

Business Relations in Hospitality: A Structural Model Applied to the Corporate Segment

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ABSTRACT This article aims to conduct research on the influence of the importance and quality of business relationships on a company's decision to maintain its relationship with a certain hotel. To address the issue, we propose a model tested based on data from a survey of a final sample of 483 representatives from Portuguese small and medium enterprises (SMEs) who expressed their perceptions about the business relationships with their key partners in a hotel chain. Data were analyzed using the structural equation modeling statistical technique. The study produced several important results. The quality of the relationship is influenced by interpersonal variables, highlighting the role of Client Manager (i.e. the representative of the hotel), and other variables associated to the relationship itself. As for the importance of the relationship, several factors emerge as significant indicators, such as the benefits of the relationship and the costs of its interruption. The results suggest that the importance of the relationship plays a major role in determining the propensity for future interaction. As regards theoretical contribution, this research adds value to the relationship marketing paradigm, because we test and validate a model of the influence of the importance of the relationship, in addition to the quality of the relationship, and the propensity of future interaction between SMEs and hotels. This study also suggests practical management-related implications, in light of the success of relationship marketing strategies, and with the goal of customer loyalty and profitability of the business relationship which they have established.

KEYWORDS importance of the relationship, relationship marketing, modeling in equations structural, quality of the relationship, business relationship.

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Las relaciones comerciales en el campo de la hotelería: un modelo estructural aplicado al segmento corporativo

RESUMEN El presente artículo tiene como objetivo investigar sobre la influencia de la importancia y la calidad de las relaciones comerciales en la decisión de una empresa de mantener su relación con un determinado hotel. Para abordar el problema, se propone un modelo puesto a prueba con base en los datos de una encuesta de una muestra final de 483 representantes de pequeñas y medianas empresas (PYMES) de Portugal. Los participantes expresaron sus percepciones acerca de las relaciones comerciales con sus socios clave en una cadena de hoteles. Los datos se analizaron utilizando la técnica estadística de modelos de ecuaciones estructurales. El estudio produjo varios resultados importantes. La calidad de la relación está influenciada por variables interpersonales, entre las cuales se destaca el papel de Administrador de Clientes (es decir, el representante del hotel), y surgen otras variables asociadas a la relación misma. En cuanto a la importancia de la relación, surgen varios factores como indicadores significativos, tales como los beneficios de la relación y los costos de su interrupción. Los resultados sugieren que la importancia de la relación juega un papel preponderante en la determinación de la propensión a la interacción futura. En cuanto a la contribución teórica, la presente investigación añade valor al paradigma del marketing relacional, ya que somete a prueba y valida un modelo de la influencia de la importancia de la relación, además de los efectos de la calidad de la relación en la propensión de la futura interacción entre las PYMES y los hoteles. Este estudio también sugiere implicaciones prácticas relacionadas con la gestión, a la luz del éxito de las estrategias de marketing relacional, y con el objetivo de fidelizar al cliente y obtener rentabilidad de la relación comercial que se haya establecido.

PALABRAS CLAVE importancia de las relaciones, marketing relacional, modelación en ecuaciones estructurales, cualidades de la relación, relaciones de negocios.

Relações de negócio em hotelaria: um modelo estrutural aplicado ao segmento empresarial

RESUMO O presente artigo tem como objetivo investigar a influência da importância e da qualidade das relações de negócio na decisão de uma empresa em manter o envolvimento com determinado hotel. Para tratar a questão, é proposto um modelo testado com base em dados de um inquérito realizado a uma amostra final de 483 representantes de pequenas e médias empresas (PMEs) portuguesas, que manifestaram as suas perceções sobre as relações de negócio com os seus interlocutores privilegiados numa cadeia hoteleira. Os dados foram analisados com recurso à técnica estatística de modelação em equações estruturais. O estudo produz vários resultados importantes. A qualidade da relação é influenciada por variáveis interpessoais, com destaque para o papel do Gestor de Clientes (i.e., o representante do hotel), e por outras associadas à relação propriamente dita. Quanto à importância da relação, vários fatores surgem como indicadores significativos, tais como os benefícios da relação e os custos da sua interrupção. Os resultados sugerem que a importância da relação assume um papel preponderante na determinação da propensão de interação futura. Em termos de contribuição teórica, a investigação acrescenta valor ao paradigma do marketing relacional, ao testar e validar um modelo da influência da importância da relação, adicionalmente aos efeitos da qualidade da relação, na propensão de interação futura entre PMEs e hotéis. O estudo sugere igualmente implicações práticas de gestão, com vista ao sucesso das estratégias de marketing relacional e com o objetivo da fidelização dos clientes e rentabilização das relações de negócio com eles estabelecidas.

PALAVRAS-CHAVE importância da relação, marketing relacional, modelação em equações estruturais, qualidade da relação, relações de negócio.

