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A NEW COMMUNICATION APPROACH FOR CUSTOMER RELATIONSHIP MANAGEMENT IN THE HOTEL INDUSTRY

Doctoral Thesis

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ANOTĀCIJA

“Visas uzņēmējdarbības pamatā ir attiecības. Uzņēmumam tikai tās saviem klientiem jāpadara uztveramas un jēgpilnas - ar nosacījumu, ka klienti to vēlas” (Grönroos 2007, 24 lpp.). Uzņēmuma spēja palielināt apgrozījumu, izmantojot efektīvu vadību attiecībās ar klientiem ir ļoti svarīga, lai pārvarētu ekonomisko nenoteiktību visā pasaulē. Jaunās digitālo mediju īpašības kopā ar milzīgu alternatīvo paņēmienu klāstu saziņai ar klientiem ir radījušas vadītājiem un akadēmiķiem gan iespējas, gan problēmas (Winer, 2009, 116. lpp.). Lai veiksmīgi realizētu klientu attiecību vadību, ļoti konkurētspējīgu tirgu, pieredzējušu un prasīgu klientu un pakalpojumu nozares specifikas dēļ viesnīcu uzņēmumiem nepieciešama sarežģītāka viesu segmentācijas un komunikācijas stratēģija nekā jebkad agrāk. Tādēļ ar tradicionālajām segmentācijas metodēm ir grūti risināt šodienas izaicinājumus attiecībā uz efektīvu un veiksmīgu mārketinga komunikāciju. Attiecību veidošana ar klientiem un klientu lojalitātes saglabāšanas pieaugums parasti tiek uzskatīti par stratēģiskajiem korporatīvajiem mērķiem, tomēr diferenciācija attiecībā uz mainīgajām klientu vēlmēm tiek veikta reti un klientu viedokļi netiek ņemti vērā. Šīs disertācijas mērķis ir izpētīt pašreizējo literatūru par klientu attiecību vadību, lai izstrādātu šīs atziņas un izveidotu jaunu konceptuālu modeli mārketinga komunikācijai viesnīcu nozarē. Šī jaunā komunikācijas pieeja ļauj ņemt vērā klientu viedokļus. Mērķis ir nodrošināt efektīvāku un dinamiskāku klientu attiecību pārvaldību viesnīcu nozarē.

Atslēgas vārdi: attiecību vadība ar klientiem, komunikācijas pieeja, viesnīcu nozare

ANNOTATION

"All business is based on relationships. The firm only has to make them visible and meaningful for its customers – provided that the customers want that" (Grönroos, 2007, p. 24). A company's ability to increase turnover through effectively managed customer relationships is crucial to overcome the uncertain economic outlook worldwide. The new characteristics of digital media, in combination with the huge number of alternative ways of communicating with customers, has created opportunities as well as problems for managers and academics to cope with (Winer, 2009, p. 116). For successful customer relationship management, hotel companies require more sophisticated guest segmentation and communication strategies than ever before, due to highly competitive markets, experienced and demanding customers and the specifications of the service industry. Therefore, traditional segmentation approaches are not able to cope with nowadays challenges in terms of efficient and successful marketing communications. The development of customer relationships and the increase of customer retention are usually regarded as strategic corporate goals, but a differentiation in terms of changing customers' expectations is seldom accomplished and the customer's perspective is ignored. The intention of this dissertation is to examine current customer relationship management literature, to elaborate these insights and to develop a new conceptual model for marketing communications in the hotel industry. This new communication approach takes the customer perspective into account. The goal is to enable a more effective and dynamic customer relationship management in the hotel industry.

Key words: customer relationship management, communication approach, hotel industry

CONTENTS

LIST OF ABBREVIATIONS

4 P’s	Model of product, price, place and promotion
AG	Age group
Approx.	Approximately
Asymp.	Asymptotic
CALI	Customer adhesion lifetime indicator
CLV	Customer lifetime value
CRM	Customer relationship management
Df	Degree of freedom
EUR	currency Euro
F&B	Food and beverage
H	Hypothesis
I_e	Indicator for emotional content
I	First phase, socialization phase
I_i	Indicator for information
I_o	Indicator for offers
ID	Identification
II	Second phase, growth phase
III	Third phase, maturity phase
IMC	Integrated marketing communications
IV	Fourth phase, risk phase
JAABC	Journal of American Business Review, Cambridge
N	Sample size
P	Probability
RFM	Recency, frequency and monetary
Sig.	Significance
SIR	Stimuli, intervening variable and reaction model
SPSS	Statistic package for social sciences
Std. dev.	Standard deviation
TV	Television

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INTRODUCTION

As customers’ needs have changed fundamentally, market orientation has become a primary focus and accommodation strategies become more necessary. Market-oriented companies are able to use flexible and relationship-specific adaptation as their accommodation strategy (Hsieh et al., 2008, p. 380). Increasingly, the importance of the customer, customer satisfaction and loyalty are highly essential for companies’ success (Reichheld, 2001, p. xiii). Today, in global and competitive markets with strong privatization and deregulation tendencies, strong competition is ubiquitous. Organizations have to identify profitable customers they are targeting and should not make the fault of attempting to please everyone. They should invest in the core of the customer base and in customers who are beneficial for a companies’ economic success (Heskett, 1997, p. 87).

In all industries, also in the hotel industry, a profound understanding of customers’ needs and preferences is required. Understanding guests’ needs and having a clear picture about guests will be a prerequisite for hoteliers in the future, and only then is it possible to survive and prosper (Yavas and Babakus, 2005, p. 359). Hence, hotel management and marketing of the future has to choose the customers’ perspective. Especially if the customer relationship with the company is crucial for customers’ future purchase decisions, companies are forced to orientate their management towards customer benefits. Only a customer driven company will be successful in the future of service industry. The focus should be on added values for the customer driven by the service relation of the company and its customers. Therefore, the hotel needs to listen to the customer, care about customers’ expectations and respect their fears and uncertainty (Wiesner and Sponholz, 2007, p. 18f.). Since traditional marketing communication approaches are no longer appropriate due to these fundamental changes, ways for coping with these new challenges are required.

Purpose of the research

The purpose of this dissertation is to design a new model for marketing communications in the hotel industry through a more effective communication strategy, which is based on the insights of customer relationship management and which takes the dynamics of the customer relationship lifecycle into consideration.

Effectiveness refers to improvement in customer retention, which leads to increased revenues and profits on the company side. From a customer's perspective, the new model should be more effective, meaning it should deliver more relevant communication content. The new model should meet customers' expectations to a higher extent than traditional segmentation models. This new approach for managing customer relationships in the field of communications should strengthen customer retention, stabilize and enhance relationships, and thus increase customer loyalty, which should lead to an increase in hotels' profitability.

Main Tasks

Based on the purpose of the dissertation, the following tasks can be deduced:

- Examine the existing relationship management and customer lifecycle literature to define the base for a new communication model.
- Design a new model including a customer communication lifecycle based on the already existing theoretical considerations of other lifecycle models.
- Operationalize the model by choosing indicators, which can be measured and calculated.
- Develop the assumed curve of the communication lifecycle and define the phase separation for the identification of the different lifecycle phases.
- Examine the general assumption among existing research that customers' expectations towards hotel marketing change over time accordingly to the relationship intensity.
- Analyze already existing dynamics and changes in customers' expectations regarding marketing communications during lifetime. Lifetime describes the length of the customer provider relationship.
- To achieve this, review data of hotel guests. Furthermore, guests should be asked about their expectations.
- Survey the assumed changes in expectations, the appropriateness of the defined phases as well as the definition of the indicators. Thus, for the analysis, the main activities are

the design and implementation of a questionnaire, the review of transactional guest data, the link of the results of both parts of the empirical work and the examination, if the assumed parts of the models can be confirmed.

- The empirical work has to survey the assumed changes in expectations, the appropriateness of the defined phases as well as the definition of the indicators. Thus, for the analysis, the main activities are the design and implementation of a questionnaire, the review of transactional guest data, the link of the results of both parts of the empirical work and the examination, if the assumed parts of the models can be confirmed.

Research questions and hypothesis

The object of research is the leisure hotel industry. The subject of research are hotel customers' expectations towards marketing communications.

The following research question can be formulated:

Do hotel customers' expectations concerning marketing communications change during their lifetime? And with regards to the design of the new model: How can the relationship lifecycle be used to create a corresponding lifecycle for marketing communication purposes in the hotel industry?

