Relationship Marketing Practices and Effects on Marketing Effectiveness: An Empirical Insight from the Hotel Industry

Mazuri Abd Ghani[1]*, Aida Othman[2], Nor Asmahani Ibrahim[3], Wan Zulqurnain Wan Ismail[4]

[1]School of Management Sciences, Faculty of Economics and Management Sciences, Universiti Sultan Zainal Abidin, Terengganu, Malaysia, [2]School of Management Sciences, Faculty of Economics and Management Sciences, Universiti Sultan Zainal Abidin, Terengganu, Malaysia, [3]School of Management Sciences, Faculty of Economics and Management Sciences, Universiti Sultan Zainal Abidin, Terengganu, Malaysia, [4]School of Management Sciences, Faculty of Economics and Management Sciences, Universiti Sultan Zainal Abidin, Terengganu, Malaysia. *Email: mazuri@unisza.edu.my

ABSTRACT

This study aims to investigate the effect of relationship marketing components (trust, bonding, shared values, communication, empathy and reciprocity) on marketing effectiveness (ME) in Malaysian star-rated hotels. The data are based on findings gathered from 65 self-administered questionnaires distributed to middle level managers of three-to five star-rated hotels in the East Coast of Peninsular Malaysia. A partial least squares approach was used to analyze the data and test the hypotheses. The results of the measurement model confirm that the six dimensions of relationship marketing possess are an adequate reliability and have internal consistency as well as convergent validity. The results of structural model show that among key components of relationship marketing, trust, bonding and shared value have positive influences on ME, while communication, empathy and reciprocity do not. The findings of this study provided insights to hoteliers with regard to the importance of deploying and implementing relationship marketing practices as an effort to improve ME performance in the hospitality sector.

Keywords: Relationship Marketing, Marketing Effectiveness, Hotel Industry, Partial Least Squares
JEL Classification: M31

1. INTRODUCTION

The importance of the hotel industry for a nation's growth and sustainability cannot be underestimated as evident from the services industry's contribution to the gross domestic product (GDPs). According to the Malaysian investment development authority, under the Tenth Malaysia Plan (2011-2015), the service sectors are expected to grow at 7.2% annually until 2015, raising its contribution to GDP to 61% by the end of the plan's period. The hotel industry, one of the most promising industries in Malaysia, requires some key strategies in order to meet the nation's economic agenda. It is an extremely competitive industry with numerous competitors focused within a limited geographical range (Awang et al., 2008). The Malaysian government has, thus far, made important contributions to assist the hotel industry so that it becomes a leading foreign tourist destination while promoting domestic tourism (http://www.miti.gov.my).

Strong competition, which exists today in all businesses, has led companies to forge stronger relationships between themselves and their customers. Relationship marketing has an ever growing popularity and is fast becoming one of the most popular academic topics in business, receiving increased attention in both marketing theory and practice. It has also been particularly important to service industries like hotels due to the intangible nature of service and the high level of customer interaction required (Tareq, 2012). A business is considered to possess a high level of marketing effectiveness (ME) if it has a close relationship with customers. Therefore, hotels should foster interaction and communication that facilitate relationships thus enhancing their ME.

The focus of the present study is the implementation of relationship marketing components by Malaysian hotels. More specifically, it aims to investigate the impact of relationship marketing components, namely trust, bonding, shared value, communication,

empathy and reciprocity on ME in Malaysian star-rated hotels. This research paper begins with a brief review of relevant significant literature, followed by hypotheses to answer the research aims. Next, the research instrument, sampling procedures and analytical methods are justified in the methodology section. Finally, results, discussion, conclusion and suggestions for future studies are presented.

2. LITERATURE REVIEW

2.1. Relationship Marketing

Business philosophy has shifted from production orientation to selling orientation. This is followed by marketing orientation and finally to relationship marketing orientation (Gronroos, 1989). The concept of relationship marketing, first introduced by Berry (1983), is a strategy to attract, maintain and enhance customer relationships. In 1991, Gronroos proposed a more comprehensive definition to include "establishing relationships with customer and other parties at a profit by mutual exchange and fulfillment of promises." Harker (1999) then proposed the following definition to the practicality of relationship marketing: "An organization engaged in proactively creating, developing and maintaining committed, interactive and profitable exchanges with selected customers over time." From a firm's perspective, the relationship marketing concept can be viewed as a philosophy of doing business or a distinct organizational culture that puts the buyer-seller relationship at the center of the firm's strategic thinking (Sin et al., 2005). According to Sin et al. (2005), relationship marketing is a one-dimensional construct consisting of six components:

i.   Trust: This is an essential component of a successful relationship between the firm and its customers. Trust consists of beliefs about other party's honesty and expertise. According to Morgan and Hunt (1994), trust refers to a willingness to rely on an exchange partner in whom one has confidence and reliability. A trust may result in favorable and positive outcomes. In order to build trust based relationships between buyers and sellers, the parties should have good communication and believe in each other (Kucukkancabas et al., 2009). A study by Gilaninia et al. (2011) on banking industry revealed a positive association between trust and customer loyalty.

