

THE ROLE OF RELATIONSHIP MARKETING IN THERMAL SPA MANAGEMENT

Joaquim Gonçalves Antunes
Polytechnic Institute of Viseu
Viseu, Portugal
e-mail: jantunes@estv.ipv.pt

ABSTRACT

This study is focused on the analysis of the different roles performed by the determinants of relationship marketing in the satisfaction and customer loyalty in the thermal spa sector.

The developed model will be tested empirically, with data obtained from 150 clients of thermal spas from a central region of Portugal, using a quota sampling process. In order to validate this theoretical model and to test the hypotheses, simple linear regression models are used. Finally, the main conclusions of the research are presented.

Key Words: Tourism, Thermal spa, Relationship marketing, Satisfaction, Loyalty.

1. INTRODUCTION

The evolution of tourism in recent years and the increasing complexity of markets bring new concerns to those responsible for tourism organizations. The growing competition between tourist destinations and tourism organizations with both existing or new products, leads to attribute increasingly importance to marketing tools.

This uncertainty of tourist destinations scenario has led to new marketing approaches, which highlight relationship marketing. Its mode of action is based on customer retention, through a high level of service and contacts, in a long-term vision. The customers' value is particularly important. Trying to maintain high levels of engagement with most valued customers is needed.

The spa, with all its wealth of water resources, its history and its various tourism products have gone through troubled times, with growth rates sometimes positive, sometimes negative. Some thermals spas have been able to create wealth for their people, attracting investments, businesses, tourists and even residents. Others have been losing dominance in the realm of hydrotherapy, dragging with them a development that was based on that product. Thus, they need to develop differentiation and positioning product factors due to the increasingly demanding markets in order to maintain and attract new customers.

Research in this field is insufficient in Portugal. Although the number of studies related to relationship marketing has increased, its application to spas has been scarce.

It is this perspective that motivates the present study. It aims to study how relationship marketing tools are being used in the development of spas. The study is focused on the spas of the central region of Portugal, the region of highest thermal expression in this country.

The paper is structured as follows: The next section reviews the literature and derives the research hypotheses. This is followed by the research methodology and hypotheses are tested using the simple linear regression models. Finally, the last section presents conclusions and some suggestions for future research.

ISBN: 978-960-287-139-3

2. THEORETICAL MODEL AND RESEARCH HYPOTHESES

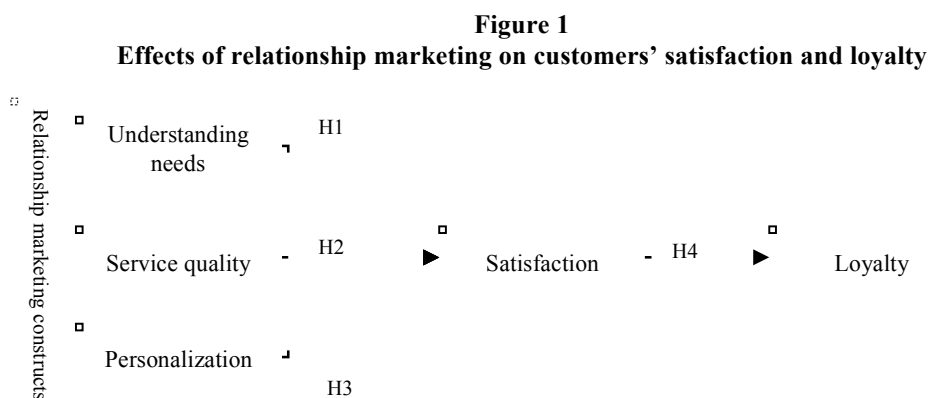
Thermal springs are a tourist resource of growing importance due to people's new concerns, originated from the lifestyles of modern societies. These concerns have lead people to demand new services designed to restore the physical and mental balance and beauty body treatments.

Spas need to take advantage of these market opportunities and develop strategies to attract customers with the potential for increased interest. Thus, based on the relationship between the two thermal vocations - therapeutic and playful - the hydrotherapy appears as a tourist resource of high potential (Monbrison-Fouchère, 1996).

In this sense, a profound change in the hydrotherapy philosophy in the region is urgent, with the need to retrain and remodel the equipment in some resorts, along with the need to change and modernize the current marketing techniques, with emphasis on relationship marketing, towards customers loyalty.

