Influence of Relationship Marketing Underpinnings on Egyptian Hotel Customer's Satisfaction and Loyalty

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Influence of Relationship Marketing Underpinnings on Egyptian Hotel Customer's Satisfaction and Loyalty

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ABSTRACT

This study seeks to examine relationship marketing as influenced by service provider's attributes and resulting in customer's satisfaction and loyalty within the Egyptian hotel industry. A conceptual model linking service provider's attributes to relationship marketing underpinnings and the latter to relational outcomes defined as customer's satisfaction and loyalty, was tested using structural equation modeling (SEM) on a sample of 279 hotel customers in Sharm El-Sheikh, Egypt. The results showed that service provider's competency significantly influences relationship marketing underpinnings. On the other hand, the influence of service provider's appearance on customer's perception of commitment and conflict is not supported. Further, relationship marketing underpinnings significantly influence customer's satisfaction. Finally, customer's satisfaction significantly influences their loyalty towards the hotel.

INTRODUCTION

Relationship marketing has received special recognition from both marketing academics and practitioners over the past two decades. Relationship marketing has rested on the central premise that building successful relationships result in customer satisfaction, positive word-of-mouth, business referrals, references, and publicity (Kim and Cha, 2002). In addition, the adoption of relationship marketing can help service firms build sustainable competitive advantage because the intangible nature of relationships is not easily imitated (Roberts et al., 2003; Castellanos-Verdugo et al., 2009). Although the body of literature on relationship marketing has grown over the recent years, little has explored the multidimensional nature of relationship marketing in the hotel industry. In the hotel industry, there is strong competition which provides customers with greater choice, greater value for money, and augmented levels of service (Kandampully and Suhartanto, 2000). Indeed, in order to effectively retain their customers and achieve success in such a competitive market, hoteliers need to focus their attention on adopting relationship marketing to gain privileged information about customers, better understand their needs, and thereby serve them satisfactorily to gain and foster their loyalty (Ndubisi and Wah, 2005). During service encounters in hotels, guests evaluate employees’ ability to deliver the service and deal with special requests (Berry, 1995). The service provider or the salesperson is the primary if not the sole contact point of the customer (Crosby et al., 1990), whose characteristics and behaviors can have considerable impact on the outcome of the interactions with customers.

¹ Names are in alphabetical order.
(Guenzi and Pelloni, 2004; Söderlund and Julander, 2009). However, little effort has been made
to examine how hotel service provider’s attributes influence relationship marketing
underpinnings, which in turn influence customer's satisfaction and loyalty.
Customer satisfaction is an essential concept for hospitality businesses that try to determine
whether or not customers will return and/or recommend the establishment to others (Choi and
Chu, 2001). However, customer satisfaction alone is not enough since there is no guarantee that
satisfied customers will return (Kandampully and Suhartanto, 2000). Past studies have reported
mixed results regarding the relationship between customer satisfaction and loyalty (e.g. Bowen
and Shoemaker, 1998; Oh, 1999; Skogland and Sigaw, 2004; Bielen and Demoulin, 2007;
Namkung and Jang, 2009; Adjei and Clark, 2010; Nam and Lee, 2011) and multiple views exist
on the conceptualization of customer loyalty.
As such, the purpose of this study is to explore the influence of service provider's attributes on
relationship marketing underpinnings, which in turn influence relational outcomes defined as
customer's satisfaction and loyalty within the Egyptian hotel industry. Specifically, examine the
influence of service provider’s attributes namely: expertise, experience, and physical appearance
on relationship marketing underpinnings. Second, determine the influence of relationship
marketing underpinnings namely: trust, commitment, communication, and conflict on customer's
satisfaction. Finally, explore the association between customer's satisfaction and loyalty.
The paper is organized as follows. After a short overview of relationship marketing literature, the
conceptual framework and research hypotheses are presented. Further, the methodology used to
test the proposed model is explained, followed by a presentation of the results of data analysis.
Finally, discussion of the study findings, implications, and limitations are considered.

RELATIONSHIP MARKETING

The primary focus of relationship marketing is gaining and fostering customer loyalty. In this
perspective, relationship marketing can be interpreted and defined as marketing philosophy
aimed at maintaining and strengthening relationships with current customers rather than
identifying and acquiring new ones (Guenzi and Pelloni, 2004).
The essence of maintaining service relationships is the fulfillment of promises made to
consumers (Grönroos, 1994; Bitner, 1995). A firm that is preoccupied with giving promises may
attract new customers and initially build relationships, but if promises are not kept the
relationship cannot be maintained and enhanced (Grönroos, 1994). Apart from giving and
fulfilling promises, developing, maintaining, and strengthening relationships depend on
customer’s perception of the importance of key relationship marketing underpinnings (Ward and
Dagger, 2007). Among relationship marketing underpinnings, commitment and trust are
theorized as critical to successful relational exchanges (Morgan and Hunt, 1994; Henning-
Thurau et al., 2002; Wong and Sohal, 2002). Communication is also regarded as an important
underpinning of relationship marketing (Ndubisi, 2004; Ndubisi and Wah, 2005; Sin et al., 2005;
Ndubisi, 2007). Despite the functional benefits of conflict (Dwyer et al., 1987), only few studies
added the concept of conflict to relationship marketing underpinnings. Consequently,
relationship marketing in this study is measured through customer's perception of four
underpinnings namely: trust, commitment, communication, and conflict.
The following paragraphs discuss the conceptualization of these four underpinnings of
relationship marketing. Then, the literature relevant to the association between relationship
marketing underpinnings, service provider attributes, satisfaction, and loyalty are explained in the subsequent sections.