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Introduction and Background

Competition among hotels in Portugal is growing and getting fierce. Hotels ask for the best way to remain competitive and survive in a limited market such as that of companies in Portugal. Hotels know that its success is based on three fundamental supports: capturing customers, customer loyalty and profitability. Marketing in a hotel plays a key role in meeting these objectives, including relational marketing, which is currently a prominent issue. According to the literature (e.g., Beck et al, 2015; Bradford et al, 2010; Henderson et al, 2011; Krasnikov et al, 2009; Maggon & Chaudhry, 2015; Nyaga & Whipple, 2011; Palmatier et al, 2013), the future of marketing is inevitably influenced by relationship marketing. This is because marketing that acts under immediate objectives (hit-and-run marketing) does not serve the true interests of buyers, or the interests of sellers, as it is more expensive to attract new business customers than retain existing ones.

However, the current marketing theory (by tradition) is still very oriented to the outcome and the transaction instead of the customer and the relationship. There are more and more companies adopting relationship marketing strategies, particularly in hotel services in which customers make high number of purchases over time. This approach is according to what Gummesson (2014) calls the “paradigm 3,” which is based on the dominant logic of services (service-dominant logic) introduced by Vargo & Lusch (2004) and revisited recently (Lusch & Vargo, 2014), as well as in the systems theory (Mele et al, 2010) and network relations, particularly in business-to-business context (B2B) (Ford et al, 1998; Hakansson et al, 2009). These perspectives emphasize the complexity of services, where the co-creation of value in the business relationship in the context of B2B services relies heavily on contributions from all partners (or business partners if we want to be more comprehensive and use Anglo-Saxon terminology). Gummesson (2014, p. 660-661) specifically calls for more studies about relationships business in the hotel sector.

Indeed, there is currently a growing trend for companies to focus their efforts on customer loyalty and increasing cross-selling in the small slice of profitable customers (the proven 20/80 rule: 20% of customers are responsible for 80% of total return). Strengthening customer relationships is not imitable and, therefore, constitutes a factor

of differentiation and a sustainable competitive advantage. The business segment (or B2B) also known as the corporate segment, is a value co-creation example of repeat purchase and profitability (Yelkur & DaCosta, 2001) and this justifies its responsibility for the largest share of the investment that service providers make in marketing efforts (Gummesson & Grönroos, 2012). These efforts go largely for a bet on “stakeholder – to – stakeholder” interactions (Gummesson, 2014, p. 659), where each company / organization / institution is represented by a professional who is responsible for managing the business relations with partners in the network of relationships in which his (her) organization operates.

A clear sign of the importance of business relationship management is the introduction of the Customer Manager figure (or Commercial Promoter, name used in some hotel chains) and the creation of Business Centers in some hotels operating in Portugal, as it happened in the banking sector in the 1980s (note that there are many similarities between both sectors, from customization services to strong face to face interaction, through aspects relating to personality, prestige, trust and the security). This approach also lies in the idea that buyers get utilities from social capital (Granovetter, 1985; Hughes, Le Bon & Rapp, 2013).

However, despite a general consensus about the benefits of a relational approach, managers and academics had expressed some disappointment, because the relational marketing sometimes produces contradictory results (Palmatier et al., 2009) and it may not to fulfill expectations (Henderson, Beck & Palmatier, 2011). This can happen if, for example, if the company adopts an indiscriminate relational approach that does not carefully select the contexts and the segments in which relational marketing can be more effective. Maggon & Chaudhry (2015), based on an analysis of articles published since 2001, concluded that the study of relationship marketing in the tourism and hospitality area is still weak and more studies are needed, particularly with regard to relations business between key partners (“key stakeholders”) and about influence of relations efforts in the “intention” to maintain and develop business relationships (Maggon & Chaudhry, 2015, p. 64).

Thus, it is pertinent to study the benefits of relational efforts, particularly with regard to the age of business relationships in hospitality at the business segment. Within this framework, this

work focuses the business relationships established between the representatives of the organizations in the business relationship, i.e., in this case between the company representative and the privileged interlocutor at the hotel (i.e., the customer manager).

Most of the literature on relationship marketing implicitly assumes that the development and maintenance of relationships between sellers and buyers-in this study, between hotels and businesses- are common goals for both parties. However, not all customers value the benefits of the relationship, not all attribute the same importance to them, and hotels should carefully select the situations in which the relationship marketing should be used (Furash, 1997; Perrien et al., 1993; Vieira, Winklhofer & Ennew, 2014). Indeed, previous studies have shown that the quality of the relationship influences the propensity of future contact between buyer and seller, that is to say, the longevity of the relationship between clients and hotels (e.g., Crosby et al., 1990; Boles et al 2000), but it is necessary to determine the effects of the importance of the relationship in the propensity of future interaction in addition to the influence of the quality of the relationship.