The theses set forth for defense are formulated as follows:

Hotel customers' marketing expectations are influenced by their individual customer lifetime. The strength of customers' expectations varies over time. The changes in expectations can be conceptualized in different phases similarly to the relationship lifecycle. The overall customer expectation towards marketing communication is not uniform, but consists of different areas.

Based on the research questions and the presented theses, the following main hypotheses can be postulated:

H0: There is no link between the interest in communication and customer lifetime.

H1: Within the customer lifetime of a hotel guest, interest and expectation change regarding communication from the hotel.

Based on this main hypothesis, the following sub-hypotheses are formulated:

H2: The expectations of hotel guests towards marketing communications change accordingly to the relationship intensity of the customer relationship lifecycle model.

H3: Based on the customer lifetime, the expectations for communication in terms of information (a) offers, (b) emotional content (c) change.

H3a: The longer the customer lifetime, the lower customers' expectation is for information about the service.

H3b: The longer the customer lifetime, the lower the expectation is for low-price offers in communication.

H3c: The longer the customer lifetime, the higher the need for emotional content in communication.

The base for the empirical work and the development of the new model is a comprehensive literature review. The focus lies on the role of relationship marketing in the hotel industry, customer relationship management and especially the psychological aspects, which are important for marketing communications in general.

Furthermore, a holistic analysis of lifecycle models is necessary to provide the theoretical foundation for the development of a new lifecycle model. To examine the assumed changes in hotel customers' expectations, the empirical work requires the analysis of these expectations. To gain insights into this psychological aspect, customers have to be asked, because expectations cannot be observed from the outside. The survey has to examine customers' perceived importance of different aspects of communication, which represents expectations. Since the definition of the different lifecycle phases requires the measurement of the length of the relationship, more information about the hotel guests is necessary. To provide the required information, exact transactional data from a guest database are used.

Then the results of the questionnaire and the data from the database can be linked and examined holistically. Since the goal is not only to examine the postulated hypotheses, but also to develop a new model based on the assumptions and findings, a combination of outside-in dimension (questioning hotel customers directly) and inside-out dimension (analyzing customers' transactional data) is used.

Especially the development of the model and the defined indicators were specified more and more with the input of the scientific community. The main findings of the dissertation were discussed continuously at local as well as international conferences.

Local conferences:

1. Heiden, S. (2011): Implications of Web 2.0 consumer behavior for distribution and reputation management in the hotel industry. *Conference on Current Issues in Management of Business and Society Development*. University of Latvia, Riga, May 5-7.
2. Heiden, S. (2012): Hotel customers' decision-making: Influence of guest segmentation and targeted communication. *Conference on New Challenges of Economic and Business Development 2012*. University of Latvia, Riga, May 10-12.
3. Heiden, S. (2013): Marketing Communication 2.0: A dynamic approach for the service industry based on the relationship lifecycle. *Conference on Current Issues in Management of Business and Society Development − 2013*. University of Latvia, Riga, May 9-11.

International conferences:

1. Heiden, S. (2011): Hotel-customers' decision-making: Exposure of influencing factors. *Conference on Global Business Management Research − 2011*. University of Applied Sciences, Fulda, Germany, December 2-4.
2. Heiden, S. (2011): Hotel Services as Experiential Products and the Influences on Purchase Decisions. *The Economics, Finance and International Business Research Conference 2011*. Journal of American Academy of Business, Cambridge (JAABC), Miami, USA, December 8-12.
3. Heiden, S. (2012): Changing marketing needs of consumers: A dynamic approach for the service industry. *Conference on International Business & Economic Conference 2012*. University of Applied Sciences, Kufstein, Tyrol, Austria, August 3-5.
4. Heiden, S. (2013): A new communication approach for the hotel industry. *Quaere 2013 – Interdisciplinary Scientific Conference for PhD students and assistants*. MAGNANIMITAS academic association, Czech Republic, May 20-24.

5. Heiden, S. (2013): Introducing the Customer Adhesion Lifetime Index Model. *The Economics, Finance and International Business Research Conference 2013.* Journal of American Academy of Business, Cambridge (JAABC), London, Great Britain, July 11-13.
6. Heiden, S. (2013): Customer relationship management in the hotel industry from a customer's perspective: Customer lifetime determines customers' marketing communication expectations. *International Business & Economics Conference 2013.* University of Applied Sciences, Kufstein, Tyrol, Austria, November 29-30.

The research results were published in several international journals:

1. Heiden, S. (2011): Hotel Services as Experiential Products and the Influences on Purchase Decisions, *The Business Review Cambridge*, Vol. 18 No. 2, Dec. 2011, ISSN No. 1553-5827, p. 141-148
2. Heiden, S. (2013): Hotel-customers' decision-making: Exposure of influencing factors, *"Discussion Papers in Business and Economics – Business Management Strategies and Research Development"*, Discussion Paper No. 8, Dec. 2013, ISSN No. 2194-7309, Fulda, Germany, p. 54-67
3. Heiden, S. (2013): A new communication approach for the hotel industry, *AD ALTA Journal of Interdisciplinary Research*, Vol. 3, Issue 1, 2013, ISSN No. 18047890, Czech Republic, p. 36-39
4. Heiden, S. (2014): Introducing the Customer Adhesion Lifetime Index Model, *The Business Review Cambridge*, JAABC, March 2014, Vol. 19. Num. 2, ISSN No. 1540-1200, p. 256-264
5. Heiden, S. (2014): The influence of age and gender on customers' expectations towards marketing communications, *AD ALTA Journal of Interdisciplinary Research*, Vol. 4, Issue 1, 2014, ISSN No. 18047890, Czech Republic, p. 25-27

The dissertation consists of four main parts. Part I (Relationship management and marketing in the hotel industry) deals with the theoretical base for relationship management and marketing in general, as well as definitions of the most important terms, and analyzes the consumer and the communication message. The first part is the foundation for the next part, part II (From customer segmentation to lifecycle concepts), where the general aspects of customer segmentation are discussed and customer lifecycle models are examined. Based on the considerations of the already existing lifecycle models and the psychological insights from part I, the new model is designed in part III (CALI Model – Introducing the customer communication lifecycle for the hotel industry). Furthermore, the third part contains the description of the purpose of research, hypotheses and the different lifecycle phases and implications in depth. The last part, part IV (Empirical work and results), consists of the description of the empirical work, the examination of the postulated hypotheses, and the presentation of the results, as well as conclusions and suggestions.

The following limitations of the research can be stated:

- Research was conducted in leisure hotels; thus, it must be examined whether the results can be useful for business hotels as well.
- Data came from only one hotel group and no longitudinal study was performed; hence, limited external validity is present due to one single database.
- Differences in language, country or seasonal changes over the year were not examined.
- Competitive communication can influence customers' choices and perceived importance; no information was included about share of wallet or role of competitors in general, alternative offers may also play a decisive role, dependent on the different phases.

Novelties

The thesis provides the following scientific novelties:

1. A summary of the current state of customer relationship management in the hotel industry and a new approach that will help manage customer communications more effectively are proposed.
2. A new approach for marketing communication in the hotel industry from the customer's perspective is developed, which includes changes in expectations.
3. A combination of the lifecycle approach and customer segmentation theory is conducted.
4. A new indicator for the measurement of customer's expectations and definition of three sub-indicators is invented.
5. The design of a new lifecycle concept for marketing management science is accomplished: The customer communication lifecycle.

6. The thesis contains the first empirical validation in the hotel industry, which shows the differences of customers’ expectations in terms of marketing communication during customer lifetime.
7. The dissertation contributes to the lifecycle models in general, because the new communication lifecycle model is based on the relationship lifecycle model and elaborates the consideration in terms of marketing communication.

In addition to the scientific significance of the new model for marketing communications in the hotel industry, practical aspects also exist. The thesis provides the following practical novelties:

1. The considerations show the need to implement the “next level” of customer relationship management in the hotel industry.
2. Hotel managers can use the new model on a strategic level to gain a deeper understanding of today’s hotel customers.
3. On a tactical level, hotel management can use the new model to implement more individualized marketing communication measures.
4. Hotel management can use the new segmentation approach of customers, which can be implemented with a marketing database in practice.
5. A customer-oriented communication approach, which enables a better understanding of customers’ expectations, interests and wishes by hotel marketers, is facilitated.
6. The model gives advice concerning targeting the different identified guest groups.

