

Building customer loyalty through quality marketing essay



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Introduction

The thesis of this paper is the following: quality of the service is one of the main factors influencing on customers loyalty. To support this thesis it is necessary to make the literature review related to the thesis. The first stage of the research includes the definitions of the customer's loyalty and quality in tourism and hospitality industry. Many associations and organizations in different countries set up their own standards of quality. However, the closer observation proves that these standards are almost similar all over the world, though every country has its own specifics.

The importance of customers' loyalty in tourism and hospitality industry should not be argued. Studies show that the most effective marketing technology in tourism and hospitality is the relationship marketing. Clients' loyalty is the significant part of it. Thus, the increase of loyalty means the development of the whole industry and the growth in revenues.

Different authors propose different methods of customer loyalty increase. However, Philip Kotler proposed the most systematized material for building the customer loyalty by quality.

The outcomes of the research summarize the general coverage of the issue in the contemporary media.

Defining Customer Loyalty and Quality

The definition of customer loyalty is a complex task. Many organizations pursuing a relationship approach with their customers consider customer

loyalty as a key objective for their organizations. However, there is no agreed definition of customer loyalty.

It is impossible to define the customer loyalty in tourism and hospitality industry without the review of the relevant marketing theories. The literature provides some definitions of it dependently of typology. There are two main typologies of customer loyalty, relying on behavior and attitude. Richard L. Oliver in his book “ Satisfaction: A Behavioral Perspective on the Consumer” provides the behavioral typology of customer loyalty. Though the book is not directly related to the hospitality and tourism industry, it can be useful because of the detailed descriptions of customer’s behavior. The author describes the satisfaction, reviews the diversity of its definition, compares it to the related concepts, analyses the dissatisfaction as the opposition to satisfaction. Oliver describes basic mechanisms of satisfaction, attributes, features and dimensions. He pays some attention to such important factor as customer perception of quality and describes the interrelation between satisfaction and quality, customers’ retention/repurchase and loyalty. Describing the loyal customers, he writes: “ Loyal customers repeatedly purchase products or services. They recommend a company to others. And they stick with a business over time” (Oliver, p. 189). Oliver concluded that the satisfaction is a necessary step in loyalty formation. Nevertheless, ultimate loyalty “ is a combination of perceived product superiority, personal fortitude, social bonding, and their synergistic effects” (Oliver, p. 302)

The followers of attitude typology claim that attitude have an impact on behavior. The commitment-trust theory of relationship marketing makes difference between repurchase and loyalty. The theory distinguishes two

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types of commitment: affective and calculative. The article by Robert Morgan and Shelby Hunt explores the nature of relationship marketing and provides the outcomes and consequences of relationship commitment and trust. Their results indicate that both commitment and trust are important for achieving cooperation, but statistical data shows that the commitment has the strongest effect (Morgan, Hunt, p. 32).

Mark Uncles et al in the article "Customer loyalty and customer loyalty programs" calls customer loyalty a paradox. He writes that this attitude-based phenomenon can be influenced with some special methods, like loyalty programs. However he notices that "loyalty in competitive repeat-purchase markets is shaped more by the passive acceptance of brands than by strongly-held attitudes about them" (Uncles et al, p. 101) Thus, it is obvious that the single definition of customer loyalty was not developed yet.

The criteria of quality in tourism are relatively well-studied in the literature. It is possible to start from the "Mapping service quality in the tourism industry". The main finding of this article is the graphical interpretation of SERVQUAL data. The graphs should help tourism managers in decision making.

Christine Williams and John Buswell published a book containing the analysis of the subject. They pay much attention to the standards of quality in tourism, however, their attention is concentrated on the problem of quality management. Anne-Mette Hjalage discusses the "Quality in tourism through the empowerment of tourists". The article discusses many aspects of tour

business, from tour operator to Internet-network. The author suggests that the quality of tourism is related to the empowerment of tourists.

Thus, it can be summarized that quality of service in tourism is sufficiently studied and described, there is enough new articles describing the latest trends in quality of tourism.

