Relationship marketing strategy and marketing success of tourism business in Thailand

Wannasa Wangsankaew
Phaprukbaramee Ussahawanitchakit
Mahasarakham University, Thailand

Keywords
Relationship Marketing Strategy; Calculative Commitment; Customer Cooperation; Mutuality Orientation; Customer Information Richness; Service Development Excellence; Marketing Practice Efficiency; And Marketing Success.

Abstract
Relationship marketing strategy has been viewed as one of the key components that influence marketing success. The objective of the study is to investigate the relationships among relationship marketing strategy, service development excellence, customer information richness, marketing practice efficiency and marketing success. The study was conducted by using a postal questionnaire sent to tourism business in Thailand. Those questionnaires asked marketing director or marketing manager to be the key informants. The hypothesized relationships among variables were examined by using ordinary least square (OLS) regression analysis. The results of this study showed that relationship marketing strategy was positively related to marketing success. Moreover, customer cooperation and mutuality orientation were the foundation of marketing success. Besides, the results indicated that the mediating role of service development excellence and marketing practice efficiency was in relationship with relationship marketing strategy and marketing success. In addition, theoretical and managerial contributions, conclusion, and suggestions for future research were discussed.

1. Introduction
At present, marketing atmosphere has changed significantly and the rivalry has become extra rigorous (Abdullah, et al 2014). A relationship view of marketing disguised that holding and improvement were of more alike or even superior importance to the organization in the long term, than customer achievement (Abdullah, et al 2014). Relationship marketing assures firms to develop a strategic competitive advantage (Aaker, 1998) by raising intense, difficult-to-duplicate marketing relationships with customers or partners (Day, 2000) and even to vertically integrate the argumentation of special dealing or singular source relationships. As a consequence, relationship marketing has been proposed as the overlooked marketing paradigm (Morgan & Hunt, 1994). Many firms use relationship marketing strategy to archive customer share, repeat purchase, customer satisfaction, long-term relationship and hence marketing performance (Palmatier et al 2007, Mpinganjira 2014, Sarmento et al 2015,).

Relationship marketing has demonstrated to be the important characteristic for most businesses, especially for the service industries. As services are imperceivable, the providers have to consider more work on supporting and building relationships with customers. Within these service businesses, a tourism business is an interesting business as it can highlight relationship marketing strategies. Thus, the purpose of this study is to investigate the associations among relationship marketing strategy and its consequences regarding tourism business in Thailand. The main research question of this paper is “How does each dimension of relationship marketing strategy effect on marketing successes?”

This paper is arranged as follows: first, it delivers the review of the related literature, the progress of the hypotheses and the conceptual model for this study. Second, it shapes the methodology of this research, followed by the results in which they are presented and discussed. Lastly, it provides the contributions and recommendations for research in the future.

2. Literature Review and Hypothesis
To prove the connections between relationship marketing strategy and its consequences, a number of relationship marketing strategies were hired as dimensions of relationship marketing ideas. This could be viewed as the key construction of the conceptual model of this study. The anticipated consequences of the study were comprised of service development excellence, customer information richness and marketing practice efficiency, with the final outcome being marketing success. The conceptual model of the dimensions of relationship marketing strategy and its consequences was presented in Figure 1.
2.1 Relationship Marketing Strategy

A relationship was seen to be the customer’s awareness of the interrelationship between the customer and the firm concerning possible interactions ranging from the previous to the future (Odekerken-Schroder et al., 2003). The fundamental of relationship marketing (RM) was to develop relationships at every point of the interface between the customer and the firm in order to generate various profits for both (Theron and Terblanche, 2010). However, the strategies in relationship marketing were various. In this study, we referred to Shaalan et al. (2013), which proposed the concept of relationship marketing in many criteria and we focused on commitment type (calculative), relationship behavior (cooperation), and motives for reciprocal behavior (mutuality). This study applied and extended the three types to be the dimensions of the ‘relationship marketing strategy’. These three strategies were clarified as follows:

2.1.1 Calculative commitment

Calculative commitment was grounded on expenses and welfares. The customers were more obligated to a firm when they faced the high cost of switching or when they trusted that more worth could be received from the firm and could not be easily substituted by others. (Mowday, Steers, & Porter, 1979, Shaalan et al, 2013, Duff and Eining, 2015). Calculative commitment in this study was defined as the bond of creation within customers’ recognition regarding the value and economic benefits earning from the relationships with the organization. The customers believed in the firms’ commitments concerning the ability to gain customer information richness, service development excellence and marketing practice efficiency that can be led to marketing success.