Main results

- The question regarding the desired content of marketing communication produced significant results in terms of the quota of the three aspects compared to the overall changing expectation per phase. Concerning “offers,” the importance decreases from phase to phase, similar to that of “information,” but “information” in general is perceived as less important compared to the other two aspects. The aspect of “emotion” increases continuously from phase to phase. The association between desired content and the lifecycle phase exists (Cramer’s V = 0.115, $p < 0.001$).
- Single guests (guests with only one stay so far at the beginning of their lifecycle) have the lowest overall perceived importance of marketing communication (mean 11.9). Respondents’ phase II has a mean of 12.7, followed by a further increase in phase III (13.2) and the final decrease in phase IV (13.0). For the calculated CALI, an association can be found with a very high significance level and a moderate correlation (p-value < 0.001, Spearman’s rho 0.117).
- The Chi-Square test and Gamma value confirmed an existing but weak correlation ($p > 0.001$, Gamma value = 0.08) between the customer lifecycle phase and the perceived importance of “information” in communications. A comparison of the means per lifecycle phase shows increases from phase I (mean = 3.66) to phase III (mean = 4.07) and a slight decrease in phase IV (mean = 3.90). The aspect of “offers” and the customer lifecycle phase shows an existing correlation ($p = 0.01$, Gamma value = 0.125). Similar to “information,” means increase from phase I to phase III but finally decrease in phase IV. The analysis of the aspect of “emotion” also shows an existing, moderate relationship between the perceived importance of emotional content and the customer lifecycle phase ($p < 0.001$, Gamma value = 0.2).
- A comparison of the main age groups was accomplished to find possible additional influencing factors and showed a decrease (65.8% to 47.1%) from age 19 until 80 for the sub indicator “offers.” Concerning “exclusive news,” the importance increases (13.6% to 23.7%) from age group to age group and concerning relevant information; only guests over 60 show a higher interest (15% compared to 10%) in this aspect. Thus, those results should be verified in the future with the help of additional data material and combined with the defined communication lifecycle phases.

- Another possible influencing factor is gender, which was also examined. Of all female guests, 59.9% chose “offers and packages,” 19.2% “exclusive news” and 8.3% “relevant information.” The results of the male guests differ from the female answers, because only 50.3% chose “offers and packages,” but 24.6% chose “exclusive news” and 13.0% “relevant information.” This leads to the assumption that women are in general more interested in price offers and men in exclusive and emotional content, where they feel pampered, and also information is interesting. These results should only be considered in addition to the above-discussed model and should lead to further research.

The most important author for the literature review, which was required for the development of the new model, was *Grönroos* in terms of customer relationship management in the service industry. Additionally, *Kumar* and *Reinartz* delivered important insights concerning customer relationship management in general and concerning database marketing. For the topic service marketing, the considerations of *Wiesner* and *Sponholz* were used. Concerning the specialties of the hotel industry, the considerations of *McCabe*, *Shoemaker* and *Bowen* were examined. For the understanding of the psychological aspects of consumer behavior, the considerations of *Kroeber-Riel* were essential. Furthermore, *Georgi*, *Bruhn* and *Stauss* delivered the necessary literature base for the elaboration of the new communication model.

Words of gratitude
I would like to thank my supervisor, Prof. Dr. Klaus Kellner, for his precise input and clarifying support in this promotional work. Furthermore, I want to express my gratitude to Prof. Dr. Baiba Savrina, Prof. Dr. Erika Sumilo and Prof. Dr. Josef Neuert for their support during the last years. I would like to particularly thank Frank Voss, Managing Director at Falkensteiner Hotels & Residences, who facilitated my research project. Additionally, I would like to extend my cordial thanks to my family and my friends who supported this undertaking over the past years.

1 RELATIONSHIP MANAGEMENT AND MARKETING IN THE HOTEL INDUSTRY

The first chapter gives an overview about relationship management and marketing in the hotel industry. Relationship marketing cares about controlling customer relationships and can be defined as a process of analysis, planning, implementation and controlling of measures that should initiate, stabilize, intensify and reactivate relationships to stakeholders especially to customers of a company. The aim is to generate a benefit for both sides and not only for the company (Bruhn, 2001, p. 9). A context analysis, already accomplished by *Harker* in 1999, revealed many different conceptual categories of relationship marketing, for instance relationship creation, development and maintenance (Harker, 1999, p. 14). Responsibility for the development of customer relationships, which is usually called marketing, is no longer only related to the marketing department. Management of services requires a shared responsibility in the organizational structure of a company (Grönroos, 2007, p. 11). The author of this dissertation follows the idea of the service-oriented marketing school of thought, which is labeled the "Nordic School"[1]. It is characterized by the thought that in service as well as in all relationship contexts, marketing decisions cannot be separated from overall management and the management of other functions of the company. Thus, management decisions can never be made without taking the consequences for customers and marketing into account (Grönroos, 2007, p. 15).

Since the focus of the dissertation lies on marketing communications, this topic is covered in detail, but always linked to the relationship management approach. First of all, an overview about the specifics of the hotel industry in terms of marketing is given. Afterwards, marketing communications in the context of relationship marketing is explained. Then, the dissertation illustrates the shift from transactional to relational marketing, since relationship in general is of prime importance for the following model. For this reason, the next sub-chapter covers relationship enhancement and value, followed by an overview about customer relationship management. Afterwards, the concept of integrated marketing communications is explained, followed by a shift towards an in-depth analysis of the consumer. In the last part of the

[1] The Nordic School was founded by researchers in Northern Europe, who developed a new approach for service marketing. This research tradition can be described as hermeneutic and tries to develop a deeper understanding of the marketing function based on the customer relations (Grönroos, 1989, p. 54).

chapter, customer satisfaction is described as well as loyalty. Consumer behavior and reactions to communication messages are analyzed, ending with a brief overview about activating and cognitive processes, as well as the most important psychological constructs for the new model: emotions, motivation and information.

1.1 Specifics of the hotel industry

The competitive landscape and the volatile economies that mark the modern world show that there is no way around the need to manage customers profitably in the long term. Data are easily available and overwhelm companies, because the amount had doubled every 18 months in the last years. Additionally, new trends such as the rise of social media and the importance of mobile devices create new challenges for companies (Kumar and Reinartz, 2012, p. 6). Furthermore, in the hotel industry, companies may encounter difficulties to align customer relationship management with revenue management practices (Wang, 2012, p. 864), because relationship tries to bond customers and revenue management tries to maximize profits. The increasing importance of services for the growth and prosperity of most of the world's economies cannot be neglected (Kunz and Hogreve, 2011, p. 231). Service industry produces for instance about 75% of German, Austrian or Swiss gross national income. Also more than 75% of the US gross domestic product is generated by the service industry (Reid and Bojanic, 2010, p. 45).

Service companies must take customers' perspective and have to understand their wishes and requirements to be successful. Mass marketing is no longer appropriate. Customer-orientated and individualized multi-channel dialogue marketing is necessary for the service industry. Decades ago is was enough to sell products and services due to the excess in demand. Nowadays customers are more pampered and expect service companies to offer additional services that are able to satisfy their individual needs (Wiesner and Sponholz, 2007, p. 76 f.). Furthermore, companies are nowadays not only profit-driven, but also have to care about their stakeholder. Thus, this also changes the tasks and importance of marketing management, because now, all groups, which are interested in the activities and processes of companies, have to be satisfied. Additionally, customers act in their environment, what is influenced by competition, political and legal aspects, as well as economic and social forces (Keegan et al., 2002, p. 4). Within the service industry, marketing can be regarded as a tool that tries to enhance customers' confidence about the services they are going to buy. Especially guest communication as part of the marketing strategy should focus on guests' decisions and purchase behavior. Only if hoteliers and marketers understand the decision-making process, effective marketing strategies can be developed. In the tourism industry in particular, decision behavior can be regarded as the structure upon which marketing must hang (Sirakaya and Woodside, 2005, p. 830).

In general, most hotel segments are matured and competition is strong. Furthermore, there is often only little differentiation among products in the same segment (Bowen and Shoemaker, 1998, p. 12). Structure of offer and demand differ from other services or tangible products. Hotels face an instable request depending on multiple factors. In this context, touristic demand can be divided into required and non-required. Required touristic demand is relatively stable and transparent, for instance business trips, fair visits etc.. Non-required touristic purchases such as family holidays vary between the seasons (Gardini, 2009, p. 42). In general, noteworthy differences between travellers who travel for leisure purpose and business travellers exist. A study accomplished by *Bowen* and *Shoemaker* was able to show differences in various features. For instance, leisure travellers were more interested than business travellers in the help offered by the hotel, occasional gifts by the hotel, newsletters and print send outs (Bowen and Shoemaker, 1998, p. 19). Holidays in general are important in consumers' lives and sometimes even mark significant life moments, or serve as a reparative function, such as relaxation or escape. Furthermore, holidays and holiday planning are influenced by emotions and inked to a general feeling of excitement and pleasure (Kwortnik and Ross, 2007, p. 328 ff.). Since services are not storable, distribution of these services can be regarded as a purchase in advance of a right for future services such as the booking of a hotel stay several months in advance. The long-time planning is often a key element of service consumption. Since consumption and time are interlinked, services at a certain date e.g. Christmas holidays, are limited (Wiesner and Sponholz, 2007, p. 136).