**Trust**
Trust is considered a fundamental relationship model building block and is included in most relationship models (Wilson, 1995). Trust is particularly important in relational contexts where individuals seek predictable behavior on the part of their relational partners, such that relatively high degree of certainty is attached to future exchanges (Crosby *et al.*, 1990). In distinguishing between trust in a partner’s credibility and trust in a partner’s benevolence, this study focuses on the former type of trust defined as the extent to which the customer believes that a firm’s word can be relied, that they are sincere, and that they will perform their role effectively and reliably (Moorman *et al.*, 1992; Doney and Canon, 1997; Roberts *et al.*, 2003), consistent with previous relationship marketing studies (e.g. Gwinner *et al.*, 1998; Kim and Cha, 2002; Castellanos-Verdugo *et al.*, 2009).

**Commitment**
Commitment similar to trust is an important underpinning for understanding relationship marketing and it is a useful construct for measuring the likelihood of customer loyalty as well as for predicting future purchase frequency (Dwyer *et al.*, 1987; Morgan and Hunt, 1994; Gundlach *et al.*, 1995). Many authors define commitment as a multidimensional construct composed of affective, calculative, and normative commitment (Gundlach *et al.*, 1995; Gruen *et al.*, 2000; Bansal *et al.*, 2004). This study focuses on the affective component of commitment defined as an enduring desire by the parties to develop and maintain a stable long-term relationship (Gundlach *et al.*, 1995). Normative commitment may be seen as contributing to a dependence-based relationship rather than dedication based relationship, whereas continuance commitment has been criticized for sharing meaning with behavioral intentions (Roberts *et al.*, 2003).

**Communication**
Communication is defined as “the formal as well as the informal sharing of meaningful and timely information” (Anderson and Narus, 1990, p.44). It is the communicator’s task to create awareness, build consumer preference by promoting quality, value, performance, and other features. In addition, communication tells a dissatisfied customer what the organization is doing to rectify the source of dissatisfaction (Ndubisi and Wah, 2005; Ndubisi, 2007). When there is an effective communication between an organization and its customers, a better relationship will result and customers will be loyal (Ndubisi, 2007), therefore, this study expects communication to have a strong and positive influence on the relationship between hotels and their customers.

**Conflict**
There will always be conflict or disagreements in relationships (Dwyer *et al.*, 1987; Morgan and Hunt, 1994). Roberts *et al.* (2003) noted that conflict can be either affective or manifest. In this study, affective conflict is considered as a measure of the retained level of conflict felt by the customer and as an underpinning of relationship marketing. Manifest conflict is more appropriately conceptualized as an outcome variable in the form of complaining behavior, which is affected by relationship marketing dimensions (Zeithaml *et al.*, 1996; Bloemer *et al.*, 1999).
CONCEPTUAL FRAMEWORK AND RESEARCH HYPOTHESES

Figure 1 depicts the proposed framework. First, the study examines the influence of three service provider attributes identified by Kim and Cha (2002) as: expertise, experience, and physical appearance, on relationship marketing underpinnings. As for the underpinnings of relationship marketing, the study adopts the dimensions identified and supported by Morgan and Hunt (1994) namely: trust and commitment. Communication is also adopted as it impacts commitment indirectly through trust (Morgan and Hunt, 1994; MacMillan et al., 2005; Ndubisi et al., 2007). In addition, the researcher hypothesizes that conflict is an underpinning of relationship marketing due to the conceptual limit linked to the use of this dimension. As understanding the formation of customer loyalty remains a crucial management issue (Guenzi and Georges, 2010), the study focuses on customer satisfaction and loyalty intentions as outcomes to relationship marketing.

Figure 1
Conceptual Framework

Relationship marketing underpinnings and service provider attributes
Compared with previous studies which either investigated single attribute of service providers (e.g. expertise) or use aggregate measures of service provider attributes, this study incorporates three attributes of service providers namely: expertise, experience, and physical appearance and explores their impact on each of the adopted relationship marketing underpinnings, which in turn impact relational outcomes defined as customer's satisfaction and loyalty.

Expertise. Expertise is defined as the salesperson’s knowledge, technical competence, and ability to provide answers to specific questions (Crosby et al., 1990; Moorman et al., 1993). Previous studies have demonstrated that expertise is the most important antecedent of trust and satisfaction (Crosby et al., 1990; Kim and Cha, 2002; Macintosh, 2007; Castellanos-Verdugo et al., 2009). In the context of the financial service industry, Bejou et al., (1998) showed that
Service provider’s knowledge contributed significantly towards relationship satisfaction. Research has also found that expertise encourages trust (Moorman et al., 1993; Guenzi and Georges, 2010). Therefore, the following hypothesis is examined:

H1. Service provider’s expertise influences relationship marketing underpinnings namely: a) trust; b) commitment; c) communication, and d) conflict.