2.1.2 Customer Cooperation

Customer cooperation was viewed as a significant foundation of the relationships with the customers. The customers perceived to have more quality and experience when they worked with an organization where its cooperation was central and treasured as an essential part of a service. (Limphanigul et al, 2013). It was evident that customer cooperation could influence insight information of the customers and develop dramatic product innovation or service (Sanchez-Gonzalez and Herrere, 2014), as well as allow better marketing practice that led to the success of marketing. Customer cooperation in this study is focused on the importance of working in association with the customers. Its aims are to provide support in order to receive comments on the design of service and to build tight network relationship with customers so as to make customers feel solidarity with the company.

2.1.3 Mutuality Orientation

The long term relationship with the customer had been aware as the key of relationship marketing which led to firm performance (Theron et al, 2013). Mutuality was the relationship being assumed as mutual benefits and allowances granted for products and services that would be delivered in the future. In this paper mutuality orientation is defined as the activities that attempt to support the customers and to develop long-term customer retention. With great mutuality, the firm can archive more customer information, build
efficiency marketing practice and develop better service leading to marketing success. Therefore, the demonstrated associations are hypothesized as follows:

**Hypothesis 1:** Calculative commitment is positively related to (a) customer information richness, (b) service development excellence, (c) marketing practice efficiency, and (d) marketing success.

**Hypothesis 2:** Customer cooperation is positively related to (a) customer information richness, (b) service development excellence, (c) marketing practice efficiency, and (d) marketing success.

**Hypothesis 3:** Mutuality orientation is positively related to (a) customer information richness, (b) service development excellence, (c) marketing practice efficiency, and (d) marketing success.

### 2.2 Customer Information Richness

Information was an important part of marketing tasks especially customer’s information. Ussahawanitchakit (2012) noted that organizations with better information richness were likely to increase the potentials for gathering, conveying and keeping information through the superior accessing to applicable and existing data and simplifying to extra efficient practice of the information and relation with customers. Customer information richness in this study is defined as the varieties of customer information in terms of multiple data sources. It includes the difference, correctness, and consistence in relation to the firms’ objectives regarding efficiency information system. Setia et al., (2013) presented that information quality led to better service process and enhanced customer satisfaction. Therefore, valuable information and knowledge was associated to the behavior and needs in order to improve superior marketing practice efficiency, help service development (Kakela, 2011) and lead to marketing success. Thus, the hypothesis is posited as follows:

**Hypothesis 4:** Customer Information Richness is positively related to (a) service development excellence, (b) marketing practice efficiency, (c) marketing success

### 2.3 Service Development Excellence

The excellence of developing product or service was in relation to processes superiority. That is, the dominant improving and changing that converted contributions into productivities was the significance of business as it could determine customers’ satisfaction and performance (Chang, 2015). Service development excellence influenced service advantage (Kakela, 2011) and enhanced marketing success. Consequently, the hypothesis is posited as follows:

**Hypothesis 5:** Service Development Excellence is positively related to marketing success.

### 2.4 Marketing Practice Efficiency

Marketing practice efficiency is in relation to the activities that firms generate with customer by excellence of existence efficient, or abilities to achieve performance or success with minimum excess time and exertion. Marketing practice efficiency is significant for firms to encourage their products/service and provide solutions to the clients. Its characteristic was to create effective activities in order to satisfy the desires of the consumers by distributing product and services so as to enhance marketing success (Iftekhar et al., 2013). Therefore, the hypothesis is posited as follows:

**Hypothesis 6:** Marketing Practice Efficiency is positively related to marketing success.

### 2.5 Marketing Success

The concept of marketing success had been broadly discussed because of its robust relations with numerous appreciated firm outcomes, such as continuing growth, improved customer satisfaction, a competitive advantage (Kotler, 1997). Marketing success actions should detent firm performance at equally present and forthcoming levels. Additional comprehensive and well-proportioned conceptualization of financial and non-financial measures would support vendors to realize the performance of their strategies (Varadarajan and Jayachandran, 1999). Marketing success in this study is referred to as continuing growth of new customer and revenue, customer return rates, expansion of existing and new service so as to develop competitive advantage and improve customer satisfaction.

