenological approach. The research strategy is case study, focusing on understanding the dynamics present in the way hotels in Goa approach the market and the business in light of the goals initially defined for this paper. The present work focuses primarily on description, which is an adequate use of the case study methodology (Eisenhardt, 1989; Yin, 1994). Because the phenomena under analysis are on going and must be investigated within its real-life context, a multiple-case study method was adopted.

According to the literature review and in order to accomplish the proposed goals, a semi-structured interview script was built and twelve hotel managers, from twelve different hotels, were interviewed 'face-to-face'. Considering that the extent to which the analysis is structured will depend on the extent to which the collection of the data is structured (Collis and Hussey, 2003), the script was designed in order to help in finding the answers to the research questions. In this context, hotels were asked to answer the questions bearing in mind their interactions with corporate clients, given that this is the segment that presents more possibilities for repeat business (Yelkur and DaCosta, 2001). In case study research, sampling is theoretical, not random (Eisenhardt, 1989). The selection of cases results from both theoretical reasons, that is to provide examples of the different types of ways hotels approach the corporate segment, and practical reasons, i.e., the need to study marketing strategies with a particular focus on relationship marketing. This approach corresponds to that of 'purposeful sampling' in the words of Patton (1990, p. 169). Of all the existing types of accommodation in Goa, and thinking ahead to future comparative investigations on this issue in other regions of the world, the sample includes three, four, and five-star hotels, four of each category. The construction of sample followed the method of typical case sampling, suggested by Patton (1990) as one of the strategies for selecting information-rich cases purposefully. Though the recommended number of cases is between 4 and 10, according to Eisenhardt (1989), we believe that 12 cases is adequate for the purpose of this study, for the gain in richness of

information will probably compensate the eventual increase in complexity.

The analysis of the collected data was carried out in two phases, i.e., within-case analysis and cross-case analysis. Though within-case analysis is typically the first phase of the analysis in some stages of the process both phases occurred simultaneously. The purpose of within-case analysis is to get a close insight on each case, before moving on to and in order to help with the identification of patterns across-cases (Eisenhardt, 1989). Regarding the cross-case analysis phase several tactics were employed, according to the suggestions of Eisenhardt (1989): to look for inter-group similarities and differences in selected dimensions, to list similarities and differences between sets of cases, including to group cases into categories for comparison and to divide the data by their sources and then try to establish whether the sources result in the same pattern.

As far as interpreting the data is concerned, there is a thin line between description and causal interpretation. After concluding the description

phase, it is appropriate to move on to the interpretation of causes, consequences and associations (Patton, 1990). As stated before, the main purpose of this article is description. Though, after the task of description is completed, the paper ends with some considerations on causality, to the extent that the authors are describing the causal linkages suggested by interviewees and in order to answer to the research questions.

6 Discussion of results

The analysis focused on trying to understand how hotel managers use marketing strategies in a specific industry, in this case the hotel sector, with particular attention paid to the identification of evidences of the practice of relationship marketing. Accordingly, the data were analysed around a series of key themes that are recognised as important based on past research, and a summary of the key observations, which emerged from the interviews, is presented in Table 1 (organised according to hotel category).

Table 1 - Evidences of the practice of relationship marketing. Level of strength

RM in Goa?	Five Star Hotels	Four Star Hotels	Three Star Hotels
Social or Actor bonds	Medium	Low	Low
Structural or Contractual Bonds	Low	Low	Low
Activity links and Resource Ties	Low	Low	Low
Segmentation	High	High	Low
Customer Information Systems:			
.Tastes and Preferences	High	Medium	Low
.Rate of Retention	High	Medium	Low
Awareness of RQ as a Major Competitive Advantage	High	High	High
Determinants of RQ			
.Commitment	High	High	High
.Common Goals	High	High	High
.Communication	High	High	High
.Cost/Benefit Ratio	High	High	High
.Customer Orientation	High	High	High
.Satisfaction	High	High	High
.Trust	High	High	High
.Internal RQ	High	High	High
Participation in Networks	High	Medium	Low