**Experience.** Service provider's experience is among the important determinants of customer's satisfaction and loyalty (Kim and Cha, 2002; Castellanos-Verdugo et al., 2009). Nevertheless, very few studies have examined the impact of salesperson's experience on relationship marketing underpinnings and relational outcomes. Therefore, this study will contribute to the comprehension of this construct as an antecedent of relationship marketing:

H2. Service provider's experience influences relationship marketing namely: a) trust; b) commitment; c) communication, and d) conflict.

**Physical appearance.** Physical appearance means service provider's attractiveness and clothes. Sundaram and Webster (2000) discussed it in conceptual terms and postulated that it would affect customer's perception of service workers' characteristics such as credibility, friendliness, and competence. Further, Juwaheer and Ross (2003) stressed the need to ensure that hotel service providers' have good appearance to align service quality with customer's expectation and in turn achieve high levels of customer satisfaction. Moreover, Söderlund and Julander (2011), who used an experimental design in which service provider level of attractiveness was manipulated, concluded that service provider's attractiveness had a significant impact on customer's satisfaction. Conversely, physical appearance was not significantly related to customer's satisfaction with the restaurant in Jung and Yoon (2011) study. This contradiction calls for a re-examination of the potential link between physical appearance and relationship marketing underpinnings. Hence, the following hypothesis is posited:

H3. Service provider's appearance influences relationship marketing underpinnings namely: a) trust; b) commitment; c) communication, and d) conflict.

**Relationship marketing underpinnings and relational outcomes**
Previous research provided evidence that relationship marketing had pronounced effect on customer's satisfaction and loyalty. For example, relationship marketing underpinnings of trust, commitment, and communication help service organizations gain privileged information about customer's needs and thus serve them satisfactorily (Ndubisi and Wah, 2005). In addition, relationship trust and commitment are proved to impact importers of Thai products satisfaction (Terawatanavong et al., 2007). Trust and commitment are also found to impact relationship quality at a large chain departmental store in Australia (Wong and Sohal, 2002). Moreover, fostering loyalty requires banks to be trustworthy, committed to the service, reliable, and able to handle conflicts well (Ndubisi, 2006, 2007).

As can be seen, dearth of literature has been conducted to examine the direct link between relationship marketing underpinnings and customer satisfaction. Further, studies on relationship marketing multidimensional nature have been restricted to service organizations like banks,
retailers, and other settings, as hardly any work has been done in the hotel industry. It is not clear how findings from such organizational contexts can be generalized to the hotel industry. As such, the following hypothesis is suggested:

**H4. Relationship marketing underpinnings namely: a) trust; b) commitment; c) communication, and d) conflict influence customer satisfaction.**

**Customer satisfaction and loyalty**

Customer satisfaction is defined as a psychological concept that involves the feeling of pleasure that results from obtaining what one hopes for and expects from an appealing product and/or service (Pizam and Ellis, 1999). Two different conceptualizations of satisfaction can be distinguished: transaction specific satisfaction and cumulative satisfaction. Transaction specific satisfaction may provide specific information about a particular product or service encounter, while cumulative satisfaction is an indicator of the firm’s past, current, and future performance (Anderson et al., 1994). Cumulative satisfaction is required for satisfaction to affect loyalty so that individual satisfaction episodes become aggregated or blended (Oliver, 1999). Indeed, customer satisfaction is operationalized in this study as an overall post purchase evaluation. The underlying conceptualization is similar to the customer satisfaction barometer used by Fornell (1992) in that it is measured from the customer’s perspective and refers to cumulative satisfaction.

Customer loyalty is defined as “a deeply held commitment to rebuy or re-patronize a preferred product/service consistently in the future” (Oliver, 1999, p.34). Following the suggestions that customer loyalty should be viewed as a multidimensional construct (e.g. Dick and Basu, 1994; Bloemer et al., 1999; Bowen and Chen, 2001), customer loyalty is treated in this study as a four dimensional concept: word-of-mouth communications, purchase intentions, price insensitivity, and complaining behavior, modeling the full range of loyalty states that may follow a service encounter. The items are similar to those reported and used throughout the literature (e.g. Zeithaml et al., 1996; Bloemer et al., 1999; Wong and Sohal, 2003; Rundle-Thiele, 2005). Several studies have been conducted to explore the relationship between customer satisfaction and loyalty. For instance, satisfaction with a hotel experience is directly related to repurchase as well as positive word-of-mouth communication intentions (Oh, 1999). Similarly, customer’s overall satisfaction levels positively influence their likelihood of returning to the same hotel (Choi and Chu, 2001). Further, interpersonal relationships are found to impact customer’s satisfaction and loyalty in the retail context (Guenzi and Pelloni, 2004; Vesel and Zabkar, 2009; Adjei and Clark, 2010). In recent years, researchers empirically validated the association between customer satisfaction and loyalty in the restaurant setting (Namkung and Jang, 2009; Nam and Lee, 2011; Ryu and Han, 2011). Moreover, the effect of visitors attending a festival has been described as a predictor of loyalty (Kim et al., 2010; Yoon et al., 2010). By contrast, Skogland Sigaw (2004) claimed that customer’s satisfaction does not have the substantive influence on loyalty that has previously been assumed. Bowen and Shoemaker (1998) indicated that travelers who do not regularly visit a particular area cannot be loyal to a property because they will never return to the area. Further, some luxury hotel guests seek variety and visit a different property each time they return to an area. Moreover, some guests remain price sensitive even at the luxury level and shop for the best deal.
Despite the multifaceted nature of customer loyalty, previous studies have not captured the full range of potential loyalty reactions that may follow a service encounter. For example, Guenzi and Pelloni (2004) focused solely on re-patronage behavior and measured the construct with a single item scale. In Oh (1999) and Bowen and Chen (2001) studies, purchase intentions and willingness to recommend were the only two dimensions used. In addition, Madill et al. (2002) used likelihood of switching and giving referrals to measure customer loyalty. Given the lack of consensus in this area, the relationship between hotel customer’s satisfaction and loyalty and the conceptualization of customer loyalty remain unclear and challenging. Consequently, the following hypothesis is offered:

H5: Customer's satisfaction influences loyalty.

RESEARCH METHODOLOGY

Research instrument and measures
A structured self-administered questionnaire is used to collect data from hotel customers in Sharm El Sheikh, Egypt. The questionnaire consisted of three sections. Section I asks respondents about their hotel stay: purpose of visit, duration of relationship, and frequency of stay. Section II contains the main study variables. The researcher selected measures for the model constructs from previous studies, which were found reliable and valid. All constructs are operationalized using multi item measures (Churchill, 1979). All items are rated on a five point Likert scale ranging from (1= strongly disagree to 5= strongly agree). Section III asks participants about their demographic information: gender, marital status, education level, occupation, country of origin, age, and household monthly income.

Sample
A stratified random sampling approach based upon the star rating system (five and four star hotels), is adopted. The appropriate sample size is based on the number of five and four star hotel rooms' capacity in Sharm El Sheikh, Egypt, which is 40818 (Egyptian Hotel Association, 2011). According to Sekaran (2010), if the number of population to be sampled is more than 40,000, the sample size should be 380. The sample size is proportionally distributed according to the number of hotel rooms’ capacity in each star category (table 1).

Table 1
Devising a stratified random sample – room’s capacity

<table>
<thead>
<tr>
<th>Hotel category</th>
<th>Hotel rooms’ capacity</th>
<th>Percent</th>
<th>Sample size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Five star hotels</td>
<td>21063</td>
<td>51.6%</td>
<td>169</td>
</tr>
<tr>
<td>Four star hotels</td>
<td>19755</td>
<td>48.4%</td>
<td>184</td>
</tr>
<tr>
<td>Total</td>
<td>40818</td>
<td>100%</td>
<td>380</td>
</tr>
</tbody>
</table>

Source: Egyptian Hotel Association (2011)

Data collection process
The researcher approaches five and four star hotels in Sharm El-Sheikh via telephone, outlines the purpose of the study, and invites them to participate in the survey. The questionnaires are
distributed to each selected guest room with the help of hotel’s reception desk employees and security staff. A total of 380 customers received the questionnaire with a cover letter on university letterhead explaining the purpose of the study, ensuring confidentiality, and encouraging respondents to participate. The hotel’s front desk management assist in assuring that the subjects had stayed at the hotel at least one night before they received the questionnaire. Subjects are allowed to return their completed surveys to the hotel's lobby reception desk. Of the total 380 customers selected, 329 responded to the questionnaire. After dropping incomplete questionnaires, 279 were valid for data analysis representing 72.6% response rate.

Data analysis procedures
Descriptive statistics were performed to profile respondent's demographics. Next, exploratory factor analysis is conducted to identify the dimensions of service provider's attributes, relationship marketing, and customer loyalty. Reliabilities of all constructs are tested using Cronbach's alpha. Finally, structural equation modeling using AMOS 18.0 is used to verify the measurement model and test the hypothesized relationships.

ANALYSIS AND RESULTS

Profile of respondents
Of the 279 responded to the survey, 51.3% were male and 48.7% were female. Approximately 55% of the respondents were married (54.7%) with the remaining 44.5% being single. Over 60% of participants received high school education (31%) or were college graduates (31%). Over 50% of the respondents live in the UK (59.2%) and 9.3% live in Netherlands. More than 40% of respondents were employed (45.3%) and 31.1% had their own business. The largest age classification was ages 30-39, with 37.5% of participants falling into this classification. Finally, more than 50% of the participants had a monthly household income ranges from $1000-$4000 (53.0%).

In addition, more than 90% of participants were travelling for leisure (93.2%). This was not surprising considering that several of Sharm El-Sheikh hotels are located on beaches and resort areas. In addition, 56% reported that they have visited the hotel for less than one year and 22.6% had from 1 to 2 years of relationship. Lastly, respondents over 60% of respondents visited their hotel once a year (63.7%).

Exploratory factor analysis and reliability
An exploratory factor analysis with principal component extraction and Varimax rotation was performed to assess the dimenions of all the model constructs except for customer's satisfaction. Those items with communalities less than 0.50, items with high cross loadings, or factor loadings less than 0.40 should be removed (Hair et al., 2010). Cronbach's alpha was utilized to measure the internal consistency of the measurement items (table 5). The alpha values ranged from 0.70 to 0.92, exceeding the threshold of 0.70 specified by Hair et al. (2010).