Why Customer Loyalty and Quality is important to Hospitality and Tourism industry

The relation between quality and customer loyalty is obvious: the loyalty is impossible with the low quality. The importance of loyalty is also obvious: the mature industry require the long-term relations with clients. Some publications support this point of view. The « Journal of travel research» published a number of articles related to customer's loyalty in tourism. Augustin and Ho in " Service Quality and Tourism" discuss the different aspects of quality, and emphasize the value of quality in tourism. They also mention the changing scenario in the tourism industry nowadays. They claim the value of tourism is revised now and provide some recommendations how tourism-related organization can improve their quality.

The idea of new marketing paradigm in the hospitality industry was also discussed by Xiang Li and James Petrick in the article " Tourism Marketing in an Era of Paradigm Shift". In this article they proposed three alternative marketing perspectives: " relationship marketing, the network approach, and the service-dominant logic" (Li, Petrick, 235). The article also discusses the implementation of these alternative perspectives in practice.

Xiang LI also published one more article related to the loyalty in tourism, “Loyalty Regardless of Brands? Examining Three Nonperformance Effects on Brand Loyalty in a Tourism Context”. In this article he continues his previous research of loyalty formation and studies the interrelation of general loyalty and the loyalty to the definite brand. In particular, he tries to evaluate the influence of nonperformance factors, such as brand parity, brand market share, and loyalty proneness, on the customer’s loyalty. His study proved that the loyalty of customers is closely connected with their willing to be loyal, and the willing to be loyal is related with the brand market share.

The importance of customer loyalty for tourism is also proved with some practical cases. The case study by Spanish researchers, “Loyalty programmes as a tourism service sales channel: a Spanish multi-sponsor programme case study” discusses the effectiveness of “multi-sponsor loyalty platforms and the high volume of tourism service offers (flights, journeys, hotel accommodation, etc.)” (Casada, Lara, p. 35) They used the data from leading loyalty program on Spanish market, and proved the effectiveness of individual preferences for every client or group of clients. The individual preference can be considered as the element of quality service and the instrument of getting customer loyalty.

Campo and Yague discuss the customer loyalty in tourism in other aspect. Their article “The formation of the tourist’s loyalty to the tourism distribution channel: how does it affect price discounts?” points on the importance of keeping clients loyal. The author write that the long-term business relations include the attraction of new clients as well as loyalty of the existing clients.

Price discounts can motivate short-term sales, but they are questionable in <https://assignbuster.com/building-customer-loyalty-through-quality-marketing-essay/>

the long-term perspective. Retailers in the service industry “ employ price discounts on products to motivate short-term sales, they often establish promotional policies without considering their effect on the long-term business results.” (Campo, Yague, p. 454) The price discounts can decrease the revenues, but according the results of the study, they don't have much influence on customer loyalty.

Implementation (how to Building Customer Loyalty through Quality)

The contemporary literature related to the building customer loyalty through quality proposes some sources to study and analyze. First source is a book of Kotler « Marketing for Hospitality and Tourism». Probably no literature review in the area of marketing in tourism and hospitality can avoid mentioning the works of Philip Kotler et al. Kotler and his team, John R. Bowen and James C. Makens, are the authors of the most widely used book on hospitality marketing. The book combines the theory with the descriptions of cases, it is easy to read and it covers contemporary material. The authors describe the situation in the hospitality marketing at the beginning of the new millennium. Nowadays hospitality marketing managers can face the necessity to find the balance between their resources against opportunities and needs in today's global marketplace. The latest edition of the book, 2008, contains the part about the electronic marketing. This book contains a chapter discussing building the customer's loyalty through the quality.

The chapter 11, « Building Customer Loyalty Through Quality», claims that “ The customer's satisfaction depends on the product's or service's performance relative to the customer's expectations.” The author claims that <https://assignbuster.com/building-customer-loyalty-through-quality-marketing-essay/>

the loyalty is a measure of possible return of the customer, and customer's satisfaction is very important, though it does not guarantee that the customer will return. The author recommends concentrating on the relationship building, in particular, the individual relations with individual client. He claims that it would be useful to use three customer values: financial benefits, social benefits, and structural ties. The last one means the links within the industry, for example the link tourist firm and Air Company.