Additionally, the initial situation is totally different from products of the secondary sector due to the uno-actu principle: The consumption of the service is only possible in the hotel or the place of the service, and nowhere else. Thus, consumption and production happen simultaneously (Dettmer, 2005, p. 49). In other words, customers' value-generating processes and the process where the service itself is created take place at the same time (Grönroos, 2007, p. 4). Due to the fact, that services are intangible, different consequences for the consumer and the consumer relationship occur. Consumers are not able to check services in advance, they are not able to compare services, no demonstration of a service can be used to make consumers feel safer in terms of their decision and the personal added value is often unclear in advance (Wiesner and Sponholz, 2007, p. 9). Hotel guests have to experience the service first to be able to evaluate the quality and the degree of satisfaction. Since the consumption of hotel services is only possible in the chosen hotel and possible alternatives cannot be easily compared, customers are unable to completely avoid risks that are linked to the hotel stay. Opportunities to regulate risks or decrease potential losses in time and money are very rare because the future hotel customer has a certain basic need for vacation and typically decides to go on vacation before deciding where to go or what hotel to choose. Nowadays, for everyone certain periods of free time on the weekend and one holiday at least once a year are common in Western Europe (Opaschowski, 2008, p. 153). From a customer's view, selection of service is harder because physical characteristics are missing (Schiffmann and Kanuk, 2000, p. 214 ff.). Thus, hotel customers are forced to make intuitive judgments and decide under uncertainty, which reduces the quality of their decisions (Tversky and Koehler, 1994, p. 548). Basically, for the customer is always little evidence, before the service, of what to expect (Mudie and Cottam, 1999, p. 1). Social platforms such as Tripadvisor share customer experiences and are therefore able to support uncertain customers. Nevertheless, uncertainty cannot be reduced completely. Uncertainty is a key factor for service providing organizations and also influences communication behavior, because uncertainty can occur before, during as wells as after the service (Mudie and Pirrie, 2006, p. 6).

Additionally, services in the hotel branch are never pure services, but always combined with performances in kind. Without tangible parts such as the hotel property itself including the restaurant for instance, hotel services cannot be created. Hence, hotel industry can be regarded as a service industry with a certain degree of performances in kind (Wiesner and Sponholz, 2007, p. 6). Another specialty of the service industry is the meaning of service creation. Contrariwise to performances in kind, customers are often involved in service creation (Wiesner and Sponholz, 2007, p. 157). Furthermore, no real assets are transferred and hence, there is no real ownership by customers (Reid and Bajonic, 2010, p. 50). For services marketing management, the distinguishing features of services are important for managing marketing. Those core characteristics are intangibility, inseparability, perishability and heterogeneity.

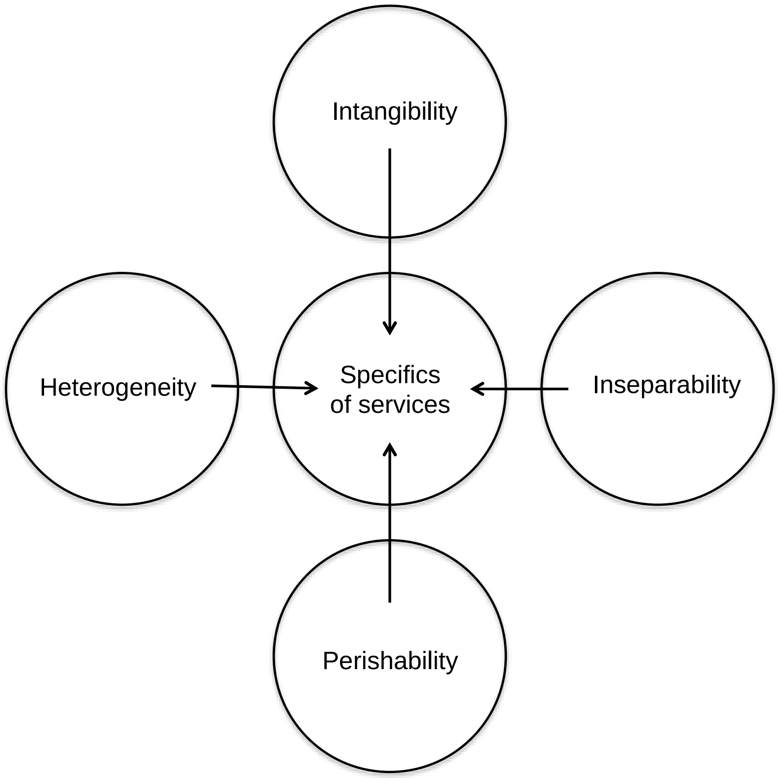

Fig. 1.1: The specifics of services, Source: Author

Intangibility refers to the customer experience, which is intangible. Inseparability describes customers' involvement to service processes and acts, which cannot be separated. Perishability means that services cannot be stored or re-used. Since standardization and quality control are very hard to achieve, heterogeneity play an important role. Marketing management has to take these characteristics always into consideration (Gilmore, 2003, p. 10 ff.). These specialties have consequences for the marketing strategy and marketing communications. Services are created with people by people and thus, communication during this process can be regarded as an integral part. In the first process step, the consumer is prepared with the help of communication for the service. During the stay, performance of service is accompanied by communication. At the end of the stay, communication enables the exchange of complaints, feedback in general and also word of mouth (Wiesner and Sponholz, 2007, p. 7). Marketing communication for services is responsible to create an assumption of trust of consumers, helps visualize services, enforces recommendations and word of mouth, reduces uncertainty of new customers and fosters customer care and relationships (Wiesner and Sponholz, 2007, p. 9).

The next sub chapter deals with different fields of marketing communications and especially with the concept of relationship management.

1.2 Marketing communications in the context of relationship management

The need to take a relationship approach to the management of customers puts pressure on the effective and efficient use of marketing (Grönroos, 2007, p. 13). Thus, also marketing communications have to be adapted to be more appropriate for nowadays service competition. Communication policy and marketing communications, as a part of marketing, refer to all communication actions and instruments that are focused on delivering information about the company and company's performances. Furthermore, communication policy tries to influence recipients in terms of a targeted behavioral alignment (Bruhn, 2003, p. 1f.).

In the hotel industry, communication must try to materialize and visualize services through illustrating tangible aspects in brochures or in mailings. A hotel's image should support communications and can be used as a quality indicator. Crucial for successful communication is how appropriate a hotel is able to transfer image and brand with the help of tangible factors in marketing campaigns. Hotels use symbols and pictures to illustrate a specific atmosphere. Furthermore, communication can be used to push cross or upselling (Meffert and Bruhn, 2009, p. 280). The following paragraph explains the paradigm shift from transactions to relationships, which is the basis of current marketing communications. Afterwards, the linkage of relationship and value is explained.