Based on the results uncovered in the preceding exploratory factor analysis, a model of the hypothesized relationships is presented in figure 2. The preceding analysis has proven that service provider's attributes pertained to two dimensions namely: competency and physical appearance. Also, relationship marketing four underpinnings did not hold up in the Egyptian
hotel context, instead three factors were revealed namely: assurance, commitment, and conflict. Therefore, the following research hypotheses were formulated:

H1. Competency influences relationship marketing underpinnings namely: a) assurance; b) commitment; and c) conflict.

H2. Appearance influences relationship marketing underpinnings namely: a) assurance; b) commitment; and c) conflict.

H3. Relationship marketing underpinnings namely: a) assurance; b) commitment; and c) conflict influences satisfaction.

H4. Satisfaction influences loyalty.

**Figure 2**  
Revised conceptual framework

![Revised conceptual framework](image)

**Structural equation modeling**  
A two-step approach was employed (Anderson and Gerbing, 1988): examination of the measurement model using confirmatory factor analysis was followed by an examination of the structural model to test the hypothesized relationships.

**Measurement model.** The measurement model was tested using confirmatory factor analysis to see if the hypothesized model fitted the sample data. The Chi-square (
the desired range as suggested by Hair et al. (2010). The CFI index was slightly below the 0.90 threshold (Byrne, 2009; Hair et al., 2010). Consequently, the measurement model reasonably fits the sample data.

To estimate convergent validity among measurement items, the standardized loadings should exceed 0.50 and be statistically significant. Also, average variance extracted (AVE) of 0.50 or higher is a good rule of thumb suggesting adequate convergence (Hair et al., 2010). All loadings were above 0.50 except for loyalty items 9, 10, 11, and 12, which fell significantly below the desired 0.50 threshold (table 2). Average variance extracted of loyalty falls below the threshold of 0.50, another indicator of perhaps improvement of the construct by eliminating items with low convergence. Therefore, they become prime candidates of deletion. Another two items from loyalty (item 7 and 8) fell below the suggested level but were close to 0.50. As the principal component analysis results showed that these items did load on a single factor, it was decided not to eliminate these items based on content validity considerations.