In fact, if a relationship is not important, from the perspective of one or both parties, the motivation to continue the interaction is probably low despite the quality of the relationship. Otherwise, if, beyond of its good quality, the relationship is simultaneously perceived as important, it is natural that the propensity of future interaction between the company and the hotel is enhanced by the effect of the importance of the relationship. In this context, this research aims to propose and test a model to assess the simultaneous influence of the quality and importance of business relationships in the propensity of future interaction between hotels and businesses.

Model Proposal

Considering the above - mentioned research question, the context of this work and a significant degree of consensus in literature about the ideas that determine either the quality of the relationship or the importance of the relationship (e.g., Crosby, Evans & Cowles, 1990 ; Vieira, 2001; Palmatier et al, 2006;. Vieira, Ennew & Winklhofer, 2008; Athanasopoulou, 2009; Nyaga & Whipple,

2011; Vieira et al, 2014), the model proposed is shown in Figure 1.

The model aims to test, on one hand, as proposed, the interpersonal component and features of relation that effectively determine the quality of a business relationship; On the other hand, to evaluate whether the ability of situational factors and inherent risk determines or conditions the relationship. In short, the model aims to find out what influences the decision of a company to continue its business relationship with a particular hotel. The following sections detail the proposed model by describing the associations between variables.

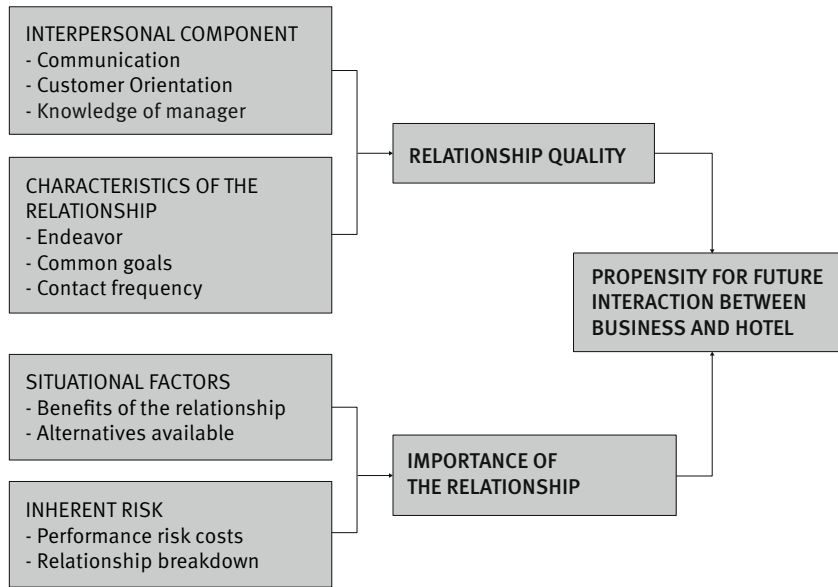
Background of the propensity to future interaction

Quality of the relationship

Relationship quality is defined in this study as the joint evaluation of cognitive business interactions, by key individuals in a B2B interface (Holmlund, 2001). In line with the current prevailing opinion in the literature, this study adopts the perspective of Crosby et al. (1990), who conceptualized the quality of the relationship as a trust and satisfaction variable. *Trust* is defined as the ability and willingness to rely on the integrity and performance of the relationship manager, so that the long-term expectations are met (Crosby et al., 1990; Morgan & Hunt, 1994); *satisfaction* is defined as the security and tranquility perceived by the buyer about the future of supplier, taking into account the satisfactory performance occurred until then (Crosby et al., 1990; Naudé & Buttle, 2000).

The propensity of a customer to continue to do business with a given hotel depends significantly on the expectations you have about this hotel and the extent to these expectations are met. The propensity for future interaction is therefore influenced by the quality of the relationship. As shown by Crosby et al. (1990), the dimension *quality of the relationship* has a positive effect on the propensity of future interaction, that is to say, in respect of maintenance propensity or we can also say, in loyalty.

FIGURE 1. Model of the effects of the quality and importance of the business relationship in the future interaction propensity between hotel and customer.



Source: Authors.

Importance of the relationship

Regardless of the quality of the relationship, if the particular hotel services are crucial to the performance and survival of the company, i.e., if the influence of *importance of the relationship* dimension is high, it is natural that from customer side exists motivation to maintain the interaction with this hotel (Frazier, 1983; Vieira et al, 2014; Beck et al, 2015). Thus, the greater the importance of the relationship, the greater the propensity for future interaction.

Background of relationship quality

Let us start with the *interpersonal component*. Communication facilitates the relationship between the parties and positively influences the perception that the client has of the Client Manager (Williams et al., 1990), suggesting that this variable should be positively associated with the quality of the relationship. That is, the higher the level of communication skills demonstrated by the Client Manager, the higher the level of quality of the relationship. Moreover, effective communication works as a determining factor of the trust (Morgan & Hunt, 1994) and satisfaction (Leuthesser, 1997).