The literature review shows that relationship marketing has been operationalized in different ways. On the one hand, several researchers have considered relationship marketing as having only one dimension (e.g. Too, Souchon & Thirkell, 2001) On the other hand, other researchers have defined several dimensions as independent variables to conceptualize the construct of relationship marketing (e.g. Evans and Laskin, 1994; Lawson-Body, 2000; Chang and Ding, 2001). In these studies, those dimensions were related to customer satisfaction and loyalty. Each dimension of relationship marketing is analyzed separately as well as its effects on customer satisfaction and loyalty.

The present study considers relationship marketing as a multidimensional construct, following the methodology of these authors. The dimensions included in the model were *understanding customers' needs*, *service quality* and *personalization of services* and were considered independent variables (Figure 1).



Relationship marketing is based on the idea that working with a customer on a basis of mutual trust facilitates the development of long term relationships. In order to achieve this, organizations must know their customers and seek direct contact with them (Antunes and Rita, 2007).

Understanding customers' expectations and needs involves the ability of organizations to identify what customers need and to offer services at the level they expect. Understanding customers' needs was one of the dimensions Evans and Laskin (1994) used in their study. Bearing these considerations in mind, the following hypothesis can be established:

H1: Understanding bather needs is positively related to their satisfaction.

Companies that try to develop a relationship marketing strategy should dedicate a large part of their efforts making sure that customers will see that they offer quality in their services, as this is an important input and necessary to achieve customer satisfaction (Barroso and Martín, 1999).

Before the purchase of a product or a service customers create certain expectations regarding what they think they will receive. Afterwards, these expectations are compared with the perception of the result obtained.

Customers will be satisfied when they receive at least what they expected from their provider, and they will be dissatisfied when the result of the purchase is inferior to what they expected.

Service quality is an antecedent of customer satisfaction (Zeithaml, Berry and Parasuraman, 1996). From these considerations the following hypothesis can be established:

H2: Quality of service positively relates to bather satisfaction.

Any company that wants to implement a relationship marketing strategy should be able to identify its customers, differentiate them from one another, interact with them and personalize some aspect of its products or services in order to satisfy their individual needs (Peppers, Rogers and Dorf, 1999).

Thus, one of the best ways to differentiate its products and services is to give them a personal dimension – personalization – that causes a highly positive impact on the consumer (Reis, 2000).

Relationship marketing allows organizations to know more about the demands and needs of their customers. Knowing their customers, along with the social relationship, built up over a series service contacts, facilitates personalization of services in accordance with the specifications of each customer (Berry, 1995). Personalization will, therefore, increase customer satisfaction (Mittal and Lassar, 1996; Peppers, Rogers and Dorf, 1999). Thus, the following hypothesis is proposed:

H3: Personalization positively relates to bather satisfaction.

Loyalty is e regarded as a key element of relationship marketing. However, loyalty is an antecedent of customer satisfaction (Chow and Holden, 1997; Filser, 2001). Thus, the thermal management of organizations should seek to satisfy their customers, as a satisfied customer is usually a loyal customer. This, in turn, enhances their relationship with the organization by increasing the value of acquisitions and on the other hand, increases the reference to other potential customers (word-of-month), which expands the portfolio of customers (Grönroos, 2004; Palmatier et al., 2006). These factors contribute to the improvement of revenue and profitability of thermal organizations. Given these theoretical considerations the following hypothesis is proposed:

H4: Satisfaction positively relates to bather loyalty

In order to verify these hypotheses, the most appropriate method must be chosen, as described in the following section.

3. METHODOLOGY

The methodology for this study was based on literature review, exploratory interviews to the CEOs of thermal spas and a structured survey on bathers at the thermal spas in center region of Portugal. The construction of the observation instruments was thus guided by the procedures of qualitative and quantitative methods - the methodology proposed by Churchill (1979).

Pre-tests were performed on a reduced sample in order to better adjust the measuring instrument. The sample includes 150 surveys considered valid for analysis, which represents a 7.9% margin of error for a confidence level of 95%. The sampling process was based on interrelated quota, on the basis of proportions of how often they patronize a spa and gender. For data processing, SPSS (Statistical Package for Social Sciences), version 19.0, was used.

4. RESULTS

To test these hypotheses, simple linear regression was used, based on the factors resulting from principal component analysis, performed for each construct the model.

Each construct consisted of a set of items and to measure each item a Likert scale of 7 points (from 1 - strongly disagree to 7 - strongly agree) was used. The scales were validated through its psychometric properties:

unidimensionality and reliability. All these constructs present good internal consistency (Cronbach's Alpha greater than 0.70) and the unidimensionality characteristic can be observed in all constructs.