**Table 2
Confirmatory factor analysis of the measurement model**

<table>
<thead>
<tr>
<th>Construct/item</th>
<th>Mean(SD)</th>
<th>Standardized Loading</th>
<th>AVE</th>
<th>Cronbach’s</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Competency</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Employees have professional training and education.</td>
<td>4.37(0.732)</td>
<td>0.763</td>
<td>0.643</td>
<td>0.91</td>
</tr>
<tr>
<td>2. Employees demonstrate adequate knowledge about the hotel product and service.</td>
<td>4.43(0.669)</td>
<td>0.812</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Employees show interest in self-development to provide better service.</td>
<td>4.36(0.745)</td>
<td>0.846</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Employees are competent in providing the service.</td>
<td>4.46(0.682)</td>
<td>0.847</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Employees seem to have a lot of experience.</td>
<td>4.37(0.712)</td>
<td>0.815</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Employees seem to have appropriate past career pattern.</td>
<td>4.20(0.805)</td>
<td>0.721</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Physical appearance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Employee’s appearance is professional.</td>
<td>4.52(0.703)</td>
<td>0.712</td>
<td>0.550</td>
<td>0.89</td>
</tr>
<tr>
<td>2. Employees are well dressed.</td>
<td>4.47(0.714)</td>
<td>0.881</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Employees have a nice manner.</td>
<td>4.47(0.757)</td>
<td>0.884</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Assurance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Employees provide timely and trustworthy information.</td>
<td>4.28(0.793)</td>
<td>0.767</td>
<td>0.567</td>
<td>0.85</td>
</tr>
<tr>
<td>2. Employees provide information when there are new services.</td>
<td>4.40(0.712)</td>
<td>0.633</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Information provided by employees is always accurate.</td>
<td>4.27(0.784)</td>
<td>0.734</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. I know what to expect when I go in.</td>
<td>4.29(0.804)</td>
<td>0.686</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Employees can be trusted completely.</td>
<td>4.28(0.795)</td>
<td>0.801</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Employees have high integrity.</td>
<td>4.30(0.774)</td>
<td>0.809</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Employees can be relied upon to keep promises.</td>
<td>4.17(0.873)</td>
<td>0.743</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Commitment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. I am very committed to the relationship with employees.</td>
<td>3.78(0.991)</td>
<td>0.786</td>
<td>0.567</td>
<td>0.85</td>
</tr>
<tr>
<td>2. I really care about the relationship with employees.</td>
<td>3.94(0.895)</td>
<td>0.838</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. The relationship deserves my maximum effort to</td>
<td>3.72(1.056)</td>
<td>0.658</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construct/item</td>
<td>Mean(SD)</td>
<td>Standardized Loading</td>
<td>AVE</td>
<td>Cronbach’s</td>
</tr>
<tr>
<td>---------------</td>
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<td>------------</td>
</tr>
<tr>
<td>maintain.</td>
<td>3.98(0.907)</td>
<td>0.829</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. The relationship is very important to me.</td>
<td>3.52(1.144)</td>
<td>0.630</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. I intend to maintain the relationship in the long-term.</td>
<td>1.24(0.618)</td>
<td>0.750</td>
<td>0.90</td>
<td></td>
</tr>
<tr>
<td><strong>Conflict</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. I am angry with employees.</td>
<td>1.23(0.568)</td>
<td>0.858</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. I am frustrated with employee</td>
<td>1.27(0.643)</td>
<td>0.888</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. I am annoyed with employees.</td>
<td>1.23(0.627)</td>
<td>0.852</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Satisfaction</strong></td>
<td>4.25(0.790)</td>
<td>0.737</td>
<td>0.92</td>
<td></td>
</tr>
<tr>
<td>1. My choice to use this hotel was a wise one.</td>
<td>4.29(0.763)</td>
<td>0.786</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. I am always delighted with this hotel.</td>
<td>4.19(0.787)</td>
<td>0.821</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Overall, I am satisfied with this hotel.</td>
<td>4.28(0.788)</td>
<td>0.909</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. I think I did the right thing when I decided to use this hotel.</td>
<td>4.26(0.822)</td>
<td>0.840</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Loyalty</strong></td>
<td>3.62(1.126)</td>
<td>0.376</td>
<td>0.70</td>
<td></td>
</tr>
<tr>
<td>Loyalty to hotel</td>
<td>4.11(0.978)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. I say positive things about this hotel to other people.</td>
<td>4.21(0.908)</td>
<td>0.919</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. I would recommend this hotel to someone who seeks my advice.</td>
<td>4.28(0.810)</td>
<td>0.937</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. I would encourage friends and relatives to visit this hotel.</td>
<td>4.22(0.932)</td>
<td>0.778</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. I consider this hotel my first choice to visit.</td>
<td>4.15(0.984)</td>
<td>0.645</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. I would do more business with this hotel in the next few years.</td>
<td>3.86(1.154)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. I would do less business with this hotel in the next few years (Reversed).</td>
<td>3.91(1.083)</td>
<td>0.450</td>
<td></td>
<td>0.112</td>
</tr>
<tr>
<td><strong>Propensity to switch</strong></td>
<td>3.77(1.171)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. I would switch to a competitor that offers better price.</td>
<td>3.77(1.171)</td>
<td>-0.200</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Willingness to pay more</strong></td>
<td>3.51(1.247)</td>
<td>-0.267</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. I would continue to visit this even if its prices increased somewhat.</td>
<td>3.90(1.341)</td>
<td>0.067</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. I would pay higher price than competitors charge for the benefits I currently receive from the hotel.</td>
<td>3.11(1.154)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Complaining behavior</strong></td>
<td>3.10(1.110)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. I would complain to other consumers if I experience a problem with this hotel.</td>
<td>2.92(1.104)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. I would complain to external agencies if I experience a problem with this hotel.</td>
<td>2.92(1.085)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. I would complain to hotel’s employees if I experience a problem with this hotel.</td>
<td>3.45(1.143)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: All loadings are significant at $p < 0.001$. SD = standard deviation. AVE = average variance extracted. Fit indices:
Table 3
Constructs correlation matrix (Standardized)

<table>
<thead>
<tr>
<th>Construct</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Competency</td>
<td>0.643</td>
<td>0.489</td>
<td>0.476</td>
<td>0.193</td>
<td>0.147</td>
<td>0.297</td>
<td>0.244</td>
</tr>
<tr>
<td>2. Appearance</td>
<td>0.699</td>
<td>0.712</td>
<td>0.544</td>
<td>0.099</td>
<td>0.116</td>
<td>0.309</td>
<td>0.301</td>
</tr>
<tr>
<td>3. Assurance</td>
<td>0.690</td>
<td>0.738</td>
<td>0.550</td>
<td>0.321</td>
<td>0.132</td>
<td>0.401</td>
<td>0.443</td>
</tr>
<tr>
<td>4. Commitment</td>
<td>0.439</td>
<td>0.314</td>
<td>0.567</td>
<td>0.567</td>
<td>0.055</td>
<td>0.285</td>
<td>0.266</td>
</tr>
<tr>
<td>5. Conflict</td>
<td>-0.383</td>
<td>-0.341</td>
<td>-0.364</td>
<td>-0.235</td>
<td>0.750</td>
<td>0.146</td>
<td>0.154</td>
</tr>
<tr>
<td>6. Satisfaction</td>
<td>0.545</td>
<td>0.556</td>
<td>0.634</td>
<td>0.534</td>
<td>-0.382</td>
<td>0.737</td>
<td>0.880</td>
</tr>
<tr>
<td>7. Loyalty</td>
<td>0.494</td>
<td>0.546</td>
<td>0.666</td>
<td>0.516</td>
<td>-0.393</td>
<td>0.939</td>
<td>0.376</td>
</tr>
</tbody>
</table>

Note: Values below the diagonal are correlation estimates among constructs, diagonal elements are AVE estimates, and values above the diagonal are squared correlations ($p < 0.001$).