1.2.1 From transactions to relationships

Due to the challenges associated with reaching customers using classical marketing approaches, companies increasingly rely on relational marketing tactics to increase consumers' patronage with the organization (Ashley et al., 2011, p. 749). There has been a paradigm shift from traditional transaction-oriented marketing to a longer-term focus of keeping customers in the last two decades (Grönroos, 1995, p. 252 ff.). Generally, the term relationship refers to an association between two interacting partners, whether individuals or institutions (Cropanzano and Mitchell, 2005, p. 883). Transactions and relationships are related, because transactions are sequences of a relationship. Ideally, relationships evolve over time into trusting, loyal and mutual commitments and this can be regarded as one of the basic tenets of social exchange theory (Cropanzano and Mitchell, 2005, p. 875). Basically, transaction marketing has a short-term focus and focuses on pure offerings. The price is very important and the goal is to create purchases and singular exchanges (Grönroos, 2007, p. 24). Contrariwise, relationship marketing has a long-term focus. Customers tend to be less sensitive to price due to the good relationship with the company. Also the customer interface is broader and companies have the opportunity to provide their customers with additional values such as information and knowledge (Grönroos, 1994 b, p. 11 ff). In essence, relationship marketing tries to develop customers as partners (Bowen and Shoemaker, 1998, p. 13). The marketing mix paradigm was a clinical approach with the seller or company as active part and the consumer as passive part (Grönroos, 1994, p. 363). A relation-oriented approach is discussed in literature since the 1990s, but as a general marketing paradigm, importance increased especially in the last ten years. In contrast, many studies show the risk of failure and make in-depth and on-going research in this field essential (Lütje, 2009, p. 13). For the classical production-oriented definition of marketing, the usage of marketing mix and the 4 Ps[2] was appropriate, but today, a customer-oriented one must take relationships and interactions into consideration (Grönroos, 1994, p. 350). Since the whole marketing orientation changed, also the role of communications within marketing has changed. The term relationship marketing was introduced in the service marketing literature in 1983 by *Berry* for the very first time (Berry, 1983). In the 1990s, the corporate environment became complex and turbulent, consumers became increasingly critical and successful marketing communications became more difficult. Since 2000, the role of interactions and dialogues increased synonymously to a further increase in customers' expectations and decrease in overall customer loyalty. This makes it harder than ever before to implement successful communications strategy (Bruhn, 2007, p. 27 ff.). Additionally, the mass marketing approach became less effective and less profitable, because more and more markets are mature and oversupplied (Grönroos, 2007, p. 26). Thus, companies have to understand the nature of service management as a new marketing approach, which is able to cope with the competitive circumstances (Grönroos, 2007, p. 32). Relationship marketing is rather a perspective of how a company can relate to its customers, which has an impact on how the business is developed and customers are managed. Following this perspective, marketing is seen as the management

[2] Model of Product, Price, Place and Promotion, introduced by Mc Carthy in 1960 (McCarthy, 1960)

of customer relationships (Grönroos, 2007, p. 42). Summarized, this paragraph described the paradigm shift in marketing from transaction to relationship orientation. The next paragraph focuses on the role of value and relationship enhancement.

1.2.2 Relationship enhancement and value

Due to the fact that marketing requirements have changed, *American Marketing Association* adapted their definition for marketing accordingly. This new comprehensive definition involves the importance of marketing for value creation: Marketing is regarded as an instrument for the creation, communication and delivery of values for consumers and is also responsible for managing customer relations (American Marketing Communication, 2007). Companies should offer superior value to their customers, because nowadays this is essential for creating and maintaining long-term relationships (Eggert et al., 2006, p. 20). According to *Anderson*, the idea of value creation and value sharing should be regarded as the "raison d'être" of all collaborative consumer-supplier relationships in the future (Anderson, 1995, p. 349). *Grönroos* even describes value creation as the ultimate goal in a customer-supplier relationship. By providing service, both parties involved should benefit of an increase in value (Grönroos, 2011, p. 243). The goal of communications is to create a dialogue, which enables more than simple relationship maintenance (Grönroos and Lindberg-Repo, 2004, p. 232). Companies have to design appropriate communication models for strengthening the contact and relationship with their customers. The mode of communication should influence value generation in a way that it adds maximum benefit to the relationship (Grönroos and Lindberg-Repo, 2004, p. 233 ff.). Nevertheless, companies should not set the goal to pursue and satisfy every single customer, but to concentrate on profitable customers (Ma et al., 2008, p. 314). Not only the turnover, but also the costs are important, if a company analyses the profit of a customer (Ryals, 2002, p. 246). Therefore, the goal should be long-term retention, which is profitable from a company and consumer perspective (Stauss, 2011, p. 322).

1.2.3 Customer relationship management in the hotel industry

Following *Drucker*, there is only one valid definition of business purpose: "To create a customer, because it is the customer who determines what a business is. (…) Only what the customer considers as valuable is decisive and only this determines what a business is, what it produces and whether it will prosper or not" (Drucker, 1954, p. 37). Hence, the management of the customer and the relationship has gained more attention than ever before. The central theme is the mutual gain for the company as well as the customer through relationships (Rao, 2011, p. 416). Following *Kumar* and *Reinartz,* customer relationship management (CRM) can be defined as follows from a customer value perspective:

> "CRM is the practice of analysing and utilizing marketing databases and leveraging communication technologies to determine corporate practices and methods that will maximize the lifetime value of each individual customer to the firm" (Kumar and Reinartz, 2006, p. 5).

Other definitions of CRM are mainly focused on the relationship than on the customer metric of lifetime value. Moreover, *Kumar* and *Reinartz* describe marketing-driven customer relationship management as a relationship management concept, which is based on established marketing principles that recognizes the need to balance organizational and customer interests carefully (Kumar and Reinartz, 2012, p. 5). Furthermore, CRM can also be defined as customer-focused alignment of all corporate structures, processes and activities, which aim on identifying, creating and intensifying profitable customer relationships (Krafft and Götz, 2003, p. 340). For this dissertation, the definition of *Kumar* and *Reinartz* with the focus on database management compared with the balance of the interest of customer and organization and customer lifetime value maximization is considered as most appropriate.

Since travellers are becoming price-sensitive, less brand loyal and also more sophisticated, customer relationship management can be regarded as strategic necessity for attracting and increasing hotel customers' patronage. As information and communication technologies are a major catalyst for developing and implementing CRM strategies, information technologies suppliers have primarily defined customer relationship management in the hotel industry, but many hotels faced difficulties in implementing effective CRM strategies. They were not able to use the software they have purchased. Since CRM is not a technology problem but a business challenge, it requires information and communication technology tools and functionality to be aligned, designed and coordinated along with the corporate operations and strategy (Sigala, 2005, p. 392). A successful CRM strategy should provide useful information to deploy more targeted and personalized marketing actions (Kim et al., 2006, p. 106).

Nowadays, business is supported by information, which has the ability to differentiate, customize and personalize (Brink and Berndt, 2008, p. 9). Nowadays, companies have new opportunities for communicating with the customers, but face new challenges. The enterprise may find itself remote from such conversations as consumers commune together to discuss products and services (Mudie and Pirrie, 2006, p. 22).

From a business strategy perspective, the aim of CRM is to gain long-term competitive advantage by optimally delivering value and satisfaction to the customer. CRM needs contributions and reinforcements from all functions in a company and is a continuing management process with the goal of becoming a more customer-centric company (Kumar and Reinartz, 2006, p. 6 f.). One of the key aspects of customer relationship management is to focus on individual customers, what is described as the individual customer approach (Brink and Berndt, 2008, p. 9). To identify the needs and requirements of the individual customer, a link between customer relationship management and database marketing has to be established. Nonetheless, a comprehensive CRM framework includes more than just databases and IT systems (Kumar and Reinartz, 2006, p. 4). Information technology has unleashed tremendous opportunities in dealing with a customer and in creating value to the customer (Jha, 2008, p. VII). Companies have never confronted a better situation for informing themselves about customers, but having too much data can be challenging, too (Kumar and Reinartz, 2012, p. 13).

CRM must be supported by executive level, initiated by top management. Management needs to understand the fact that the relationship with customers' needs to be managed (Brink and Berndt, 2008, p. 19). From a relationship management perspective, an aspect of marketing thinking is necessary in all business functions. This is one key aspect of a relationship perspective. This does not mean that marketing is more important than other aspects of management, but a marketing attitude of mind is required throughout the whole organization (Grönroos, 2007, p. 42). The main barrier for a successful CRM implementation is first of all a lack of a sufficiently robust customer strategy. Furthermore, another problem is missing customer orientation, where relationships are managed in the interests of the company and not in the interest of the customer. The third main barrier can be found in management, because management was found to often lack sufficient ambition and information for the strategy to succeed (Knox et al., 2003, p. 10 f.). Summarized, the paragraph about CRM defined the term customer relationship management and described CRM as a comprehensive management task. The next paragraph deals with the concept of integrated marketing communications and the importance for relationship communication.