Concerning the characterization of the sample in terms of demographic variables, it is apparent that the spa bathers are mostly female (62.7%) and represent a very old population, where 75.3% are aged over 55 years. The qualifications are mostly at the level of basic education (43.4%).

In the following analysis the hypotheses of the model are tested. Simple linear regression is used to determine whether the variables are related and whether the type of relationship is positive or negative. This technique assumes the analysis of residues, which result from the difference between the values estimated by the regression and the observed values.

In the linear regression model satisfaction is considered as the dependent variable and understanding needs factor is considered the independent variable. The coefficient of determination (R^2) presents the value of 0.602 which represents a good measure of fit of the model to the data. Also the analysis of variance model, using the F-Snedecor test shows satisfactory values ($F = 222,235$ with an associated significance level of 0,000).

Table 1 presents the coefficients of linear regression. The coefficient of the independent variable (Understanding needs factor) shows the positive value of 0,778. This value is statistically significant ($t = 14,908$ and $\text{sig.} = 0,000$), which leads to accept the hypothesis H1: Understanding bather needs is positively related to their satisfaction.

Table 1
Coefficients of linear regression^a (H1)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-,002	,052		-,046	,964
	Needs factor	,778	,052	,776	14,908	,000

a. Dependent Variable: satisfaction factor

However, one must perform an analysis of the linear regression model assumptions for proper application. The assumptions are: the residuals are random variables with zero mean, the residues have constant variance, the residues are not correlated, and the residuals are normally distributed.

The autocorrelation of the residuals is analysed using the Durbin-Watson test. The normal distribution of residuals is examined through the graphical histogram and Normal P-P Plot. As for equality of variances, this can be verified by a Scatterplot graph, with Standardized Predicted Value as an independent variable and Residual Standardized as dependent. The variability of waste over the predicted values is more or less constant.

In relation to the assumptions of this model, analysed through the waste, it appears that they fit into a normal distribution with zero mean and constant variance. There is also a waste of independence, in which the Durbin-Watson¹ statistic shows the value of 1,736.

To test hypothesis H2, service quality factor was consider as the independent variable resulting from factor analysis.

The model results show a coefficient of determination (R^2) value of 0,544 which represents a good measure of fit of the model to the data. The F-Snedecor test shows the value of 175,112 with a significance level of 0,000, it indicates that a significant linear relationship between the dependent and independent variable of the model.

The coefficient of linear regression (Table 2) is statistically significant. The t-test shows the value of 13,233 ($p = 0.000$).

¹ The Durbin-Watson statistic ranges between 0 and 4. Values close to zero means we are in presence of positive autocorrelation, when the value is close to 4 are in the presence of negative autocorrelation. If the value is close to 2, there is no autocorrelation.

Table 2
Coefficients of linear regression^a (H2)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,006	,056		,110	,913
	Quality factor	,738	,056	,737	13,233	,000

a. Dependent Variable: Satisfaction factor

In relation to the assumptions of this model, analysed through the waste, it appears that they fit a normal distribution with zero mean and constant variance. There is also a waste of independence, in which the Durbin-Watson statistic shows the value of 2,045.

Based on the results described above, hypothesis H2 is accepted: Service quality relates positively with customers satisfaction.

The results of the linear regression model to test the hypothesis H3, also have satisfactory values. The coefficient of determination ($R^2 = 0,557$) and the F test (186,216, $p = 0,000$) indicate that there is a significant linear relationship between customers' satisfaction and personalization services.

The regression coefficient shows the value of $\beta = 0,746$ and a t-test = 13,646 ($p = 0,000$), as shown in Table 3. The residuals are independent (Durbin-Watson = 1,954) and have a normal distribution with zero mean and constant variance.

Table 3
Coefficients of linear regression^a (H3)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	9,454E-17	,055		,000	1,000
	Personalization factor	,746	,055	,746	13,646	,000

a. Dependent Variable: Satisfaction factor

The results described above lead to accept hypothesis H3: Personalization positively relates to bather satisfaction.

Finally, to test hypothesis H4, the results of linear regression model also show satisfactory values. The coefficient of determination ($R^2 = 0,860$) and the F test (417,008, $p = 0,000$) indicate that there is a significant linear relationship between customers satisfaction and loyalty. The regression coefficient shows the value of $\beta = 0,857$ and a t-test = 20,421 ($p = 0,000$), as shown in Table 4.

Table 4
Coefficients of linear regression^a (H4)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,001	,042		,022	,982
	Satisfaction factor	,857	,042	,860	20,421	,000

a. Dependent Variable: Loyalty factor

The residuals are independent (Durbin-Watson = 1,586) and have a normal distribution with zero mean and constant variance. The results described above lead to accept the hypothesis H4: Satisfaction positively relates to bather loyalty.