According to studies of Saxe & Weitz (1982), *customer orientation* is positively related to the

satisfaction and trust-which, as mentioned, are two aspects of the quality of the relationship adopted by Crosby et al. (1990)-.

The model also contains the variable *knowledge of Customer Manager*, taking into account the fact that vendors (that is to say, hotels, Customers Managers) that better know the activity of its customers are the most valued (Perrien & Ricard, 1995). Additionally, Customer Managers must be knowledgeable about the role they play on the organization and the products that they are representing. According to previous research (Sujan et al., 1988; Vieira et al., 2008), the more knowledgeable vendors show, the more confidence will be inspired in clients. Considering that confidence is one of the dimensions of the quality of the relationship, the *Customer Manager Knowledge* variable should be positively related to the quality of the relationship.

Regarding the *situational characteristics*, one of more important variables is the commitment. It is understood by commitment the strong and consistent motivation of the parties to maintain an esteemed relationship (Dwyer et al, 1987; Morgan & Hunt, 1994). The higher the motivation is, the greater the likelihood of increasing the quality of the relationship. A lasting relationship depends on the mutual commitment between the customer and the service provider; it suggests

that quality is essential for maintaining it (Dwyer et al., 1987). According to Lawler & Yoon (1993), the commitment builds trust between the parties and, according to Molm (1991), the commitment also enhances satisfaction with the relationship, which suggests that the commitment is positively associated with the quality of the relationship.

The *common goals* variable represents the sharing level of objectives that are only possible to achieve through cooperation and maintenance of the relationship (Wilson, 1995). Like relationships amongst people, common goals become into a strong motivation to maintain the relationship, whose age will be greater as the degree of realization of these objectives and taken benefits from it. According to Wilson (1995), common goals can also enhance customer satisfaction with the performance of the seller and the relationship established with them. They are possibly associated with the quality of the relationship as well.

In conclusion, regarding the determinants of the quality of the relationship, the *frequency of the contacts* or visits of Customer Managers from hotels to companies that accompany it is (and where it is not, it should be) one of the measuring instruments that make part of inquiries to customer satisfaction. According to Woodside et al. (1992), the greater the frequency of contact between the parties, the higher the probability of success of a relationship strategy. The more frequent the contact, the better the communication between them, which will allow the hotel to better direct their marketing efforts to the actual needs of customers and at the same time, more companies feel that their problems are important to the hotel. Frequency of contacts is also associated with the degree of utilization of services. Thus, frequency of contacts between the parties is likely to be a relationship quality indicator and there is a positive ratio between both phenomena

Background of the importance of the relationship

For a relationship to last and be considered important, the parties have to feel they get something to participate in it. The *benefits of the relationship* variable reflects this reality in the model and is included in the *situational factors*. The continued business between hotels and firms creates certain benefits – whether intangible or not, economic or not – for both parties. For instance, the company feels it can rely on the hotel's support

and see a lessened perceived risk associated with hotel services. In turn, the hotel gets a deeper knowledge about the company, which will be a competitive advantage when it comes to deciding whether or not to increase their involvement with the client (Vieira et al., 2008). The benefits of a relationship are, according to Han et al. (1993), the rewards resulting from participating in this relationship, which would not exist without it. The better the rewards, the greater the importance attached by the parties to the relationship. This suggests that the better the benefits perceived by the parties, the more important the relationship.

The behavior of clients in their interactions with the hotels can be conditioned by the existence of alternative relationships, reflected in the model through the *available alternatives* variable. Often, customers remain in certain relationship due to investments in it and cannot take advantage of better relations that may be possibly with other suppliers (Han et al., 1993). In other cases, the obstacles to change are economic or legal links (Holmlund & Kock, 1996). Where alternatives are available, real or perceived, are very limited, the client gives more importance to their current relationship and their efforts will be to keep it (Pardo & Salle, 1994). On the contrary, it makes sense to infer that, the wider the range of alternatives and easier to end the current relationship, it becomes less important to the customer.

As for the *inherent risk* component, *the risk of performance* has to do with the uncertainty associated with the ability of competitors of the current service provider has to fulfill the customer's expectations in terms of meeting their needs. As the perceived performance risk increases, the customer becomes more accurate in decision – making (Webster, 1993). Good relations mitigate the risk associated with the purchase, so the importance of the relationship should be greater the higher the risk of performance perceived by the customer.

Finally, the *relationship rupture costs*, namely costs of changing hotels, include all the expected costs of ending a relationship and starting another anew. The greater the investment made in the relationship, both the hotel and the customer, the higher the change – related costs carried by increasing the interest and the need of the parties to maintain the relationship (Morgan & Hunt, 1994). Therefore, the relationship will tend to be much more important for the parties as changing costs increase.