Among the other publications related to building loyalty in clients through quality are some articles from the « Journal of travel research». One of these articles, " Can Tourism Providers Buy their Customers' Loyalty? Examining the Influence of Customer-Provider Investments on Loyalty" by Morais, Dorcsh and Backman, discusses the formation of loyalty. Their idea is close to the ideas by Mark Uncles and the paradox of customer's loyalty. Like Uncles, they write about the overvalued effectiveness of special customer loyalty programs, especially in tourism. They claim that there is no consensus as to how loyalty develops. The maturation of tourism industry in many countries led to the shift in the marketing purposes. Now every marketer in tourism and hospitality industry wants to have long-term and trusted relationship with clients. That is why marketers develop the programs of loyalty for their customers. However, the effectiveness of these programs is under discussion. Studying the loyalty formation, the authors have got the interesting finding: " The results indicated that if customers perceived that a provider was making an investment in them, they in turn made a similar investment in the provider, and those investments led to

loyalty” (Morais, Dorcsh and Backman, p. 240) In this case the quality means the communication with customer as well as good service.

The article by Rosemary Stockdale “ Managing customer relationships in the self-service environment of e-tourism” discusses the comparatively new trend in tourism and hospitality, the self-service technologies. These technologies became widely spread because of the development on the Internet and e-commerce. Despite the initial impression, this article is closely related with the thesis of this research. The reason is that self-service technologies decrease the market share of tourism firms and contradict their willing to build the long-term and trusted relationship with their clients. The author recommends to tourist firms to develop the relationship within the borders of self-serving service. To her opinion, the hospitality business should follow the newest trends to increase the service quality.

At last it worth to mention the article by Fick and Brent Ricche. They propose special SERVQUAL scale for quality measuring in tourism.

Outcomes

The information above allows creation the general picture of the media coverage of building customer loyalty in tourism and hospitality industry with the quality. First, the issue of client satisfaction and customer loyalty was studied by many researches. Te agreed definition of customer loyalty was not found. Generally, the literature related to this issue is lacking the system approach. There is no single study summarizing the results of the researches in this area.

The issue of quality in tourism is covered sufficiently. The industry media, like “ Journal of Travel Research”, published the number of articles discussing the quality standards in tourism and hospitality. These publications not only describe the quality standards, but also highlight the newest trends in the industry and evaluate the new quality standards.

The theme of client loyalty in tourism and hospitality is covered in the specialized media. All publications related to this issue mention the importance of relationship marketing. Some analysis of practical cases put under discussion the effectiveness of programs of loyalty. The latest articles propose the alternative approach to marketing strategies aimed on the customer loyalty in tourism and hospitality.

The literature containing the recommendations for building the customer's loyalty through quality starts from the book of Phillip Kotler. Some articles support his point of view and add additional argumentation to the issue.

However, the entire picture is not so optimistic. On the one hand, the latest articles discuss the most actual themes in the modern tourism. On the other hand, there is no systematization and generalization in these articles. This is the most perspective dimension for further researches. The literature on this issue is also lacking the case studies describing the real results of new strategies implementation.

Conclusion

The customer loyalty is the « hot topic» nowadays. Most of the sources reviewed in the first part of the research were published during the last

decade of the 20th century. The idea of keeping customers is timeless, but <https://assignbuster.com/building-customer-loyalty-through-quality-marketing-essay/>

the relationship marketing became the popular term approximately in 1980s. Within this and the following decade the researches created the scientific and terminological base of this kind of marketing. Customer loyalty became one of these terms. However, the research showed there is no agreed definition of customers' loyalty. This is related with the different typology in the base of different definitions. The marketers of all industries develop different methods to develop customer loyalty. The tourism and hospitality industry is not the exclusion. The researchers published a number of materials related to this issue. The researches described the quality standards in tourism and hospitality, and highlight the newest trends in the industry. Many articles proved the importance on customer loyalty for tourism. Generally, the customer loyalty is important in every industry, including tourism and hospitality. The attraction of new clients can not solely support the development of industry without the long-term relations with clients. These long-terms relations are based on loyalty. The quality is one of the most important factors influencing on loyalty, this fact was also discussed and proved by latest publications.

At last, there many recommendations for building the customer loyalty through quality. Some of them have great practical value, but the area lacks the systematization. However, it can be concluded that this issue has the sufficient coverage in media and literature.