ii. Bonding: A long-term buyer-seller relationship requires the bond developing between the firm and its customers (Sin et al., 2005). A strong bonds between the seller and the buyer limits potential conflicts between the two parties. The dimension of bonding, as applied to relationship marketing, includes developing and enhancing customer loyalty which impacts directly in feelings of affection and a sense of belonging to the organization.

iii. Communication: This refers to formal and informal exchanging and sharing of meaningful and timely information between buyers and sellers (Sin et al., 2005). Effective communication fosters positive interaction and enhances customer satisfaction. For example, Morgan and Hunt (1994) have found that communication has a positive effect on the retailer-supplier relationship commitment in the automobile tire industry.

iv. Shared value: Morgan and Hunt (1994) and Sin et al. (2005) viewed shared value as the extent to which partners have common beliefs about what behaviors, goals and policies are important or unimportant, appropriate or inappropriate and right or wrong. High level of shared value enhances the feeling of association and nurtures an associative long-term relationship. The greater the enhancement of relationship via shared value, the more satisfied and loyal customers are likely to be.

v.   Empathy: Sin et al. (2005) viewed empathy that enables a partner to see the situation from the other partner's perspective. Empathy may facilitate the communication between the buyer and the seller. Hotels that better understand what customers' desire are better able to satisfy customers.

vi. Reciprocity: Reciprocity refers to the process that enables customers to interact and share information with the firm and that enables the firm to respond to customers. Without the established reciprocal communications, a firm may have lower customer satisfaction.

Researchers studying services were among the first to embrace the concept of relationship marketing. They have questioned the applicability of traditional marketing concepts such as the marketing mix to the service context. Sin et al. (2005) argued that the marketing mix approach does not provide effective tools to model and manage the service provider-customer relationship. In fact, several studies on services marketing have suggested that to acquire and maintain a competitive edge, service organizations like hotels should develop long-term relationships with their customers (Gummesson, 1987; Gronroos, 1991). In short, this line of research pointed out that managers of service firms should discard old thinking patterns and adopt new operational and strategic ways of doing business. Although research on relationship marketing is abundant, many of the past studies have been conducted in the West countries. A key issue for marketing scholars concerns the transferability of the Western findings to the Asian context like Malaysia. Ghani (2012) believes that positive findings in the Western context ought to be able to highlight the importance of relationship marketing in the Asian context like Malaysia. Hence, it is important to acknowledge the perception of relationship marketing that has been beneficial in the Western context and demonstrate this is in the hotel industry in Malaysia. Thus far, the available relationship marketing literature has focused mainly on the implementation of relationship marketing in industrial organizations, whereas few empirical studies have investigated the relationship within marketing practices in service organizations, in particular the hotel industry.

The positive effects of relationship marketing on business performance have been highlighted in many studies. For example, Majdi (2005) found that trust influenced the overall business performance, which regards to market and financial performance of the firm. Similarly, in Sin et al. (2005) revealed that trust is able to influence the objective performance, such as return on investment, sales growth and market share. Soliman (2011) who tested relationship marketing in the banking industry also found the positive association between relationship marketing and marketing performance. A review on previous studies on relationship

marketing has clearly established that relationship marketing has a positive influence on several organizational performances such as on business performance, financial performance and service quality. Futhermore, Batainah et al. (2015) showed the effect of relationship marketing on customer retention in the pharmaceutical business sector. However, the meta-analysis study by Palmatier et al. (2006) showed that the empirical evidence remains equivocal. Others have shown that in certain situations, relationship marketing may have negative impact on performance outcomes (De Wulf et al., 2001). Previous studies on relationship marketing and performances showed mixed results. The findings showed that some dimensions of relationship marketing have affected performance and some have not. The hotel industry is one of the most promising industries in Malaysia. It plays an important role in supporting the nation's tourism industry and economy. However, the industry's performance is also influenced by the volatility of changes in the external and international environment. The hotels in the East Coast states have been selected in this study owing to the tremendous rise of international travelers and the increasing number of rooms supplied (Malaysia Association of Hotels Statistics).