### 3. Research Methodology

#### 3.1 Sample Selection and Data Collection Procedure

The sample in this study was tourism industries in Thailand. The sample frame was the outbound tourism providers who had effective license on list by Department of Tourism, Thailand. A survey package with a questionnaire was mailed to 800 tourism offices. The key informant was the marketing director or marketing manager of the tourism office. With regard to the questionnaire mailing, 87 surveys were
undeliverable because some firms were no longer in business or had moved to unknown locations. Deducting the undeliverable from the original 800 mails, the valid mailing was 713 surveys, from which 122 responses were received yielded response rate of 17.1%. Of the surveys returned, those with the incompletion were dropped out. The 108 usable questionnaires yielded the effective response rate of approximately 15.2%. According to Aaker, Kumar, and Day (2001), the response rate for a mail survey, without an appropriate follow-up procedure, was less than 20%. Moreover, this paper tested non-response bias following the recommendation of Armstrong and Overton (1977) to make sure that the sample represents in the final population of the research. A test for non-response bias was by comparing early respondents and late respondents. The results from a t-test showed that there was no statistically significant difference between early and late respondents. The give back questionnaires were accounted as a non-response bias (Armstrong and Overton, 1977).

3.2 Measurements

All constructs in the conceptual model were measured by multiple-item scales. Each of these items was measured using a five-point Likert-type scale, ranging from 1 (strongly disagree) to 5 (strongly agree). Most variables in the framework were adapted from existing scales, while some variables were developed for this study. The new scales were developed by reviewing related literature and were validated by experts. The firm age was considered as a control variable, since the level of the relationship marketing strategy implementation was possible to be dissimilar depending on how long the firm had founded. This ‘firm age’ was a dichotomous variable measured by using 0 for lower five years and 1 for higher than five years in its tourism business.

3.3 Validity and Reliability

In order to test for the validity of the constructs in this study, factor analysis was used to examine the underlying relationships of a large number of items and to determine whether they could be reduced to smaller set of factors. The factor analysis was done separately on each set of the items representing a particular scale due to limited observations. With respect to the confirmatory factor analysis, this analysis had a high potential to inflate the component loadings. Thus, as a higher rule-of thumb, a cut-off value of 0.40 was adopted (Nunnally and Bernstein, 1994). All factor loadings were greater than the 0.40 cut-off and are statistically significant. The measurement of the scale’s reliability was estimated using Cronbach’s alpha coefficient. For almost all constructs examined, Cronbach’s alpha coefficient was greater than 0.70 (Nunnally and Bernstein, 1994). Although the Cronbach’s alpha coefficient for the customer communication construct was below the 0.70 level suggested by Nunnally and Bernstein (1994), the value of 0.69 was greater than the 0.60 level which was recommended and considered acceptable Malhotra (2004). The scales of all measures appeared to produce internally consistent results. Thus, these measures were deemed appropriate for further analysis because they express an accepted validity and reliability in this study. The results for both factor loadings and Cronbach’s alpha coefficient for multiple-item scales used in this study were presented in Table 1.

3.4 Statistical Techniques

The ordinary least squares (OLS) regression analysis was used to investigate the hypothesized associations of relationship marketing strategy and its consequences. Because the dependent variable, independent variables, and control variables in this study were neither nominal data nor categorical data, OLS was an appropriate method for examining the hypothesized. With the need to understand the relationships in this study, the research models of the aforementioned relationships were as follows:

<table>
<thead>
<tr>
<th>Table 1: Results of Measure Validation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Items</strong></td>
</tr>
<tr>
<td>Calculative Commitment (CaC)</td>
</tr>
<tr>
<td>Customer Cooperation (CuC)</td>
</tr>
<tr>
<td>Mutuality Orientation (MO)</td>
</tr>
<tr>
<td>Customer Information Richness (CIR)</td>
</tr>
<tr>
<td>Service Development Excellence (SDE)</td>
</tr>
<tr>
<td>Marketing Practice Efficiency (MPE)</td>
</tr>
</tbody>
</table>
Equation 1: CIR = $\beta_{01} + \beta_1 CaC + \beta_2 CuC + \beta_3 MO + \beta_4 Fage + \varepsilon_1$
Equation 2: SDE = $\beta_{02} + \beta_5 CaC + \beta_6 CuC + \beta_7 MO + \beta_8 Fage + \varepsilon_2$
Equation 3: MPE = $\beta_{03} + \beta_9 CaC + \beta_{10} CuC + \beta_{11} MO + \beta_{12} Fage + \varepsilon_3$
Equation 4: MS = $\beta_{04} + \beta_{13} CaC + \beta_{14} CuC + \beta_{15} MO + \beta_{16} Fage + \varepsilon_4$
Equation 5: MS = $\beta_{05} + \beta_{17} SDE + \beta_{18} CIR + \beta_{19} MPE + \beta_{20} Fage + \varepsilon_5$
Equation 6: SDE = $\beta_{06} + \beta_{21} CIR + \beta_{22} Fage + \varepsilon_6$
Equation 7: MPE = $\beta_{07} + \beta_{23} CIR + \beta_{24} Fage + \varepsilon_7$