1.2.4 Integrated marketing communications and relationship communication

During the past 50 years, many different marketing communications concepts and frameworks have emerged and these frameworks shaped the way of thinking about marketing communications and stimulated research questions. One of the most influential frameworks of the last years is “integrated marketing communications” (IMC) (Finne and Grönroos, 2011, p. 105 ff). Since promotional tools should not be used in isolation or without regard to others, a trend towards integration in marketing communications can be identified in marketing literature and research (Dmitrijeva and Batraga, 2012, p. 1018). Within communication and marketing disciplines, integration can be regarded as a key component that aspire ideals of coherence and consistency (Johansen and Andersen, 2012, p. 272). Integrated communication and integrated marketing communications are sometimes used differently or even as synonyms in literature. In German literature for instance, the term “integrated communication” is very popular (see for instance Bruhn, 2007), whereas in the Anglophone world, the term “integrated marketing communications” (e.g. Schultz, Tannenbaum and Lautenborn, 1993, McCabe, 2009, Finne and Grönroos, 2011) is more in the focus of researchers. Following *Bruhn*’s definition, integrated communication is a process of analysis, planning, implementation and controlling. This process has the goal to unify the different sources of internal and external communications and to create a consistent corporate image for the target groups of the communication. In the scope of integrated communication are all internal, as well as external communication instruments (Bruhn, 2007, p. 89 ff.). Due to the rising complexity of all integrated marketing decisions, controlling the results and the success is especially important (Berndt et al., 2005, p. 235). The main difference between integrated communication and integrated marketing communication is the scope of integration. In integrated marketing communication, the focus lies on the customer and the aim of creating long lasting relationships with those customers. Integration is accomplished from a customer’s perspective. Contrariwise, integrated communication has a broader scope and uses a broader management process approach (Bruhn, 2007, p. 94). For this dissertation, the focus lies on relationship communication and on an approach from a customer’s perspective. Thus, the author applies the insights and considerations of integrated marketing communications.

Historically, all elements of a marketing communication campaigns have been considered separately. Planning, implementation and controlling were accomplished one by one. The combination of the different elements enables an increase in effectiveness of each single element (Prasad and Sethi, 2009, p. 601). A combination of elements and a need for creating synergies is even more important today due to the importance of new media and new competitive marketing tools (Ivanov, 2012, p. 536 ff.). Conventional marketing in the past regarded the separate elements of the promotional mix as discrete functions and each communication tool was used to reach specific audiences separately. This resulted in a fragmentation within the industry of specialist communications and promotional agencies, each dealing with one special topic. Hence, the concept of IMC can be regarded as a reaction to the former existing fragmentation, but also as a kind of a proactive response to the strong competition (McCabe, 2009, p. 133). IMC should ensure that all marketing and non-marketing information of a company reflects the brand personality and values to create a strong overall message across all its communications. Additionally, an integrated approach to marketing communications ensures that also internal audiences are aware of the strategic aims of the organization and its vision (McCabe, 2009, p. 9).

Since relationship marketing has also developed to a widely accepted marketing paradigm during the last twenty years, insights from both concepts were combined in literature (Lindberg-Repo, 2001, p. 19; Finne and Grönroos, 2011, p. 105 ff.) to gain a holistic model based on the consumer perspective. The combination of relationship marketing and IMC leads to an emerging concept of relationship communication. Relationship communication can be defined as “any type of marketing communication that influences the receiver’s long-term commitment to the sender by facilitating meaning creation through integration with the receiver’s time and situational context” (Finne and Grönroos, 2011, p. 106). In this model, the company is no longer the main integrator, but instead, the receiver of the communication messages, the customer, performs the integration. One main prerequisite is detailed information about customers and, if possible, also about their needs, motivation, attitude and action (Mihart Kailani, 2012, p. 975).

Finne and *Grönroos* propose meaning creation as new concept that links marketing communication with relationship marketing. For their definition of meaning creation, they follow *Friedmann* and *Zimmer*. According to these authors, “meaning is one outcome of perception; meaning formation is a process within the perceptual process” (Friedmann and Zimmer, 1988, p. 31). Thus, it becomes important what the product or service means to the consumer. The different levels of integration are described by *Finne* and *Grönroos* as meaning creation continuum (Finne and Grönroos, 2011, p. 111ff.).

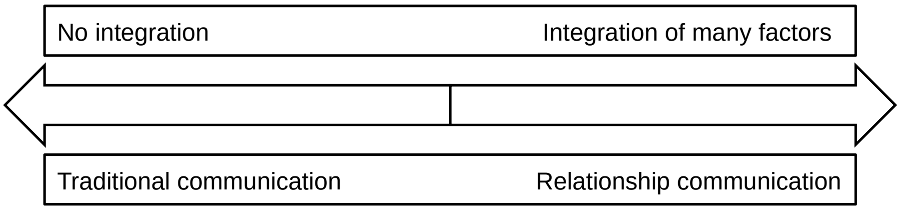

Fig. 1.2: The meaning creation continuum, Source: Author, based on Finne and Grönroos, 2011, p. 112

If a potential customer receives a message from an unknown source, the ability to understand is low and only limited integration takes place. Hence, also the meaning is limited. If the recipient gets a clear message from a preferred provider during an existing relationship, the ability to understand is much higher. Combined with a positive attitude and earlier experience, an integration of several factors takes place and the meaning is much more intense (Finne and Grönroos, 2006, p. 13 ff.). It is no longer enough to present consumers a particular purchase opportunity. It is crucial to satisfy their consumption needs and furthermore, to enable further enjoyable experience (Tsai, 2005, p. 440). Basically, marketing becomes a management task and includes different company departments as well as interfaces between these departments. Only then, an integrated marketing communication is possible and successful (Dettmer et al., 2011, p. 7).

1.3 The consumer and the communication message

Since people are different in general, they also differ in the way their minds and hearts respond to marketing communication (Pauwels et al., 2012, p. 57). Marketing communication messages must reach the target audiences and make an impression strong enough to penetrate the mass of information and messages being received by the customers (McCabe, 2009, p. 218). Communication messages encrypt communicational ideas to stimulate desired reactions from the recipients (Bruhn, 2007, p. 467). The following sections explain the specifications of the consumer and the communication message in detail.

1.3.1 Customer satisfaction and loyalty

In literature, customer satisfaction has been described in many different ways, but essentially, it can be defined as the consumer’s judgment that a product or service meets or falls short of expectations (Gupta and Zeithaml, 2006, p. 720). This confirmation-disconfirmation paradigm describes customer satisfaction as result of a psychic comparison depending of expectations and reality, which results in satisfaction or dissatisfaction (Oliver, 2010, p. 6 ff.). In the service literature, it is sometimes referred to as the “Gap Model” (Iacobucci and Ostrum, 1995, p. 278). This paradigm is also used for this dissertation. Customers’ compare their expectations to the perception of the delivered performance by the company (Bruhn, 2008, p. 79). Customer satisfaction is a more basic construct than loyalty. It can also be briefly described as a result of things not going wrong (Fecikova, 2004, p. 59). Satisfied customers are not automatically loyal customers. Thus, customer satisfaction is a necessary, but no sufficient prerequisite for economic success of customer relationships (Götz et al., 2006, p. 411). Customer retention is closely linked to customer satisfaction. Customer retention can be defined as the probability of a customer “being alive” with a company or the probability for repeat purchases from a company (Gupta and Zeithaml, 2006, p. 722). Sometimes in literature, it is regarded even as the same or it is assumed that customer satisfaction leads automatically to customer retention. This assumption has to be relativized because customer satisfaction is a required but not solely existing prerequisite for customer retention. Customers defect despite the fact that they are satisfied in general due to different reasons. Studies show that 60 to 80% of customers backslide despite satisfaction (Reichheld 2001, p. IX ff.; Hekett et al., 1997, p. 61; Bowen and Shoemaker 1998, p. 14).

Customer loyalty measures how likely a customer will return or recommend the service (Bowen and Shoemaker, 1998, p. 14). The concept of loyalty first appeared in the 1940s and was proposed as a one-dimensional construct, and neglected the complexity and influencing factors (Rundle-Thiele, 2005, p. 494). Today, the construct of loyalty is divided in attitudinal and behavioral loyalty. Behavioral loyalty refers to customers’ behavior in terms of repeat purchase for instance. Attitudinal loyalty refers to customers’ attitudes towards the relationship and the provider. This includes word-of-mouth behavior and recommendations. Brand equity and trust were found to be the most important antecedents to both forms of loyalty (Taylor et al., 2004, p. 222). *Knox* describes loyalty as “retention with attitude” (Knox, 1998, p. 732). Thus, true loyalty can be described as a combination of psychological attachment and a behavioral commitment (Petrick, 2004, p. 464). A comprehensive definition of loyalty is accomplished by *Oliver* (1997, p. 392): He defines loyalty as “a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior.” (Oliver, 1996, p. 392). Dimensions of affective loyalty such as trust, commitment, and attitude are required to stable loyalty (García Gómez et al., 2006, p. 388). In terms of hotel customers' loyalty, researchers point out that the hotel image plays a certain role. Creating a favorable overall positive image, which is perceived by the customer, helps to gain customer loyalty. The perceived image is influenced by improved service quality as well as satisfaction as antecedents (Kandampully and Hu, 2007, p. 440). Furthermore, branding is identified to influence customer perceived benefits. If the branding of a hotel or hotel chain is strong, customers' perceived risks are reduced and loyalty is strengthened (Kayaman and Arasli, 2007, p. 92).