2.2. ME

The concept of ME has attracted attention among the academic researchers and business practitioners (Appiah-Adu et al., 2011, Nwokah, 2006, Nwokah and Ahiauzu, 2008, Tuan, 2012). According to Webster (1995), the construct of ME has been extensively discussed for its strong association with many beneficial organizational outcomes such as stable long-term growth, enhanced customer satisfaction, competitive edge, and strong marketing orientation. Noburn et al. (1990) stated that an organization is deemed to have a high level of ME if it has a close
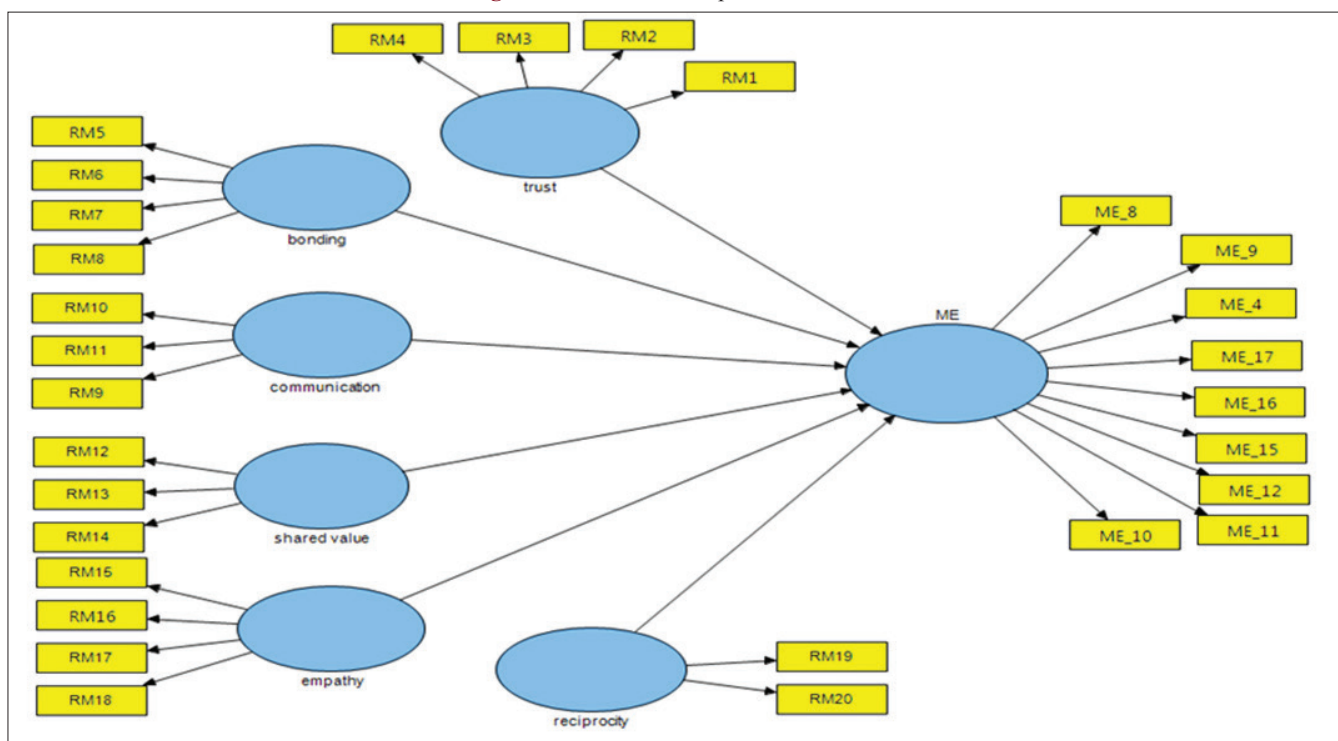
relationship with customers, is driven by a shared set of values within the organization, and displays an external orientation to its market. Hence, considerable attention should be given to the need for companies to increase their level of ME. Kotler's (1997) operationalization has been cited as one of the best-known measures for ME. According to Kotler, ME entails five major components: (1) Customer philosophy; (2) integrated marketing organization; (3) adequate marketing information; (4) strategic orientation; and (5) operational efficiency. Nwokah (2006) argued that in order to improve ME, an organization should employ a superior marketing strategy.

In this study, the researcher views ME as the way in which effective marketing strategy is translated into marketing actions. In other words, ME depends upon its ability to implement marketing plans successfully at various levels of the organization. Higher ME is deemed to be positively related to greater customer satisfaction, more competitive advantage and better company performance (Ussahawanitchakit, 2012).

Based on the basis of previous literature, a conceptual model for the present study were developed (Figure 1). This study explores the relationship between the following marketing components: Trust, bonding, shared value, communication, empathy and reciprocity on ME in star-rated hotels. Therefore, the following hypotheses are proposed:
H1: Trust is positively related to ME
H2: Bonding is positively related to ME
H3: Communication is positively related to ME
H4: Shared value is positively related to ME
H5: Empathy is positively related to ME
H6: Reciprocity is positively related to ME.

Figure 1: Research conceptual framework

3. METHODOLOGY

3.1. Research Instrument

A self-administered questionnaire forms the primary means of data collection for this quantitative study. The survey instruments were adapted from the established Likert scale. The first part of the questionnaire is concerned with the relationship marketing activities by hoteliers. The measurement items for relationship marketing were developed using the definition offered by Sin et al. (2005). A set of 20 items was used in the questionnaire, of which four items measured trust, four items measured bonding, three items measured communication, three items measured shared value, four items measured empathy and two items measured reciprocity. The second part of the questionnaire focused on the ME. This was developed from a study by Webster (1995). This part consisted of nine statements, of which six items measured customer philosophy and three items measured operational efficiency. The third part of the questionnaire was used to identify the respondents' socio-demographic. A six-point Likert scale was used to avoid the clustering of responses at the neutral point as suggested by Powpaka (1996) and Quee (2002). By using a six-point Likert scale, the validity of the question are improved and the neutral base that may occur from a neutral answer would be minimized. Before administering the questionnaire for the main survey, a detailed pre-test was conducted to establish content validity and to purify the measurement scales. For the purpose of this study, a panel of ten experts consisting of academics in management, marketing and tourism as well as those with research experience were involved.