The structure of relationships

a) Actor Bonds

To begin with, the analysis focused on trying to find out whether there are hotel representatives that act as key contacts for clients. Interviewees of all the five-star hotels said that there are key contacts. However, they are not referred by that title. Several different hotel representatives fulfill this function. There are no designated client managers with the responsibility of running portfolios of clients, like account managers do in banks, or like it happens in hotels of other regions of the world. This suggests that the strength of actor or social bonds cannot be considered to be high. In the case of four-star hotels, the existence of key contacts is even less evident, and in the case of three-star hotels they are practically non-existent, suggesting that actor bonds or social bonds are less likely to develop and where they do, are likely to be weak. In short, in the three groups of hotels there is no particular focus on actor or social bonds, though in five-star hotels there is evidence of more proactive management of the relationship.

b) Structural bonds: The role of contracts

In what structural or contractual bonds is concerned, the evidence is even poorer. Signing contracts is not seen as a priority in none of the categories. Some of the hotels just do not have signed contracts with corporate clients, and in where they do, the percentage of clients with signed contracts is low. This absence of focus on signing contracts could be viewed as a significant vulnerability. Contracts, apart from being an important structural bond, serve as well as a mean for channelling the benefits associated with a long-term relationship. For the client these benefits can be, for example, price reductions and priority in room reservations and for the hotel, for example, minimum revenue guaranteed in advance and increases in the volumes of business (Vieira and Ennew, 2004).

c) Activity links and resource ties

In addition to actor bonds, organisational relationships may be characterised by two other dimensions: activity links and resource ties. The extent to which relationships are characterised by joint activities and/or sharing of resources is very low. For example, an activity link may occur when the hotel mobilises its personnel to receive a large group of guests, or when the hotel changes its

normal procedures in order to correspond to preferences of guests. Resource ties occur when the hotel adjusts its logistics according to the nature of the meeting that a firm is organising or when hotel and client exchange services, for example, lodging for advertising. The majority of hotel managers felt that there were no obvious links or ties. Where they occur, client involvement in the design of services is typically *ex post*, namely via completion of satisfaction questionnaires.

Managing the relationship

a) Segmentation

When it comes to segmentation of the market, results suggest that five-star and four-star hotels are very aware of this important tool for marketing strategy. Five-star hotels normally show meticulously planned segmentations in terms of fits (free individual tourists – both domestic and international), package (family, honeymooners, charters, and conference participants), groups in transit, airline crew and company volume guaranteed rate (CVGR- the quota of customers that companies on contract with the hotel undertake to send). Though each of these segments may be referred to differently in different hotels, they usually incorporate almost all of the above mentioned demarcations. The client profile of a hotel plays a major role in the demarcation and orientation of strategies, like focusing on different needs of a particular group of customers, to measure the market growth to identify more profitable segments, and to identify the kinds of services required to be delivered (customer value proposition). In four-star hotels, the segmentation of the market is done based on what kind of hotel it is; this is to say whether it caters more to business clients or leisure clients. Depending on this, the trend in the samples is to segment the market in terms of international (charters, fits and group), domestic (packages, holiday plans, groups, conferences, institutes or students). The segmentation is done in terms of seasons as well - low (April end to end September), high (October to March end). The main reason for segmenting the market is to balance the various segments as each of it has its advantages and disadvantages. On the contrary, three-star hotels typically do not segment the market. In the rare cases where there are vestiges of segmentation, the division of the market is done in an incipient manner, which can be viewed as a significant disadvantage, given the importance of

segmentation in any kind marketing strategy, either relational or not.