### 4. Results and Discussion

Table 2 demonstrates the descriptive statistics and correlation matrix for all variables. According to the concern of multicollinearity, the VIFs range from 1.11 to 2.12, which was well below the cut-off value of 10 recommended by Neter, Wasserman, and Kutner (1985), meaning the independent variables were not correlated with each other. Therefore, there were no substantial multicollinearity problems encountered in this study among independent variables. Consequently, Variance Inflation Factors (VIF’s) were used to prove this problem.

<table>
<thead>
<tr>
<th>Variables</th>
<th>CaC</th>
<th>CuC</th>
<th>MO</th>
<th>CIR</th>
<th>SDE</th>
<th>MPE</th>
<th>MS</th>
<th>Fage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>4.270</td>
<td>4.222</td>
<td>4.283</td>
<td>4.838</td>
<td>4.113</td>
<td>4.000</td>
<td>4.078</td>
<td>0.398</td>
</tr>
<tr>
<td>S.D.</td>
<td>0.606</td>
<td>0.540</td>
<td>0.542</td>
<td>0.48</td>
<td>0.487</td>
<td>0.512</td>
<td>0.513</td>
<td>0.491</td>
</tr>
<tr>
<td>CaC</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CuC</td>
<td>0.622**</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MO</td>
<td>0.705**</td>
<td>0.704**</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CIR</td>
<td>0.319**</td>
<td>0.350**</td>
<td>0.466**</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SDE</td>
<td>0.714**</td>
<td>0.530**</td>
<td>0.713**</td>
<td>0.565*</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MPE</td>
<td>0.583**</td>
<td>0.638**</td>
<td>0.661**</td>
<td>0.626*</td>
<td>0.700*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MS</td>
<td>0.348**</td>
<td>0.398**</td>
<td>0.397**</td>
<td>0.474**</td>
<td>0.612*</td>
<td>0.600**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fage</td>
<td>0.051</td>
<td>0.102</td>
<td>0.145</td>
<td>0.152</td>
<td>0.256**</td>
<td>0.151</td>
<td>0.146</td>
<td></td>
</tr>
</tbody>
</table>

**p < 0.05, * p < 0.1

Table 3 presents the results of OLS regression analysis of the relationships among three dimensions of relationship marketing strategy, calculative commitment, customer cooperation, mutuality orientation, customer information richness, service development excellence, marketing practice efficiency and marketing success. These were presented in Model 1 to Model 7. The literature suggests that relationship marketing strategy can create customer information richness, service development excellence, marketing practice and marketing success. Hypothesis 1 suggested that calculative commitment had positive relation to customer information richness, service development excellence, marketing practice efficiency and marketing success. From the table, calculative commitment was found to significantly affect to service development excellence ($b = 0.434$, $p < 0.01$). Thus, Hypotheses 1b was supported, but Hypotheses 1a 1b and 1d were not supported.

Hypothesis 2 suggested customer cooperation had positive relation to customer information richness, service development excellence, marketing practice efficiency and marketing success. The result showed that customer cooperation was found to significantly affect to service development excellence ($b = 0.361$, $p < 0.05$, $b=0.277$, $p < 0.10$). Thus, Hypotheses 2c and 2d were supported, but Hypotheses 2a and 2b were not supported.

Hypothesis 3 suggested that mutuality practice efficiency had positive relation to customer information richness, service development excellence, marketing practice efficiency and marketing success. For the third strategy, mutuality practice efficiency was found to significantly affect to customer information richness, service development excellence, and marketing practice efficiency ($b=0.407$, $p < 0.05$, $b=0.367$, $p < 0.01$ and $b=0.276$, $p < 0.10$). Thus, Hypotheses 3a, 3b and 3c were supported, but Hypotheses 3a was not supported.