3.2. Sampling Procedures

The population studied is the star-rated hotels where three to five star-rated hotels in the East Coast of Malaysia were sampled via the disproportionate stratified sampling approach. According to the Ministry of Tourism Malaysia's official portal (www.motour. gov.my), 75 registered hotels in Pahang, Kelantan and Terengganu were 3-5 star-rated. For the purpose of this study, the researcher targeted two respondents from each hotel, which equals to 150 respondents. Once the hotels were identified, the human resource department was contacted via telephone in order to request for their participation. They were informed of the survey, its purpose and its length. When the hotel agreed, the questionnaire was mailed together with a cover letter and the stamped reply envelope. The respondents were given 2-3 weeks to answer. To encourage completion of the questionnaire, the participants were promised a summary of the results. A total of 150 questionnaires were distributed, of which 65 questionnaires were completed and returned. This constitutes a response rate of 43% to the original targeted sample.

3.3. Analytical Methods

For this study, SPSS version 21.0 was used to process the descriptive statistics and reliability analysis of the collected data and to assess the demographic profile of the sample. The hypotheses were tested using the partial least squares-structural equation modeling method (PLS-SEM). The researcher used the SmartPLS version 2.0 software to test the hypotheses of the research model (Ringle et al., 2005). PLS-SEM was the preferred method has become increasingly popular in marketing and in management research because it can model latent constructs under conditions of non-normality using small to medium sample sizes (Chin, 1998).

4. ANALYSIS AND RESULTS

4.1. Demography of Respondents and Hotels

The socio-demographic characteristics of the respondents and hotels are presented in Tables 1 and 2 respectively. Of the 65 respondents who participated in the study, 43 (66%) respondents were female and 22 (34%) were male. 56 respondents (86%) were of Malay ethnicity. In terms of the respondents' age, a majority (70%) were below 40-year-old. With regards to the respondents' level of education, 24 (40%) were diploma holders, 28 (43%) had a bachelor's degree, and 2 (3.1%) had a master's degree. Regarding the respondents' years in the current position, 20 respondents had between 2 and 5 years in the current position and 23 (35.4%) had more than 5 years. As for the respondents' working years in the hotel industry, 38 (59%) respondents had more than 7 years, 13 (20%) had between 4 and 7 years, and 14 (21.5%) had

Table 1: Frequency and percentage of respondents' demographic profile

Respondents' profile	Frequency (%)
Gender	
Male	22 (33.8)
Female	43 (66.2)
Age	
30-year-old and below	28 (43.1)
31-40 years old	17 (26.2)
41-50 years old	14 (21.5)
51 years old and above	6 (9.2)
Race	
Malay	56 (86.2)
Chinese	7 (10.8)
Indian	2 (3.1)
Position	
General manager/director	9 (13.8)
Sales and marketing manager	18 (27.7)
HRM manager	7 (10.8)
Finance and accounting manager	5 (7.7)
Food and beverage manager	5 (7.7)
Others	21 (32.3)
Education	
Master	2 (3.1)
Bachelor	28 (43.1)
Diploma	24 (36.9)
Others	11 (16.9)
Years in current position (years)	
<1	12 (18.5)
1-2	8 (12.3)
2-3	7 (10.8)
3-4	5 (7.7)
4-5	10 (15.4)
>5	23 (35.4)
Years in the hotel industry (years)	
<1	8 (12.3)
1-3	6 (9.2)
3-5	6 (9.2)
5-7	7 (10.8)
7-9	5 (7.7)
>9	33 (50.8)

HRM: Human resource management

<3 years in the hotel industry. Of the 65 participating hotels in the East Coast, 49 (75.4%) were 3-star rated hotels, 13 (20.0%) were 4-star hotels, and only 3 (4.6%) were 5-star hotels. In terms of ownership, 59 (90.8%) were local owned hotels while the remaining 6 hotels (9.2%) were non-local owned. In terms of the hotel location, 30 (46.2%) were from Terengganu, 21 were from Pahang and 14 were from Kelantan.

4.2. Preliminary Analysis

Prior to conducting further analysis, the extent in which the data obtained met psychometric assumptions was first assessed. A preliminary analysis of the data on 65 samples was subjected to the treatment of missing data and suspicious response patterns, normality of data distribution, nonresponse bias, and common method bias. All these factors could have a direct influence on employing the relevant data analysis techniques. The preliminary analysis of the data on 65 cases revealed that there was no missing value within the data set. In this study, the researcher examined using two measures of distributions, skewness and kurtosis. Skewness assesses the extent to which a variable's distribution is symmetrical, while kurtosis is a measure of whether the distribution is peaked (Hair et al. 2014). Based on the results, the values of skewness fell within the range of −1.293-0.550, which was within the range of −2.58 and +2.58 (Hair et al., 2010). The value of kurtosis was in the range of 0.057 to −3.645. There were, however, variables with kurtosis values exceeding the threshold of 2.58. This value indicated that the data were not

normal, therefore, showing that the data normality distribution assumption was violated, which further supports the use of PLS-SEM. The researcher tested for nonresponse bias by using a paired sample t-test along the survey items used to measure the study's constructs. The result indicated that there were no statistically significant difference between the early and the late respondents ($F = -0.130$, $P = 0.897$). Therefore, nonresponse bias was not detected in this data.