Studies show a strong effect, which describes the relationship between customer satisfaction and willingness to pay. As a result, companies could potentially charge a price premium for their product or service if a high level of customer satisfaction can be stated (Homburg et al, 2005, p. 93 f.). Additionally, satisfaction levels and length of customers' prior experience are assumed to influence each other. A study accomplished already in 1998 examined the fact that customers who have a long-time experience with the organization weigh prior cumulative satisfaction more and new information relatively less heavily. Since lifetime revenues from an individual customer depend on the duration of his or her relationship, customer satisfaction can have an important financial impact for a company (Bolton, 1998, p. 45).

In terms of hotel stays, especially if it comes to leisure luxury hotel stays, customers at this level simply expect that they will be satisfied with their decision and purchase, and that the hotel will meet expectations. A customer who is satisfied in general, but does not return and spreads no positive word of mouth has no net present value to the company (Bowen and Shoemaker, 1998, p. 14). This fact is described by a very short definition of marketing: "Meeting needs profitably" (Kotler et al., 2009, p. 6). By searching for determinants of profitability for service companies, customer loyalty was found to be crucial for a company's success in the service sector. Additionally, loyal customers became more profitable over time and the last year of the relationship was found to be the most profitable at all (Heskett et al., 1997, p. 59). Loyal customers provide more repeat business and were found to be less likely to search for the best prices compared to non-loyal customers (Bowen and Chen, 2001, p. 215).

Customer defection refers to a situation, in which a customer leaves one company in order to buy from another. When a customer defects, this company loses the direct revenue that this customer would have generated had he or she remained loyal (Hogan et al., 2009, p. 197). A customer's relationship with a company has briefly two parts: The customer is "alive" for a certain period of time and after that phase this customer becomes permanently inactive.

1.3.2 Consumer behavior, decision-making and risk

Effective marketing management involves focusing a company's activities on the needs of present or potential buyers. This requires certain knowledge and understanding of customers' needs, what determines these needs and how customers satisfy them. The more managers know about their customers and what influences their behavior and decisions, the more effective managers will be in need satisfaction (Cant et al., 2007, p. 62). Consumer behavior can be defined as the behavior of consumers in a society, or more explicitly, as external and observable processes of humans during purchase and consumption of economic goods (Kroeber-Riel, 2008, p. 3).

Simon already discussed in 1956 that customers' behavior and decision making under uncertainty is closely related to psychological theories of perception and cognition (Simon, 1956, p. 129ff.). Through its marketing messages, product offerings, and customer service, a company has the chance to shape this mind-set of each individual customer. Company actions can positively impact a customer's mind-set and as a consequence also customer behavior (Berger et al., 2006, p. 159). For about 15 years, literature is coping with a new phenomenon in consumer behavior: multi-optionality, which describes a new kind of consumer behavior that is no longer one-dimensional and rational, but multi-dimensional, instable and divergent. Traditionally, consumer behavior was reduced to dimensions, which were easy to handle and thus possible to analyze and to control. After recognizing that this approach is no longer sufficient, research introduced hybrid consumer behavior. This approach described the consumer as bi-polar[3], but still stable over time. Stable over time means that the behavior based on contrasts is divergent, but stable. Nowadays consumer behavior is further more complex and hence, new approaches are required, which take this new complexity into consideration (Schüppenhauer, 1998, p. 1 f.). Hybrid consumers became multi-optional consumers, and show completely different behaviors over time. Consumers use information

[3] Bipolar consumer behavior describes consumers who purchase for instance luxury goods, but go shopping to the next discount super market. The principle bases on contrast. *Wiswede* describes this kind of consumer in the 1990s as polarized and divided consumer who seeks for contrasts (Wiswede, 1991, p. 34f.).

as a kind of a menu and select and combine individually (Schüppenhauer, 1998, p. 8 f.). One main reason for this new behavior is information and communication technology. It evolved from pure information, to fostering communication and then, in the next level, fostering communities and identity (Schüppenhauer, 1998, p. 21).

Several studies have shown that tourists' decision making seems not to be entirely congruent with the usual theories of decision making, not at least since vacations are depending on people's very individualistic preferences. Hence, further research seems necessary to understand or at least gain more insights about decision-making and the impact on purchasing in the hotel industry (Smallman and Moore, 2010, p. 397 ff.). It will always be very difficult to fully examine a process that is unobservable and only partially known to the decision maker himself. Personality influences individual and personal decisions. Furthermore, hotel decision-making processes are very complex, because they often involve many sub-decisions, such as room category and breakfast (Smallman and Moore, 2010, p. 398 ff.).

Within applied psychology, the tendency for risk aversion is generally assumed when it comes to decisions under uncertainty (Tversky and Kahneman, 1992, p. 45). Risk can be defined as a consumer's belief about the potential uncertain negative outcome from the purchase transaction (Kim et al., 2008, p. 546). Hence, uncertainty and risk are interlinked. The subjective perceived risk contains the importance of negative consequences of a possibly wrong decision (Meffert and Bruhn, 2009, p. 70). In the context of hotel decisions, all risks play a decisive role. Consumers' perceived risk has been found to influence their decisions (Antony et al., 2006, p. 1890 ff.). From the guest's perspective, the wrong decision is not only disappointing but also leads to a certain loss of time and money. In general, several types of risks were identified in literature, such as financial, psychological, social, time, and opportunity cost risk (Jacoby and Kaplan, 1972, p. 287 ff.). People try to reduce risk, but do not tend to avoid making a decision altogether because they believe that the outcome may be satisfying (Werth, 2010, p. 34 ff.). Prospect theory based on an article of *Kahneman and Tversky* from 1979 deals with the topic that rational economic expectation is not crucial for decisions of individuals. Especially the personal risk behavior is important and depends on the estimated certainty of future incidents. Individuals prefer uncertain, high losses and neglect certain, but small losses (Kahneman and Tversky, 1979, p. 17 ff.). Hence, the rational deciding human does not exist, but irrational and affective components have to be taken into consideration when analyzing decisions. Decisions are basically made without definite knowledge of their consequences (Tversky and Fox, 1995, p. 93). If consumers act on information that is less than complete, they are faced with at least some degree of risk or uncertainty in their purchasing decisions (Kim et al., 2008, p. 546). Unlike other major purchases, the hotel customer pays a substantial amount of money on trust or without really knowing what the experience will entail and what satisfaction will derive from it. Thus, hotel customers spend a large portion of the whole year anticipating the holiday (McCabe, 2009, p. 85). Due to this existing uncertainty, vacations can be regarded as experiential products where the outcome is uncertain (Kwortnik and Ross, 2007, p. 328 ff.). ‘Experiential’, in this context, does not refer to unnecessary and only fun-seeking consumption, but to a real pursuit with a comprehensive planning process before the consumption of the product or service (Kwortnik and Ross, 2007, p. 328 ff.). Since thinking about risks is generally difficult (Slovic et al., 1980), people try to decide after a certain period of planning and evaluating alternatives. The planning process preceding the hotel purchase decision can be regarded as an experience for the consumer; thus, not only negative but also positive emotions, such as anticipation and excitement, are part of the process (Kwortnik and Ross, 2007, p. 330).

Decision-making is also influenced by customers’ involvement. Involvement is defined by *Zaichkowsky* as “a person’s perceived relevance of the object based on inherent needs, values and interests” (Zaichkowsky, 1985, p. 341). Since involvement was identified to influence repeat purchase behavior, an increase of consumers’ purchase involvement fosters retention. One possibility is to relate the consumption situation to consumers’ value system (Moller Jensen and Hansen, 2006, p. 447).

It is well established in the field of behavioral science that emotions play an important role in human social decision-making (Heilmann et al., 2010, p. 257). The rather emotion-based system of decision-making is different from a rational system that is totally logical and based on facts and information only (Rolls, 2006, p. 3 ff.). Therefore, psychological aspects must be taken into consideration, if the product or service has a subjective value for the customer. This subjective value may differ significantly from the objective value (Werth, 2010, p. 42 ff.). Since leisure hotel stays are more emotional than business stays, more expensive for the individual, more time-consuming and linked to a higher level of arousal, the meaning of this decision to the individual is very high. These emotions are able to influence judgments and decisions even without the potential guests being consciously aware (Han et al., 2007, p. 159). The more emotions are involved, the harder it becomes to achieve objectivity and make a sound decision (Aronson et al., 2010, p. 181 ff.). Basically, the consumer has different possibilities to cope with the risk. The consumer can use technics to reduce it, for instance to buy less or smaller packages to spend less. Furthermore, the consumer can try to reduce uncertainty with additional information (Kroeber-Riel, 2008, p. 437 f.).