Methodology

The analysis was carried out considering a modeling perspective in structural equations, using the LISREL and SPSS software, from the perceptions of 483 representatives of small and medium Portuguese enterprises (SMEs) about its business relationships with its key partners in hotels. The survey was conducted in a context characterized by recurrent interactions between the parties and the personalized and co-created service, i.e. a research landscape that resembles the context in which the relationship marketing is more effective, as suggested earlier (Palmatier et al. 2006; Vieira, 2013).

The data collection process was carried out with the collaboration of an international hotel chain operating in Portugal, with branches in almost any part of the territory and with a comprehensive range of business customers, either in terms of size and in terms of sector diversity, it was considered appropriate, bearing in mind the sample representativeness.

Most respondents were representing SMEs, which employ fewer than 500 people and they are representative of the business structure in Portugal, which has about 98% of SMEs and only 2% of medium and large companies. Furthermore, the distribution by sector of activity is according to the profile of the Portuguese economy: manufacturing, 31%; Construction, 23%; trade, 33%; and other sectors (mainly services), 14%. The duration of the business relationship between the parties is within a range of 6 to 8 years, which suggests that companies and hotels maintain relatively long links, despite some degree of rotation inherent to the hospitality industry. This data on the duration of business interactions takes on major importance since, as suggested Palmatier et al. (2013), the relative importance of relational efforts may be different, depending on timing of the relationship stage.

All the measures in the questionnaire are based on scales established in the literature, with minor adjustments taking into account the specificities of the present study context. As shown in Table 1 that contains the constructs of the model, the used scales and respective reliabilities, the *communication* variable is measured by the degree of agreement of the respondent as statements about the capabilities of the Client Manager communication, i.e., the privileged speaker of the company at the hotel. Scales adapted to the McQuiston

(2001) study were used for the communication variable. *Customer orientation* and *Client Manager knowledge* variables were measured under scales adapted from a study by Swan et al. (1988). The scales used for measuring the *commitment* variable have been adapted from scales developed

TABLE 1. Table 1 variables, scales and their reliability

Communication ($\alpha = .80$)
It is easy to talk with our Customer Manager.
Our Client Manager demonstrates a cooperative attitude towards us.
Customer Orientation ($\alpha = .79$)
If a competitor hotel were better for us in particular service, the Client Manager of this hotel would also say it.
This Client Manager places our interests over of his/her institution's interest.
Client Manager of Knowledge ($\alpha = .78$)
Our Client Manager is a competent and knowledgeable professional.
Our Client Manager knows so well our activities and our needs that if he were to move from hotel, I would probably follow him.
Commitment ($\alpha = .77$)
Our company is very committed to the relationship that it has with this hotel.
Our company has a strong sense of loyalty to this hotel.
Common goals ($\alpha = .81$)
Even if circumstances change (for example, if we tleave the hotel), this hotel will always be ready and available to support us.
We can always rely on the sensitivity of this hotel about the consequences that their actions and decisions will have on our company.
contact frequency ($\alpha = .73$)
We are satisfied with the frequency of visits / contacts of this manager.
Relationship Benefits ($\alpha = .76$)
There are benefits associated with the relationship with this hotel that we would lose if the relationship ended.
It would be extremely difficult to develop a relationship with another hotel as the one we have with this hotel.
Available Alternatives ($\alpha = .75$)
There are other hotels that can provide us a service as good as or better than this one.
It would not be difficult or expensive to replace this hotel.
performance risk ($\alpha = .71$)
What would be the risk of something wrong happening, if the company were to rely on the same services that it uses in this hotel but in an unknown hotel?
Relationship rupture costs ($\alpha = .81$)
To stop work with this hotel implies a considerable sacrifice.
To stop work with this hotel would have detrimental effects on our business

Source: Authors.

by Morgan & Hunt (1994) and Anderson & Weitz (1992), and the *common objective* variable was evaluated by measuring instruments adapted from scales developed by Kumar et al. (1995).

The number of contacts between the hotel and the customer can be a measure of the quality of their relationship. The more frequent the contacts between the parties, the easier it is to establish a relationship strategy, the relationship gets in better and communication becomes more efficient. The *frequency of contact* variable was measured using an adaptation of a survey scale about the customer's satisfaction of the hotel group in question.

The *relationship benefits* were measured using Rusbult (1983) adaptation scales and *available alternatives* were measured using adapted scales from Kumar et al. (1995). Regarding the inherent risk, *performance risk* was evaluated based on a scale developed by Jacoby & Kaplan (1972), and *broken relationship* costs were measured based on scales adaptations developed by Gundlach et al. (1995). Finally, to measure the *relationship quality* variable, the scales used were adapted from Kumar et al. (1995), the *significance of the relationship* was measured by adaptations of scales made by McQuiston (1989) and Gundlach et al. (1995), and the *propensity for future interaction* between client and property was measured by using scales adapted from Kumar et al. (1995).