4.3. Assessment of Measurement Model

To assess a framework using PLS-SEM, the data were analyzed for two stages related to the measurement model and the structural model. At this stage, its reliability and validity were assessed. The reliability was assessed using the composite reliability (CR) while the validity was assessed using the convergent validity and discriminant validity. The results of the assessment of the measurement model for this study are shown in Table 3. The composite reliability values revealed a high internal consistency reliability with values ranging from 0.7409 (reciprocity) to 0.9431 (ME). The internal consistency reliability was considered satisfactory because all values for the constructs were above 0.70. In this study, all of the indicator loadings were above the 0.708 threshold value. This suggests that the indicators were reliable. All constructs in this study had average variances extracted (AVE) ranging from 0.5089 to 0.7563, which exceeded the recommended threshold value of 0.50. These results show that the study's measurement model demonstrated an adequate convergent validity. Then the discriminant validity with Fornell-Larcker criterion was assessed. Overall, the square root of the

Table 2: Frequency and percentage of hotels' demographic profile

Hotels' profile	Frequency (%)
Years of establishment (years)	
<1	3 (4.6)
1-3	6 (9.2)
4-6	14 (21.5)
7-10	7 (10.8)
>10	35 (53.3)
Types of hotel ownership	
Local	59 (90.8)
International	6 (9.2)
Hotel's rating (stars)	
5	3 (4.6)
4	13 (20.0)
3	49 (75.4)
Types of hotels	
Premium hotel	4 (6.2)
City hotel	13 (20.0)
Garden hotel	1 (1.5)
Chain hotel	6 (9.2)
Resort hotel	25 (38.5)
Boutique hotel	8 (12.3)
Town hotel	8 (12.3)
Number of employees	
<20	5 (7.7)
21-40	9 (13.8)
41-60	19 (29.2)
61-80	11 (16.9)
81-100	3 (4.6)
101 and over	18 (27.7)
Location of hotel	
Terengganu	30 (46.2)
Kelantan	14 (21.5)
Pahang	21 (32.3)

Table 3: Results of the assessment of measurement model

Construct	Item	Loadings	AVE	CR
Trust	Trust_1	0.8228	0.7101	0.9074
	Trust_2	0.8401		
	Trust_3	0.8571		
	Trust_4	0.8505		
Bonding	Bond_1	0.8107	0.6992	0.9029
	Bond_2	0.8252		
	Bond_3	0.8631		
	Bond_4	0.8449		
Communication	Comm_1	0.8878	0.7063	0.8779
	Comm_2	0.7748		
	Comm_3	0.8545		
Shared value	SV_1	0.9018	0.7563	0.9023
	SV_2	0.9363		
	SV_3	0.7609		
Empathy	Emp_1	0.5773	0.5089	0.7483
	Emp_2	0.6077		
	Emp_3	0.9079		
Reciprocity	Recip_1	0.5048	0.6121	0.7409
	Recip_2	0.9846		
Marketing effectiveness	ME_1	0.7456	0.6491	0.9431
	ME_2	0.7665		
	ME_3	0.8306		
	ME_4	0.7438		
	ME_5	0.8648		
	ME_6	0.9042		
	ME_7	0.8370		
	ME_8	0.7693		
	ME_9	0.7728		

AVE: Average variances extracted, CR: Composite reliability

AVEs for trust (0.843), bonding (0.836), communication (0.840), shared value (0.869), empathy (0.713), reciprocity (0.782) and ME (0.806) were all higher than the correlations of these constructs with other latent variables in the path model. This is shown in Table 4. Hence, the results of this study confirm that the Fornell-Larcker's criterion was met. To conclude, the measurement model showed adequate convergent validity and discriminant validity.

4.4. Assessment of the Structural Model

After the construct measures were confirmed as reliable and valid, the next step was to assess the structural model results. At this stage, the collinearity, the coefficient of determination R² value and the model predictive capabilities were examined. Before interpreting the path coefficients, the structural model was examined for the collinearity issue. A related measure of collinearity was the variance inflation factor (VIF). In the context of PLS-SEM, a tolerance value of 0.20 or lower, and a VIF value of 5 and higher, respectively, indicated a potential collinearity problem (Hair et al., 2011). For this study, there was no multicollinearity problem among the exogenous variable since the VIF values were below the threshold value of 5. The R² value indicates the amount of variance in the dependent variables that are explained by the independent variables. Thus, a larger R² value increases the predictive ability of the structural model (Hair et al., 2014). The R² values of 0.75, 0.50, and 0.25 for endogenous latent variables can be respectively described as

substantial, moderate, and weak (Hair et al., 2014; Henseler et al., 2009). Following the guideline, the R² values of ME (0.45) can be considered nearly to moderate. The predictive relevance also yielded a Q² value of 0.389 which is indicative of a good model. The value was considered above zero, thus providing support for the model's predictive relevance.