Due to the strong correlation between satisfaction and loyalty, a fit comparison of nested models was performed. Model with correlation between the two factors constrained to 1.00 was compared to the model where the two factors were free to correlate. A significant lower Chi-square ($\chi^2$) value for the unconstrained model indicates that the factors are not perfectly correlated and supports discriminant validity (Hair et al., 2010). Since the difference was statistically significant, the existence of discriminant validity was inferred (table 4).
was concluded that there was a significant positive relationship between customer's satisfaction and loyalty (\(r = 0.940, p < 0.001\)). Therefore, H4 was supported.

Table 5

<table>
<thead>
<tr>
<th>Hypothesized path</th>
<th>Critical ratio</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1a Competency → Assurance</td>
<td>0.359***</td>
<td>Supported</td>
</tr>
<tr>
<td>H1b Competency → Commitment</td>
<td>0.417***</td>
<td>Supported</td>
</tr>
<tr>
<td>H1c Competency → Conflict</td>
<td>-0.283**</td>
<td>Supported</td>
</tr>
<tr>
<td>H2a Appearance → Assurance</td>
<td>0.501***</td>
<td>Supported</td>
</tr>
<tr>
<td>H2b Appearance → Commitment</td>
<td>0.057</td>
<td>Not supported</td>
</tr>
<tr>
<td>H2c Appearance → Conflict</td>
<td>-0.152</td>
<td>Not supported</td>
</tr>
<tr>
<td>H3a Assurance → Satisfaction</td>
<td>0.475***</td>
<td>Supported</td>
</tr>
<tr>
<td>H3b Commitment → Satisfaction</td>
<td>0.269***</td>
<td>Supported</td>
</tr>
<tr>
<td>H3c Conflict → Satisfaction</td>
<td>-0.175***</td>
<td>Supported</td>
</tr>
<tr>
<td>H4 Satisfaction → Loyalty</td>
<td>0.940***</td>
<td>Supported</td>
</tr>
</tbody>
</table>

Note: Significance levels are denoted as ***\(p < 0.001\), **\(p < 0.01\). Fit indices: \(\chi^2 = 1528.199\) (583), RMR = 0.06, RMSEA = 0.08, and CFI = 0.90

Figure 3

Path coefficients of the structural model

DISCUSSION

The dissertation is set out to investigate the influence of service provider's attributes on relationship marketing underpinnings, which in turn influence relational outcomes defined as customer's satisfaction and loyalty in the Egyptian hotel context. The findings revealed that service provider's competency is significantly related to relationship marketing underpinnings namely: assurance, commitment, and conflict. Further, service provider's appearance is...
significantly related to assurance. The paths linking service provider's appearance to commitment and conflict are not supported in this study. Moreover, relationship marketing underpinnings are significantly related to customer's satisfaction. Finally, the direct link between customer's satisfaction and loyalty is supported. The findings obtained from the data analysis procedures are detailed in the following paragraphs.

The model provided support for the hypotheses that service provider's competency affects relationship marketing underpinnings as measured in this study by assurance, commitment, and conflict. These findings coincided with Macintosh (2007) research that has shown that salesperson's expertise is an important foundation of trust. Similarly, Kim and Cha (2002) and Castellanos-Verdugo et al. (2009), discovered that hotel service providers' attributes was the most crucial factor in developing and maintaining a stable long-term relationship with guests. Moreover, competency and knowledge of service employees drive other relational outcomes such as customer's satisfaction and retention (Guenzi and Georges, 2010).

As for the link between service provider's appearance and relationship marketing underpinnings, only assurance is influenced by service provider's appearance. The results indicated that service provider's appearance is a significant predictor of assurance, but it is not a significant predictor of commitment and conflict. This may be because the impact of service provider's attractiveness diminishes as the customer obtains more information about the service. Physical appearance is an important factor at least during the initial encounter between service providers and customers (Sundaram and Webster, 2000). Although the relationship between service provider's appearance and customer's perception of commitment and conflict is not significant, the significant relationship between service provider's appearance and assurance is consistent with previous studies (e.g. Kim and Cha, 2002; Castellanous-Verdugo et al., 2009; Juwaheer and Ross, 2003; Söderlund and Julander, 2009).

On the association between relationship marketing underpinnings and customer's satisfaction, the proposed relationships are confirmed. The results specified that assurance, commitment, and conflict play a vital role in increasing customer's satisfaction and loyalty. These findings are in line with previous work that have researched the relationship between relationship marketing underpinnings and customer's satisfaction (e.g. Wong and Sohal, 2002; Ndubisi and Wah, 2005; Terawatanavong et al., 2007).

It can also be inferred that relationship marketing underpinnings have differential effects on relational outcomes and that assurance has the strongest effect on customer's satisfaction. Commitment is the second major antecedent and conflict is perceived as the least important underpinning of relationship marketing. The study findings that relationship marketing underpinnings do not act uniformly correspond to previous work (e.g. Morgan and Hunt, 1994; Wong and Sohal, 2002; Ndubisi, 2007), which realized the salience of trust and commitment. Indeed, the role of assurance and commitment should not be overlooked because they ensure satisfactory hotel experience, which in turn foster customer loyalty.