Hypothesis 4 provided that customer information richness had positive relation to service development excellence, marketing practice efficiency and marketing success. From the table, customer information richness
had found to significantly affect to service development excellence, marketing practice efficiency ($b=0.538$, $p < 0.01$, $b=0.618$, $p < 0.01$). Thus, Hypotheses 4a and 4b were supported, but Hypotheses 4d was not supported.

Hypothesis 5 provided that service development excellence had positive relation to marketing success. As shown in table, service development excellence significantly affect marketing success ($b=0.356$, $p<0.05$). Hypothesis 6 suggested that marketing practice efficiency had positive related to marketing success. The result was found to significantly affect as show in table ($b=0.296$, $p < 0.10$). Thus, Hypotheses 5 and 6 were supported. The result showed that the mediating variable of service development excellence played full mediating role between calculative commitment and marketing success and between mutuality orientation and marketing success. Besides, as shown in the table, marketing practice efficiency played full mediating role between mutuality orientations and marketing success. Moreover, it played partial mediating role between calculative commitment and marketing success.

Table 3: Results of OLS Regression Analysis

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
<th>Model 5</th>
<th>Model 6</th>
<th>Model 7</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CIR</td>
<td>SDE</td>
<td>MPE</td>
<td>MS</td>
<td>MS</td>
<td>SDE</td>
<td>MPE</td>
</tr>
<tr>
<td>Direct Effect</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Calculative Commitment</td>
<td>-0.031</td>
<td>0.434***</td>
<td>0.156</td>
<td>0.081</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(CaC)</td>
<td>(0.126)</td>
<td>(0.087)</td>
<td>0.099</td>
<td>(0.128)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer cooperation</td>
<td>0.093</td>
<td>0.020</td>
<td>0.361**</td>
<td>0.277*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(CuC)</td>
<td>(0.131)</td>
<td>(0.091)</td>
<td>0.103</td>
<td>(0.133)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mutuality Orientation</td>
<td>0.407**</td>
<td>0.367***</td>
<td>0.276*</td>
<td>0.123</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(MO)</td>
<td>(0.144)</td>
<td>(0.100)</td>
<td>0.113</td>
<td>(0.146)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Information</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.088</td>
<td>0.538***</td>
<td>0.618***</td>
</tr>
<tr>
<td>Richness (CIR)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(0.097)</td>
<td>(0.080)</td>
<td>(0.077)</td>
</tr>
<tr>
<td>Service Development</td>
<td>0.356**</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excellence (SDE)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing Practice</td>
<td>0.296*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Efficiency (MPE)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Control Variables

| Firm Age (Fage)        | 0.210            | 0.373            | 0.285            | 0.308            | -0.007           | 0.355            | 0.117            |
|                       | (0.186)          | (0.129)          | (0.146)          | (0.188)          | (0.156)          | (0.162)          | (0.777)          |
| Adjusted $R^2$        | 0.198            | 0.614            | 0.507            | 0.179            | 0.415            | 0.336            | 0.384            |

*p<0.1, **p<0.05, ***p<0.01, a Beta coefficient with standard error in parenthesis.

5. Contributions and directions for future research

5.1 Theoretical Contributions and Directions for Future Research

This study intended to provide an insight into the relationships among relationship marketing strategy and its consequences. It demonstrated the unique theoretical contribution in which it constructed upon relevant relationship marketing literature. This study clearly revealed the link between relationship marketing strategies which included calculative commitment, customer cooperation, and mutuality orientation and marketing success. Moreover, this present study examined the effects of customer information richness, service development excellence and marketing practice efficiency toward marketing success.

5.2 Managerial Contributions

The results of this study could facilitate managers to identify and justify the critical key components in a rigorous competitive market. To achieve marketing success, managers should understand, manage, and utilize the relationship marketing strategies effectively. The findings suggested that mutuality orientation, calculative
commitment and customer cooperation were the fundamental factors for the success of tourism business in Thailand.

6. Conclusion

This study examined the relationships among factors relevant to relationship marketing strategy of tourism business in Thailand. The data was collected from marketing directors or managers of tourism offices. The findings revealed that tourism firms in Thailand considered customer cooperation as the foundation of marketing success. The results also indicated that the mediating role of service development excellence and marketing practice efficiency was in a relation with relationship marketing strategy and marketing success.

7. References