Figure 2 presents the results of the path coefficient and hypotheses testing for the present study. Table 4 shows the complete results of the structural estimates (hypothesis testing). The results of the structural model reveal a strong support for three out of the study's six hypotheses. According to H1, trust is positively related to ME. The results show that the path coefficient between trust and ME is statistically significant (H1: $\beta = 0.398$, t = 3.264). H2 hypothesized that bonding is positively related to ME. The results show a strong support for this hypothesis (H2: $\beta = 0.295$, t = 2.059). A strong support was also found for H4 that hypothesized that Shared value is positively related to ME. The results of the study show that the path coefficient between shared value and ME is statistically significant (H4: $\beta = 0.232$, t = 2.009). However, hypotheses 3, 5 and 6 were not supported in this study.

5. DISCUSSION

The aim of this study is to investigate the impact of relationship marketing components, namely trust, bonding, shared value,
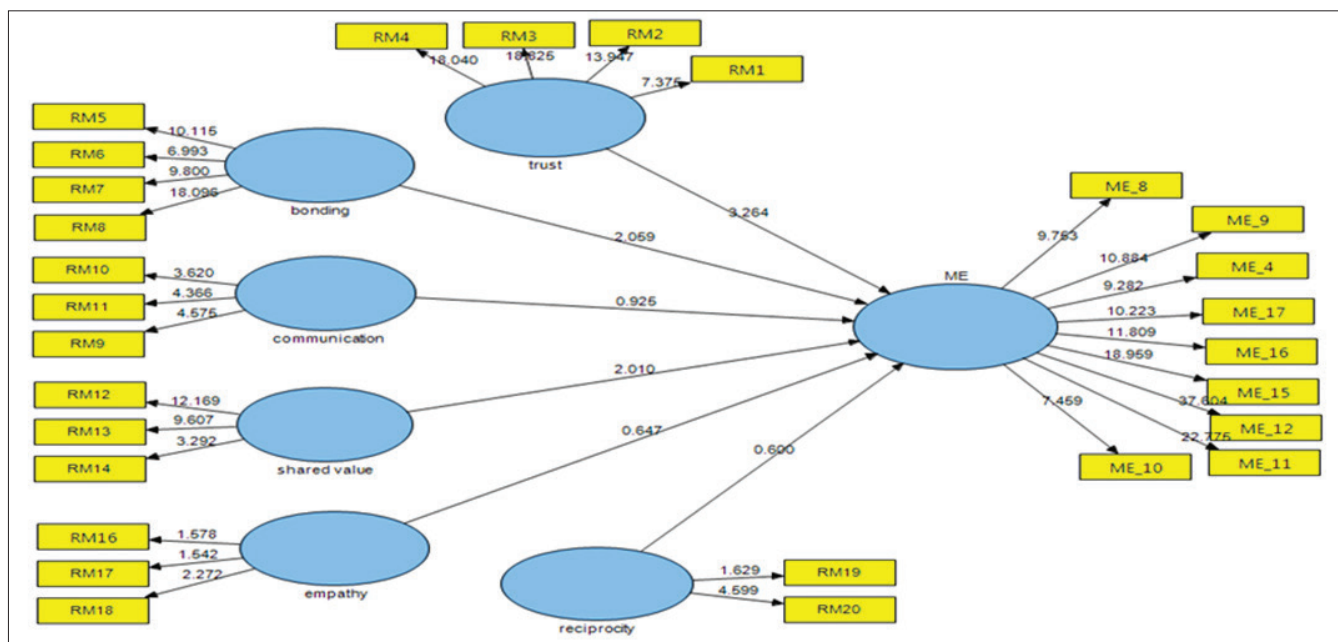

Figure 2: Structural model results

Table 4: The discriminant validity

Construct	T	B	C	SV	E	R	ME
Trust (T)	0.843						
Bonding (B)	0.652	0.836					
Communication (C)	0.408	0.542	0.840				
Shared value (SV)	0.332	0.203	0.276	0.869			
Empathy (E)	0.318	0.393	0.418	0.329	0.713		
Reciprocity (R)	0.384	0.458	0.356	0.057	0.391	0.783	
Marketing effectiveness	0.606	0.520	0.237	0.356	0.182	0.279	0.806

communication, empathy and reciprocity on ME in Malaysian star-rated hotels. H1 stated that trust is positively related to ME. The results of the current study have shown that the path coefficient between trust and ME is statistically significant ($\beta = 0.398$, $t = 3.264$). Hence, H1 is supported. The findings also suggest that, in general, there is a positive relationship between trust and ME. The $\beta = 0.398$ (40%) indicates that trust is the influential variable in explaining the variance in the hotel's ME. Trust is a crucial element in establishing relationships and according to Morgan and Hunt (1994), trust refers to a willingness to rely on an exchange partner in whom one has confidence and reliability.