5. CONCLUSIONS

Relationship marketing has become a decisive approach for the new marketing context that organizations face. It is defined as an interactive process which allows an organization to establish stable, long-lasting relationships with their customers.

The results of this research are consistent with findings from previous studies. The variables that directly influence bather satisfaction are *understanding needs*, *service quality* and *personalization of service*.

As for practical contributions, the study has resulted in a deep knowledge of which areas of relationship marketing most influence bather satisfaction and loyalty with regards to their respective thermal spas. It is necessary to know and understand the needs of bathers so that organizations may offer a spa quality service and personalized manner, in order to increase customer satisfaction. The knowledge of the needs of each customer's group, allows us to value the features that each one gives the utmost importance and thus having a more personalized offer to their needs.

Thermal organizations should also develop a set of actions or loyalty programs in order to get customers to increase their frequency and, if possible, obtain treatments more than once per year, which would consequently contribute to the strong decrease of the seasonality that is felt in the sector. They should also develop actions in order to encourage people for short breaks and weekends in the low season periods.

The defined model and the respective methodology need to be tested in other touristic environments in order to understand which components of relationship marketing exert the most influence on loyalty. Furthermore, future studies could readily replicate the current research elsewhere. It is also necessary to understand the nature of the conditions in which spa communities are prepared to welcome tourists. This study is a starting point for further research and further pursuit of answers to new questions.

REFERENCES

- Antunes, J. e P. Rita (2007), "O marketing relacional e a fidelização de clientes – Estudo aplicado ao termalismo português, *Revista Economia Global e Gestão*, n.º 2/2007, Volume XII.
- Barroso, C.; E. Martín (1999), *Marketing Relacional*, Esic Editorial, Madrid.
- Berry, L. (1995), "Relationship Marketing of Services – Growing Interest, Emerging Perspectives", *Journal of the Academy of Marketing Science*, Vol. 23, N.º 4.
- Chang, K.; C. Ding (2001), "Is Relationship Marketing Really Helpful to Increase Repeat Purchase in the Chinese Market?", *Journal of International Marketing and Marketing Research*, Vol. 26, N.º 1.
- Chow, S.; R. Holden (1997), "Toward an understanding of loyalty: The moderating role of trust", *Journal of Managerial Issues*, Vol. 9, N.º 3.
- Churchill G. (1979), "A paradigm for developing better measures of marketing constructs", *Journal of Marketing Research*, Vol. 16, N. 1.
- Evans, J.; R. Laskin (1994), "The Relationship Marketing Process: A Conceptualization and Application", *Industrial Marketing Management*, Vol. 23.
- Filser, M. (2001), "Le Magasin Amiral: De l'atmosphère du point de vente à la stratégie relationnelle de l'enseigne", *Décisions Marketing*, Vol. 24, Sep-Dec.
- Gronroos, C. (2004), "The relationship marketing process: communication, interaction, dialogue, value", *Journal of Business & Industrial Marketing*, Vol. 19, n.º 2.
- Lawson-Body, A. (2000), "Le Commerce Électronique: La Contribution des Caractéristiques des Sites Web sur L'Impact du Marketing Relationnel sur la Fidélité des Clients," *UMI Dissertation Services*, Université Laval, Québec.
- Mittal, B.; W. Lassar (1996), "The role of personalization in service encounters", *Journal of Retailing*, Vol. 72, N.º 1.
- Monbrison-Fouchère, P. (1996), "Le tourisme de santé: définitions et problématique", *Cahier Espaces*, N.º 43.
- Palmatier, R.; R. Dant; D. Grewal; K. Evans (2006), "Factors Influencing the Effectiveness of Relationship Marketing : A Meta-Analysis", *Journal of Marketing*, Vol. 70, pag. 136-153.
- Peppers, D.; M. Rogers; B. Dorf (1999), *The One to One Fieldbook*, Ed. Doubleday.
- Reis, J. (2000), *O Marketing Personalizado e as Tecnologias de Informação*, Edições Centro Atlântico.
- Too, L.; A. Souchon; P. Thirkell (2001), "Relationship Marketing and Customer Loyalty in a Retail Setting: A Dyadic Exploration", *Journal of Marketing Management*, Vol. 17.
- Zeithaml, V.; L. Berry; A. Parasuraman (1996), "The Behavioral Consequences of Service Quality", *Journal of Marketing*, Vol. 60, N.º 2.