Discussion of the results

The analysis – based on the results of the LISREL – suggests that the model features a good quality adjustment and a significant predictive power (see Table 2).

Overall, with the exception of performance risk, the proposed variables as determinants of quality of the relationship and the importance of the relationship clearly have a significant influence. As for the propensity of future interaction, both of its determinants perceived that their strong influence is confirmed by the results, highlighting the importance of the relationship. It should be noted that these results are generally stronger than a similar analysis conducted earlier, based on traditional techniques of simple and multiple regression (Vieira, 2015), which reinforces the advantage to modeling in structural equations for this analysis. Following is a further

TABLE 2. Standardized coefficients and quality adjustment

Propensity of Future Interaction	R² = .477
Quality of the relationship → propensity of future relationship	.322
Importance of the relationship → propensity of future relationship	.469
Relationship Quality	R² = .453
Communication → Relationship Quality	.401
Client Guidance → Relationship Quality	.249
Manager Knowledge → Relationship Quality	.205
Commitment → Relationship Quality	.221
Common Objectives → Relationship Quality	.247
Frequency of Contacts → Relationship Quality	.267
Importance of the Relationship	R² = .468
Benefits of the Relationship → Importance of the Relationship	.275
Alternatives available → Importance of the Relationship	.289
Performance Risk → Importance of the Relationship	.059 (no significant)
Relationship rupture costs → Importance of the Relationship	.269
Adjustment Indices	
RMSEA	.054
CFI	.95
NNFI	.94
χ ²	1675.8

Source: Authors.

discussion of the results of each variable in which a bridge to the literature is established.

Relationship quality Determinants

Interpersonal Component

- **Communication.** The analysis suggests the variable communication as the strongest determinant of the quality of the relationship, which is in line with results of previous researches. According to Williams et al. (1990), communication – beyond facilitating the relationship – positively influences customer perception in face of the Client Manager behavior. Anderson & Weitz (1989) suggested that communication builds confidence

between the parties and thus improves the quality of the relationship. As suggested by Palmatier et al. (2013), and as will be subject of further discussion in this paper, the fact that the communication variable assumes in this study the role of most influential determinant, may have to do with the relative high maturity of business relationships identified in this research (with average length in a range between six and eight years).

- **Customer Orientation.** The findings support previous research that concluded that customer orientation is positively associated with satisfaction and trust (Saxe & Weitz, 1982) and, therefore, the quality of relation - and a service-oriented customer enhances perceived satisfaction, as well as the quality and duration of the relationship (Kelley 1992).

- **Client Manager's Knowledge.** As proposed, the level of knowledge of the Client Manager perceived by the company, is also positively and significantly associated with the quality of the relationship. These results validate previous research in the area services, suggesting that customers value the more its partners, the more they show that know them and know their activity (Perrien & Ricard, 1995) and that the higher the level of knowledge demonstrated, the higher the confidence and credibility transmitted (Sujan et al., 1988; Vieira et al, 2014), which enhances the quality of the relationship.

Relationship Features

- **Commitment.** Commitment is also - as proposed in hypothesis - positively associated with the quality of the relationship. These results corroborate those of previous studies, which indicate that commitment is a key variable in the success of the relationship (Morgan & Hunt, 1994), it enhances the trust between the parties, one of the strands of the relationship quality (Lawler & Yoon, 1993) and improves the satisfaction of other aspects of the relationship quality (Molm, 1991). Thus, and according to Dwyer et al. (1987), maintaining a relationship over time depends upon the quality and involves a certain level of commitment of the parts.

The fact that the *commitment* variable is assuming a relatively less important role than other research papers in the same area (e.g., Vieira et

al., 2014) may be seen, again, with the relative high maturity of business relationships identified in this study. This is consistent with the suggestion of Palmatier et al. (2013) that the relevance of commitment grows to about the fourth year relationship, when it begins to decline. The conclusions section will draw up on these aspects of the research.

- **Common goals.** As proposed in the hypothesis, the results suggest that the perception of common goals by both the parties is positively associated with the quality of the relationship. Similarly, Wilson (1995) also suggests that the existence of common objectives both enhances satisfaction and constitutes a strong motivation to maintain and strengthen the relationship, to the extent that goals are achieved.

- **Frequency of Contacts.** Frequency of contacts has a positive ratio with the quality of the relationship, as proposed in this study and suggested in previous research. Indeed, the higher the frequency of contacts between the parts, the greater the likely success of a relationship strategy (Woodside et al., 1992). In reverse perspective, as concluded by Smith (1989), the less frequent the contact, the greater the possibility of the customer thinks that the hotel is not interested in it, which give nothing to relationship quality.