b) Customer information

The analysis reveals that the level of effectiveness in using customer information systems managing customer relationships is high in five-star hotels, medium in four-star hotels, and low in three-star hotels. Five-star hotels maintain guest tastes and preferences databases and use this information during the service encounter, or, in the words of Carlzon (1991), in the 'moments of truth'. Moreover, five-star hotels use customer information systems to keep track of the rate of retention, taking also advantage of the fact that they branded and belong to a group, which constitutes a form of network – an issue that is going to be addressed later on in this paper. In addition, five-star hotels have special revenue management techniques that deal with scientific ways like optimising between occupancy and rooms. For instance, to quote one interviewee, 'while handling advance booking, suppose during a certain time period the demand for rooms is high, then the hotel will prefer to sell the rooms to a high *value* customer who comes frequently rather than a low value customer and will charge higher rates during that period, though will not exceed certain limits'. Four-star hotels are also able to capitalise on client history, using data regarding their preferences gleaned both through questionnaires and computerised databases. The rate of retention is monitored through guest histories maintained by the hotels. One of the frequent vulnerabilities associated with the hotel sector is high staff turnover with all the associated risks of lost of valuable information when employees leave. Somehow surprisingly, four-star hotels in Goa are very aware of the importance of long-term relationship with clients and strive to keep the same employees for a long period, which is very important for the success of a relational strategy. In relation to three-star hotels, there is no strong evidence of the use of customer information systems, either to monitor repeat business or to keep track of tastes and preferences.

c) Relationship quality

Overall, results suggest that in all hotels, of all categories, there is a good awareness of relationship quality as a major competitive advantage. All interviewees agree with the statement of Peppers and Rogers (1995) that a

favourable relationship between quality and price is the minimum requirement and it is followed by all the competitors, and the only thing that helps in the hotelier to be different is the quality of the relationship with clients. 'It takes more than a good rate and services to make people happy and repeat bookings', said one of the hotel managers. Moreover, hotel managers attribute superior importance to relationship quality determinants such as commitment, communication, cost/benefit ratio, customer orientation, mutual goals, satisfaction, trust and internal relationship quality. This means that, apart from paying attention to relational determinants, hotel managers are conscious of the importance of what happens inside the organisation for the success of the business. That is, they recognise that the quality of the relationship amongst employees, no matter the position in the organisation's hierarchy, influences the quality of the relationships with external clients. This awareness of the importance of relationship quality, combined with a good performance in market segmentation, represents a very good basis for a successful marketing strategy, namely a relational strategy.

As far as the participation in networks is concerned, one of the relevant components of a relational strategy, there are differences, according to hotel category. Five-star hotels are the ones that participate more effectively in their networks. This is mainly due to the fact that, in most cases, they belong to branded hotel chains that are organised in formal networks. In addition, five-star hotels have tie-ups with different travel agents and airlines. Hotels have their own sales offices and do not operate through franchises. Since competition has increased in leaps and bounds in the last 2-3 years (with international and national crisis sometimes precipitating the already tense situation, an example would be the September 11 attacks), the hotels marketing/sales teams have to stay on their toes to ensure innovative programmes that will keep their patrons hooked on to them. Four-star hotels have more difficulties in managing their participation in networks and try to compensate that by adopting various marketing devices like, for instance, attending travel fairs/marts or designing the hotel's opening in a strategic manner. For example, having a 'soft' opening with some thirty rooms initially and in two years time increasing to 135 rooms, targeting in the first year only the domestic market, slowly shifting its base to international clients too and then operating through

out the year (in other words opening in a phased out manner). These hotels have promotional setups with credit card and mobile phone companies as well. On the contrary, there is no evidence at all of the participation of three-star hotels in networks, which can be viewed as both a competitive disadvantage and strategic vulnerability.

7 Conclusions

This paper has explored the marketing strategies used by hoteliers in Goa, with particular focus on the identification of evidences of the practice of relationship marketing. The analysis reveals that there could be a good basis for marketing strategy and relationship marketing in five-star and four-star hotels given the combination of the awareness of the importance of relationship quality with a good performance in market segmentation. However, and on the contrary, the evidence of the practice of relationship marketing is in general very low, as shown by the absence of focus on actor bonds, structural bonds, activity links and resource ties.