The difference in magnitude of the relationship between relationship marketing underpinnings and customer's satisfaction and loyalty is noteworthy, but the lower link between conflict and relational outcomes should not be misleading. It may be because the service provider is likely to comply with customer's requests since the service is dependent on the customer more than the customer is dependent on the service. Therefore, the incompatibility of actual and desired responses is fairly rare in the hotel industry.
As previously explained, many authors have empirically examined the positive link between customer's satisfaction and loyalty, but the results have been mixed. As expected, the results emphasized the significance of satisfaction as a critical determinant of loyalty intentions towards the hotel. Such intentions include remaining loyal to the hotel, providing positive word-of-mouth communications, recommending the hotel to friends and relatives, and staying in the relationship with the service provider as opposed to switching to competitors. The findings stress earlier work (e.g. Kandampully and Suhartanto, 2000; Choi and Chu, 2001; Guenzi and Pelloni, 2004; Namkung and Jang, 2009; Kim et al., 2010; Ryu and Han, 2011), suggesting that customer's satisfaction and loyalty are highly and positively correlated.

To sum up, most of the research hypotheses presented in this study are unveiled by the resulting analysis. Inherent to these hypotheses is the idea that service provider's attributes contribute significantly to customer's perception of relationship marketing strategy, customer's satisfaction and loyalty relies more on the trustworthy information received during service delivery, and customer's overall satisfaction is positively and significantly related to loyalty. On the other hand, the relationship of appearance with commitment and appearance with conflict are insignificant.

**MANAGERIAL IMPLICATIONS**

This study provides hotel managers with empirical evidence of the personal characteristics that service providers should adopt to influence the creation of long-term relationships with customers. Managers should ensure that service providers reflect demonstrated competency in service encounters. Also, managers should examine the manner in which employees dress and determine if changes need to be made in color, design, and intensity. Importantly, the findings emphasized that the optimal service provider attributes may vary depending on relationship marketing activities. This means that service provider's appearance might not be relevant to enhance commitment to the relationship and avoiding potential conflict.

To stimulate service providers to perform the desired relational behaviors, hotel managers should select and recruit candidates for positions depending on their relational skills and attributes. Managers also need to design training programs to help employees develop the skills and competencies required to successfully adopt relationship marketing strategy. Such programs should also emphasize the importance of physical appearance at least during the initial encounters. Moreover, managers need to develop reward systems based on relationship marketing indicators such as customer's satisfaction and loyalty.

Further, the findings indicated that customer's satisfaction and loyalty could be achieved through relationship marketing practices. Assurance is the strongest factor in raising satisfaction and loyalty. The next significant dimension is commitment. Commitment indicates parties desire to develop and keep the relationship in the long run. Although conflict is not as strong as assurance and commitment, it shouldn't be ignored. Lower levels of disagreement during interactions with customers would ensure customer's overall satisfaction with the hotel. Consequently, managers need to allocate their resources to increase assurance, commitment, and minimize possible anger and frustration between customers and service providers.

In implementing relationship marketing, hotel managers have no control over customer's preferences and inherent perspectives and some customers want long-term relationships and others not, thus the customer database should be carefully refined and segmented. The 80/20 rule
applies in the hotel industry – that is approximately 80% of the total revenue comes from 20% of the customers (Kim and Cha, 2002). Therefore, hotel managers should invest most of the marketing resources on 20% of the customers. In addition, hotel managers should conduct periodic surveys to identify the overall customer profile and to segment according to their perceptions of relationship marketing underpinnings with regard to assurance, commitment, and conflict. Each segment has a different impact on hotel's profitability depending on their satisfaction and loyalty towards the hotel. Thus, each customer segment should be targeted with a specific strategy. A customer oriented strategy based on relationship marketing activities should be directed to the most profitable segment as these will eventually lead to better understanding of customers' needs to gain their satisfaction and loyalty.

LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

This study has several limitations. First, the researcher investigated the relationship from the customer's perspective. The perception of the service provider was not captured in the data. Second, although items of the proposed constructs are adopted from previous research, it is possible that items that are important to the Egyptian hotel industry may not have been included. Hence, qualitative research using a focus group or personal interviews could provide more in-depth understanding of relationship marketing strategy specific to Egyptian hotel properties. Further, the geographical coverage has influenced the generalizability of the study (i.e. only Sharm El-Sheikh hotels and resorts are represented). Another limitation is related to the cross sectional approach utilized. Since the study focused on a dynamic phenomenon (relationships), a longitudinal study would be more appropriate. Finally, the study examined relationship marketing practices using individual hotels. It should be noted that the relationship boundary is not limited to customer-hotel relationship, but might expand to customer-chain relationship. Indeed, future studies should investigate whether customer's attitude towards a unit hotel has a significant effect on his or her attitude towards a chain.

Future studies could enhance the proposed model by including other relational outcomes such as financial performance. Second, this study should be replicated across other segments of the hotel industry as well as in other contexts. There may be interactions between relationship marketing underpinnings. Future research could explore these potential interactions and examine the way in which a strongly perceived underpinning can be leveraged to enhance a weakly perceived one. Another possible area of future research is how customer's demographics (e.g. age, gender, nationality) may influence their perception of relationship marketing strategy. Lastly, future studies could integrate in a single model all the agents with whom a particular hotel establishment forms a relationship (e.g. travel agents, tour operators, airlines).

REFERENCES

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