Determinants of the importance of the relationship

Situation Features

- **Benefits of the relationship.** The results support the proposed hypothesis, which proposed a positive ratio between the benefits perceived by the parties and the importance of the relationship. They are also compatible with the reviewed literature in this work. Briefly recalling that benefits are the rewards resulting from participating in certain relationship (Han et al., 1993). The better the rewards obtained (or expected), the more important the relationship and the greater the motivation to keep it (Morgan & Hunt, 1994). Thus, customers seem willing to maintain relations whose ratio between the benefits and perceived sacrifices, using the terminology of Monroe (1991), is favorable to them and show themselves

available to change when this ratio is better in another hotel.

- **Existing alternatives.** The results support the idea that the poorer the number of - real or perceived - alternatives for the customer, the more important the relationship is. This situation may occur for a number of different reasons, e.g. because of investments already made in the current relationship (Han et al., 1993) or the economic or legal links (Holmlund & Kock, 1996). Conversely, when the range of alternatives is broad, such as the current situation of the hotel sector in Portugal, customers assume a view of greater demand about the behavior that they expect from hotels. Let us say, if the number of available alternative hotels is high, the relationship becomes less important, because the client probably now has some superiority in the relationship, some control over the other party. One way in which hotels can tackle this difficulty might be specializing in sensitive areas for certain business sectors.

Inherent risk factors

- **Performance risk.** Contrary to the formulated hypothesis, the influence of performance risk variable was found to be statistically significant. The expectation was that the results validated the idea that the greater the performance risk perceived by the client, the greater importance is attributed to relationship. As Webster suggested (1993), as the risk of performance increases, the more watchful the client is about their decisions, and gives more importance to the relationship in which the client is involved. Therefore, when there is high risk of any competitor having a bad performance, customers would not choose to change hotel, even if they are not satisfied with the relationship, because the change could eventually even the company get in even more trouble. In this case, the analysis did not confirm this line of thought, probably because the differences between the service providers in terms of quality and reliability of the services do not justify the fact that a competitive hotel could not suitably respond to the company's needs.

- **Relationship rupture costs.** The results suggest that the broken relationship variable works as a significant indicator of the importance of the

relationship. According to Morgan & Hunt (1994), the costs of the rupture are the combination of the costs of ending a relationship with the costs of starting another. The higher these costs, in terms of customer perception, the more important the relationship is. This may be due to several factors, as the investment in building the relationship increases - inasmuch as these costs are not recovered by the parties - there is also an increasing cost of change, and an increasing interest in maintaining the relationship (Morgan & Hunt, 1994). The greater the interdependence between the parties, the more expensive it becomes to interrupt the relationship and cooperation and commitment prevail over conflict and disruption (Pardo & Salle, 1994). On the other hand, the older the relationship, the greater the knowledge and confidence between the parties, so much so that the interruption costs increase with the age of the relationship (Anderson & Weitz, 1989).

Propensity for future interaction and its determinants

Both the quality of the relationship and the importance of the relationship, given the results obtained in this study, are considered as significant determinants of future interaction probability between the company and the hotel. The results support the proposed ratios. It follows therefore that, as perceived quality increases, the more likely it becomes to maintain the relationship, which is consistent with results of previous investigations, in particular Crosby et al. (1990).

However, taking into account all the results, the quality of the relationship seems to be a necessary condition for continued interaction, but it is not enough. This point of discussion has to do specifically with the objective settled for this research: to evaluate the effects of the importance of the relationship based on the proven influence of the relationship quality in the propensity of future interaction between companies and hotels. In fact, the analysis points to the importance of the relationship as a strong determinant of the likely future interaction, as initially suggested by Frazier (1983) and, in this case, the results indicate that the influence of the importance of the link overlies the quality of the relationship when the company decides whether or not to keep the interaction with such hotel.

Conclusions

This research aims to add value to the relationship marketing paradigm, by developing a model or conceptual framework that can help to understand the problematic of business relations between companies and hotels. Indeed, this paper provides principal *theoretical contributions*; we propose and validate (by means of a strong and rigorous analytical process) an illustrative model about the influence of the importance of the relationship, together with the quality of the link, in the decision of a company to maintain and strengthen their relationship with certain hotel. The model also considers the influence of determining both the quality of the relationship and the extent of the relationship, so it is expected to serve as a useful basis and a stimulus for further research.

If we examine the associations between the constructs that make up the model (review Figure 1), we find that the study shows that high-quality relationships depend on: i) interpersonal factors such as communication skills, customer orientation and level of knowledge of the Customer Manager; ii) relationship characteristics, such as the commitment of the parties, the existence of common goals and the frequency of contacts between the company and the hotel. Often the question arises as to whether or not companies establish relationships with people or organizations that they are representing. The study suggests that, although both aspects are important and business relationships are institutional interactions, interpersonal aspects, the “face to face” (the actor-to-actor) between Client Manager and its key partner in the company plays a central role in the process.