H2 proposed that bonding is positively related to ME. The results of the study have shown that the path coefficient between bonding and ME is statistically significant ($\beta = 0.295$, $t = 2.059$), therefore, supporting H2. The $\beta = 0.295$ (30%) indicates that bonding was the second influential variable in explaining the variance in Hotel' ME after trust. This supports Sin et al. (2005) who said that developing strong bonds between the seller and the buyer limits potential conflicts between the two parties.

H3 stated that communication is positively related to ME. Generally, effective communication fosters positive interaction and enhances ME. The results have shown that the path coefficient between communication and ME is not statistically significant ($\beta = -0.126$, $t = 0.924$). Hence, H3 is not supported in this study. The current study reveals that communication has a negative relationship with ME. This finding also shows that in a hotel relationship, communication is a critical point for ME.

H4 stated that shared value is positively related to ME. The results of the study have shown that the path coefficient between shared value and ME was statistically significant ($\beta = 0.232$, $t = 2.009$), hence supporting H4. According to Morgan and Hunt (1994) and Sin et al. (2005), high level of shared values enhances the feeling of association and can nurture an associative long term relationship. The greater the enhancement of the relationship via shared value, the more satisfied and loyal customers are likely to be. This will likely increase the level of ME, such as word-of-mouth communication, customer satisfaction, business image, reaching target market, customer oriented and good sales.

H5 stated that empathy is positively related to ME. Sin et al. (2005) viewed empathy as enabling a partner to see the situation from the other partner's perspective. Empathy may facilitate the communication between the buyer and the seller. Hotels that better understand customers' desires are better able to satisfy customers. Nonetheless, the results of the study have shown that the path coefficient between empathy and ME is not statistically significant ($\beta = -0.110$, $t = 0.647$). Hence, H5 is not supported. Furthermore, the current study has revealed that empathy has a negative relationship to ME. In the hotel industry, these findings reveal that having a close interpersonal relationship do not lead to a higher ME.

Lastly, H6 stated that reciprocity is positively related to ME. Reciprocity refers to the process that enables customers to interact and share information with the company and that enables the

company to respond to customers (Sin et al., 2005). Without an established reciprocal communication, a company may have lower customer satisfaction. The results of the study have shown that the path coefficient between reciprocity and ME is not statistically significant ($\beta = 0.066$, $t = 0.600$), therefore, H6 is not supported. Table 4 presents the results of the hypotheses testing for this study.

6. CONCLUSION AND SUGGESTIONS FOR FUTURE STUDIES

The aim of this present study was to investigate the impact of relationship marketing components namely trust, bonding, shared value, communication, empathy and reciprocity on ME in Malaysian star-rated hotels. It is hoped that the study has contributed to extending knowledge in the field of relationship marketing and ME in the hotel industry in a developing country such as Malaysia. The contribution offered by this study is a better understanding of ME. The results of the structural model have shown that among the key components of relationship marketing, trust, bonding and shared value have positive influences on ME, while communication, empathy and reciprocity do not. Interestingly, communication and empathy has been found to be negatively related to ME.

The findings offer some interesting implications for practitioners. For managers in the hotel industry, it implies the importance of enhancing ME. The results also provide hotel managers with a discussion on the importance of building trust, bond and shared value. It is suggested that hotel managers focus on building trust with each other, and that they continue to keep in touch with customers and to build shared values. Although the present study has some important theoretical and practical implications, some limitations merit further discussion.

This study has also identified several suggestions for future research, some of which are in response to the limitations of this study. Firstly, the conceptual framework in this study included only the relationship marketing components: Trust, bonding, shared value, communication, reciprocity and empathy. Although these variables evidently demonstrated significant predictive effects on ME, they are not the main factors that contribute to ME in the hotel industry. The R² value in the study is moderate, i.e., 44% which implies that only 44% of variance in ME is explained by relationship marketing components. This suggests that other factors can be considered as predictors to ME. Thus, a future study is needed to examine the influence of other factors that may positively relate to ME. Secondly, the current study only focused on the hotel industry. Thus, the results obtained were narrow in terms of generalizability to the whole industry in Malaysia. The replication of the current research model in different industries, such as the manufacturing industry, retail industry, education, and finance and banking industry would be beneficial in understanding the extent of the model's usefulness in different settings so that the findings can be generalized and serve as a guideline model for all industries and practitioners. The accuracy and confidence could also be increased further if the results could be replicated in other countries.

7. ACKNOWLEDGMENT

REFERENCES

Appiah-Adu, K., Fyall, A., Singh, S. (2011), Marketing effectiveness and business performance in the financial services industry. Journal of Services Marketing, 15(1), 18-34.