Nevertheless, at the tactic level, hoteliers in Goa reveal a good performance, at least in what five-star and four-star hotels are concerned. The mastering of customer databases and the efforts for maintaining the same employees as long as possible are two strong signs of that. The utilisation of customer databases in which contact personnel can introduce, in service encounters (the moments of truth), details on clients' wants, preferences and habits, in order for this information to be used by everybody in the hotel/chain, can constitute a major tactic advantage that can help the overall strategy.

However, there are some areas of weakness and the following can be viewed as some managerial suggestions. The first suggestion is twofold: to designate client managers and to sign contracts with clients. Given the benefits in terms of relationships outcomes of the presence of a client manager as key contact and the contract as a formalisation of the relationship, there is clearly a strong case for those hotels, which do not offer such systems, to reconsider seriously.

Consistent with the work of the IMP Group, a recent study by Vieira and Ennew (2004) points to the potential importance of actor and structural bonds in the development and management of marketing relationships, with corporate clients, in the hotel sector. The most important aspect is the

existence of designated client managers. In hotels with client managers both parties perceived that there is a representative in each side of the dyad, that is, the existence of actor bonds, one of the pillars of business relationships. The importance of signing contracts, a powerful tool for improving relationships between hotels and corporate clients, is perceived to be higher in hotels with client managers, in the perspective of both sides. Also, in hotels with client managers the perception of the existence of activity links and resource ties between the two parties is stronger. In addition, the perception of clients of hotels with client managers on their participation on the design of services and that complaints are resolved satisfactorily is higher than those of the clients of hotels without client managers. Moreover, hotels with client managers are perceived to perform better from the perspective of clients, namely in what the quality of the relationship is concerned, the propensity to recommendation and the expectation of future interaction.

The client manager's activities typically include winning and retaining clients and monitoring levels of satisfaction. One of the most important tasks for client managers' goals is 'animating' contracts, an industry term that is used to describe a process of increasing the volume of business associated with a particular contract. Both clients and hotel managers share the opinion that, following a visit by the client manager, the utilisation of hotel services by the client increases. Client managers can help in other important aspects as well. For example, it seems like there is still some work for hoteliers to do in order to explain some benefits of long-term relationships that clients are not sufficiently aware of. There are some gaps (in the terminology of SERVQUAL model - see, for example, Zeithaml *et al.*, 1990) or mismatches (see Lindgreen, 2001, p.81) between clients and hotel managers' perceptions, for example, regarding the participation of the client in the design of services. For the wife of Caesar it is not enough to *be* honest; she has to *seem* honest as well. Using this metaphor, it is not enough for hotels to know that relational strategies are the way for success, they have to convince clients of that. The keyword is communication, one of the defining constructs of relationship marketing (see, for example, Lindgreen, 2001; Lindgreen and Crawford, 1999). Client managers are also a very important mean for channelling the communication efforts between hotels and their clients.

Second, and specifically for three-star hotels, which are the most numerous and constitute the most serious case in terms of areas of weakness, we suggest in addition that the adoption of databases should be considered. Three-star hotels do not possess databases in which contact personnel can introduce, in service encounters (the moments of truth), details on clients' wants, preferences and habits in order for this information to be used by everybody in the hotel. These databases could be used narrowing the gaps between the perceptions of the two parties and contribute to repeat business and to good quality of the relationship with clients.

The current findings are clearly preliminary: on the one hand, there are some limitations; on the other hand, further work will be needed to explore these issues. As far as limitations are concerned, there might be some bias inherent to the fact that a convenience sample was used. Also, it is clearly insufficient to study just one side of the dyad. We suggest that in future research, the relationship between the two parties should be considered as the unit of analysis, instead of the perspective of one or the other side of the dyad. Also, the reality of Goa should be compared with the reality of other regions of the world and the same issues should be explored in other service contexts.

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