This study also suggests that the influence of the importance of relationships is predominant. The analysis conducted identifies several factors that determine the importance of a relationship. Relations become greater importance in situations that provide the most benefits to the parts, and when the number of alternatives available is reduced (which does not seem to be the case of the Portuguese hospitality at this juncture, also taking into account the lack of expertise hotels) to situational- factors. The importance of relations also depends on the interruption costs, which correspond to the costs of interrupting a relationship added to the costs of starting a new link (the hotels are particularly attentive to this point a particular focus on cross-selling).

In terms of *practical implications of business management*, it is expected that the research outcomes constitute a contribution for hotels to improve their knowledge about the most important factors in the relationship between SMEs and the hotel, since the study takes into account the perspective of this segment and their customer base, in order to better suit their supply to the actual needs of customers. It is also expected to contribute to the successful implementation of relational marketing strategies in hospitality, particularly with a view to customer loyalty and profitability of relationships established with them.

For example, it is necessary to take into account the fact that the Client Manager (that is to say, the privileged client’s interlocutor at the hotel) plays a crucial role in the success of relationships. Thus, hotels should pay particular attention to the recruitment, training and motivation of employees who represent the hotel with their customers, as well as the disruptive factors of relationships, such as high turnover of the Customer Managers and their lack of decision-making powers. Given the fact that there is less and less space for competitiveness via supply and price, developing good and lasting relationships with customers it appears as a form of sustainable competitive advantage. In fact, the links based on goods and / or services, due to their increasingly shorter cycle life can be, beyond imitable relationships, only sporadic, which would not allow their adequate return. Probably not all customers value the benefits of the relationship. Thus, relationship marketing should be understood only as an effective tool for organizations (in this case hotels) to monetize the relationships established with customers.

In this context, another contribution of this study towards improving the performance of those who are on the ground on a daily basis is alert to the risk of making indiscriminate investments in customer relations efforts, since they can be highly ineffective and counterproductive. Firstly, it is necessary to bear in mind that the relative importance of relational efforts may differ according to the phase of the business relationship through Palmatier et al. (2013). This finding suggests that managers in the field can take better advantage of the relational marketing by betting on relational efforts at every moment, thereby reaping better results. For example, confidence may be more important at the beginning of the relationship, where the parties are yet to be known (Dwyer et al., 1987). As the relationship

progresses and gets in the routine, trust between the parties can become only a minimum requirement and other variables; such as in the case of this study, communication and customer orientation can play a leading role. This idea is in line with Palmatier et al. (2013), who concluded that the importance of commitment has an upward trend until the relationship is four years old, and then starts to decrease.

In the case of this research, the fact that the average duration of the relationship between the representatives of the parties is between six and eight years old is consistent with the preponderance of variable communication related (for example) to variables such as the commitment and knowledge manager. Indeed, when a relationship gets in a more routine phase, communication skills play a key role; for instance, to convince the customer that the parties remain committed to sharing goals. This can be achieved by investing time in understanding where lie the opportunities for the service provider to meet the customer's business needs, considering competitive offerings.

On the other hand, managers have to be aware that a relational approach cannot be seen as a solution to all problems (one-size-fits-all). On the contrary, relations efforts must be directed to the segments in which it is possible to obtain better results, for example, the business division, in which it is possible to have personalized contacts and frequent -and thus the value co creation - between representatives (which is relatively difficult to achieve in the segment of individual customers). In this context, as suggested by Bradford et al. (2010), it will be possible to achieve an integration between the service provider and the customer's team, in which both parties work not only with their marketing departments and other internal functional areas, but also in sync with partners, as though it were one and common entity to both organizations - the seller and the buyer.

Limitations and suggestions for future research

The results of this study should be seen in context with certain limitations that can open up new subjects of research. For example, the respondents were asked to provide a description of their relations with just one supplier, and therefore it was not possible to assess whether the

other interactions that take place in the network of relationships in which each company is involved (including several hotel chains) influence relationship analysis and its extent. Moreover, this study focused on prospective customers. Therefore, it is necessary to listen to the opinion of officials responsible for hotels, in terms of relationship quality and the importance of the relationship in the propensity of future interaction between the parties.

Furthermore, although the variables included in the conceptual framework proposed have been confirmed as significant indicators, there are probably other variables that may build on the explanatory power of the model. One of the variables that have been suggested as a potential subject for studies is the bargaining power which (in the event of asymmetry), may have counterproductive effects (Beritelli & Laesser, 2011; Guo & He, 2012; Nyaga et al, 2013.). The subject under study is in fact markedly multifaceted. Therefore, it is suggested that further investigations be conducted, for example in the field of new information and communication technologies, and their implications on the concept of hotel relationship and the role it has in interpersonal relationships. Furthermore, there is the field of internal marketing, taking into account the fact that hotel services are highly intensive in terms of personal contacts, and the role played by commercial agents is instrumental in ensuring a face - to - face relationship with customers.

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