Awang, K.W., Ishak, N.K., Radzi, S.M., Taha, A.Z. (2008), Environmental variables and performance: Evidence from the hotel industry in Malaysia. International Journal of Economics and Management, 2(1), 59-79.

Batainah, A.Q., Al-Abdallah, G.M., Salhab, H.A., Shoter, A.M. (2015), The effect of relationship marketing on customer retention in the Jordanian's pharmaceutical sector. International Journal of Business and Management, 10(3), 117-131.

Berry, L.L. (1983), Relationship Marketing. Emerging Perspectives on Services Marketing. Chicago: American Marketing Association.

Chin, W.W. (1998), The partial least squares approach to structural equation modeling. Modern Methods for Business Research. Mahwah: Lawrence Erlbaum.

De Wulf, K., Odekerken-Schröder, G., Lacobucci, D. (2001), Investments in consumer relationships: A cross country and cross-industry exploration. Journal of Marketing, 6(4), 33-51.

Gilaninia, S., Almani, A.M., Pournaserani, A., Mousavian, S.J. (2011), Relationship marketing: A new approach to marketing in the third millennium. Australian Journal of Basic and Applied Sciences, 5(5), 787-799.

Gronroos, C. (1989), Defining marketing: A market oriented approach. European Journal of Marketing, 23, 52-60.

Gronroos, C. (1991), The marketing strategy continuum: Toward a marketing concept. Service Marketing Management Decision, 29, 7-13.

Gummesson, E. (1987), The new marketing-developing long-term interaction relationships. Long Range Plan, 20, 10-20.

Hair, J.F., Ringle, C.M., Sarstedt, M. (2011), PLS-SEM: Indeed a silver bullet. Journal of Marketing Theory and Practice, 19(2), 139-151.

Hair, J.F., Hunt, G.T.M., Ringle, C.M., Sarstedt, M. (2014), A primer on Partial Least Squares Structural Equation Modeling (PLS-SEM). Thousand Oaks, CA: Sage Publications.

Harker, M.J. (1999), Relationship marketing defined? Ann examination of current relationship marketing definitions. Marketing Intelligence and Planning, 17, 13-20.

Ghani, N.H.A. (2012), Relationship marketing and branding: The automobile authorized independent dealers in Malaysia. International Journal of Business and Social Science, 3(5), 144-154.

Henseler, J., Ringle, C.M., Sinkovicks, R. (2009), The use of partial least squares path modeling in international marketing. International Marketing, 20, 277-319.

Kotler, P. (1977), From sales obsession to marketing effectiveness. Harvard Business Review, 55(6), 67-75.

Kucukkancabas, S., Aykol, A., Ataman, B.M. (2009), Examination of the effects of the relationship marketing orientation on the company performance. Qual Quant, 43, 441-450.

Majdi, M.R.K. (2005), Market Orientation, Relationship Marketing, Environmental Factors and Business Performance: A Study in Malaysian Services Organizations. University Sains Malaysia.

Morgan, R.M., Hunt, S.D. (1994), The commitment-trust theory of relationship marketing. Journal of Marketing, 58(3), 20-38.

Nwokah, N.G. (2006), Marketing effectiveness and business performance. Nigerian Journal of Business and Society, 3(2), 15-26.

Nwokah, N.G., Ahiauzu, A.I. (2008), Managerial competencies and marketing effectiveness in corporate organizations in Nigeria. Journal of Management Development, 27(8), 858-878.

Palmatier, R.W., Srinath, G., Houston, M.B. (2006), Returns on business-to-business relationship marketing investments: Strategies for leveraging profits. Marketing Science, 25, 477-493.

Powpaka, S. (1996), The role of outcome quality as a determinant of overall service quality in different categories of service industries: An empirical investigation. Journal of Service Marketing, 10(2), 5-25.

Quee, W.T. (2002), Marketing Research. 4th ed. Singapore: Talisman Publishing Pte. Ltd.

Ringle, C.M., Wende, S., Will, A. (2005), Smart PLS 2.0 (beta). Available from: http://www.smartpls.de.

Soliman, H.S. (2011), Customer relationship management and its relationship to the marketing performance. International Journal of Business and Social Science, 2(10), 166-182.

Sin, L.Y.M., Tse, A.C.B., Yau, O.H.M., Chow, R.P.M., Lee, J.S.Y., Lau, L.B.Y. (2005), Relationship marketing orientation: Scale development and cross-cultural validation. Journal of Business Research, 58, 185-194.

Tareq, H.N. (2012), The impact of customer relationship marketing on customers' image for Jordanian five star hotels. Economics, Management and Financial Services, 7(4), 716-725.

Tuan, L.T. (2012), Marketing effectiveness and its precursors. Asia Pacific Journal of Marketing and Logistics, 24(1), 125-152.

Ussahawanitchakit, P. (2012), Information richness, marketing effectiveness, it competency, and competitive advantage: Evidence from Thai e-commerce businesses. International Journal of Business Strategy, 12(1), 10-18.

Webster, C. (1995), Marketing culture and marketing effectiveness in service firms. Journal of Services Marketing, 9(2):6-21.