Summarized, this paragraph explained the importance of a certain knowledge and understanding of customers' needs and decision-making processes. The next paragraph explains the role of activating and cognitive processes for decision-making.

1.3.3 The major forces of activation

Internal psychic processes can be divided into activating and cognitive. All processes that are linked to arousal or emotions and push behavior are activating. Contrariwise, all psychic processes where an individual person absorbs, processes or saves information are cognitive. The three major forces of activation are emotion, motivation and attitude. These three intervening variables help explaining human behavior, but no explicit and unique definitions exist.

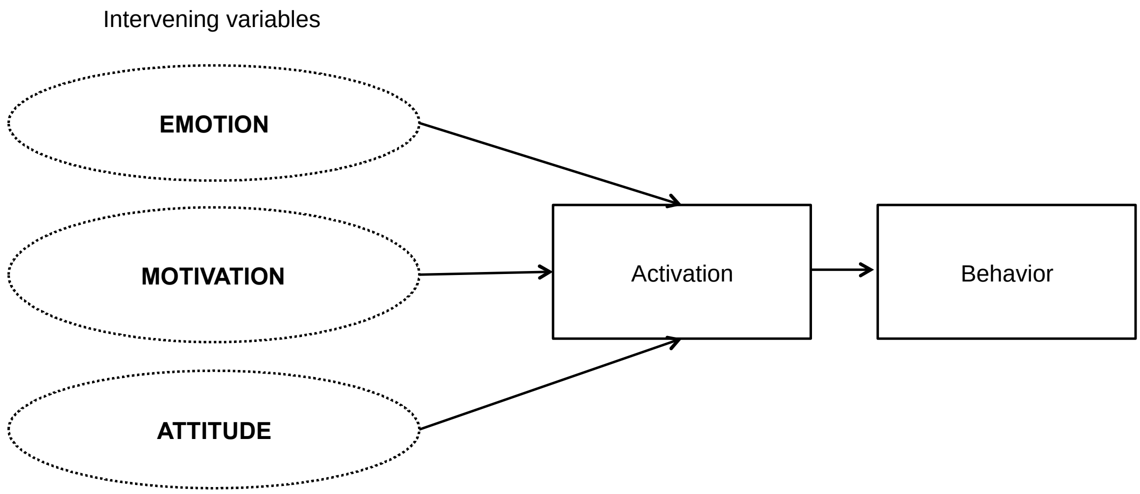

Fig. 1.3: The three major forces of activation, Source: Author

Kroeber-Riel defines the three terms as follows: Emotions are internal arousing processes, which can be pleasant or unpleasant and are felt more or less conscious. Motivations are emotions linked to a target orientation in terms of the behavior. An attitude is motivation linked to a cognitive evaluation or preference. Summarized, emotions are internal, but often observable, motivation is focused on an action and attitudes are focused on objects. Emotions consist of three functions: Evaluation, preparation for behavior and communication (Kroeber-Riel, 2008, p. 55f.). *Solomon* defines motivation with regard to the behavioral aspect in the following way: “Once a need has been activated, a state of tension exists that drives the consumer to reduce or eliminate the need” (Solomon, 2002, p. 102).

The role of emotions in marketing exchanges and relationships is often neglected by marketers (Bagozzi et al., 1999, p. 202), but emotions influence relationships in general and can be used to create and maintain strong positive customer relationships as well (Kidwell et al., 2011, p. 89). Emotions can be regarded as important factors in human behavior in general and they are crucial to understand consumer behavior and decision-making (Sorensen, 2008, p. 33). Feelings and emotions are not used synonymously, because feelings refer to the conscious and subjective perception of an emotion (Sokolowski, 2008, p. 299). Following *Plutchik*, feelings do not happen in isolation and for this reason, they are responses to significant situations in an individual’s life, and they often motivate actions (Plutchik, 2001, p. 346). Well-known emotional theories are those by *Plutchik* (Plutchik, 1958, p. 394 ff., 1962, p. 151) and *Izard* (1971). Following the classical behaviorism approach, emotion is an inner state and thus simply outside the realm of science (Plutchik, 2001, p. 349). *Damasio* postulated the thesis that emotions are in decision-contexts very important. Furthermore, emotional knowledge controls current human decisions in an interaction of emotions and rationality. Additionally, *Damasio* assumes that thinking does not work without emotions. This means in terms of marketing messages: If recipients of marketing actions receive only the pure message without an emotional impression, the messages will not be perceived (Damasio, 2010, p. 178 ff.). Another important aspect of emotions is the fact that human beings do not have to experience every emotion to feel it: Stimuli must not be experienced directly, it is also possibly to transport them via media and marketing actions for instance (Kroeber-Riel, 2008, p. 109). If consumers are targeted with emotional stimuli, they react better, perceive more information and process this information in a higher extent (Kroeber-Riel, p. 134 ff.). From a marketing point of view, the objective should be to evoke positive emotions in general and even positively excite the consumer (Bigné, 2004, p. 692).

Psychological theories such as the learning theory[4] and risk theory help as explanation approaches for improved service marketing. Learning includes the process of acquisition of new knowledge and or new behavior (Kroeber-Riel, 2008, p. 381). For marketing purposes, learning through symbolic experiences is crucial. With the help of marketing messages, the

[4] Learning refers to a long-term change in mind based on experiences or insights that leads to a change or renewal of behavioral potential (Gröppel-Klein, 2004, p. 461).

consumer should learn, representative for the product, service or brand, to perceive symbols in an emotional manner and to experience these symbols. The most importance technique for enriching brands for instance with emotions is emotional conditioning, based on the rules for classical conditioning[5] (Kroeber-Riel, 2008, p. 151 ff.). Following the experimental findings of the HOBA experiment already in 1958 of *Staats* and *Staats*, emotional conditioning requires strong emotional stimuli and high-frequent repetition if persons are less involved with the product or service offered. The success of conditioning is not dependent on the fact that information about the product or service is provided simultaneously (Staats and Staats, 1958, p. 39).

Motivation is a hypothetic construct, which should explain the reasons and causes for behavior. The goal is to understand why humans prefer certain brands or products, why they act irrational and why they do not follow the principle of the "homo oeconomicus"[6]. In literature, a separation between primary and secondary motives is accomplished. Primary motives are inherent needs such as hunger or thirst, which have to be satisfied by every individual. Secondary motives are gained during the socialization process where the human being gets in contact with new and further needs. These needs are not crucial to survive, but can be very important for the particular person, such as power (Kroeber-Riel, 2008, p. 167 f.).

Attitude can be defined as motivation in addition of a cognitive evaluation. The success of communication can be regarded in a change of attitude. (Kroeber-Riel, 2008, p. 92). Not all motives that influence human attitudes have to be conscious. In general, attitudes change over time and due to special events or situations. It is very hard to measure attitudes and furthermore, a targeted influencing of attitudes is very complex (Kroeber-Riel, 2008, p. 211 ff.). Summarized, this paragraph explained the major forces of activation: Emotion, motivation and attitude. The next paragraph deals with the role of information.

[5] Classical Conditioning can be defined as „the phenomenon whereby a stimulus that elicits and emotional response is repeatedly paired with a neutral stimulus that does not until the neutral stimulus takes on the emotional properties of the first stimulus" (Aronson, 2010, p. 212).

[6] Model of a purely economic thinking human, based on the traditional economic approach, who acts unlimited rationally (Gabler Wirtschaftslexikon, date of insight 30.04.13).

1.3.4 Information and communication

In general, service-specific characteristics of hotel services cause an unbalance of information between potential buyer and a hotel company. Potential buyers seek for information before the purchase itself to reduce this risk. Intensity and amount of information seeking depend on the subject of purchase (individual or institutional buyer), object of purchase (high involvement and high risk or low involvement and low risk products or services) and the information costs linked with the seeking for information such as real costs or time. Information is exchanged during all marketing communications' activities and the nature of exchange assumes that there is a two-way process, which has to be managed efficiently. Furthermore, marketing communications' should aim to be perceived by clearly defined audiences, because of the information-rich nature of contemporary society (McCabe, 2009, p. 8). To deliver information to consumers, activation techniques must be used to get access. In mature markets, the need for information is often very low and consumers become passive. Following the *Institut für Konsum- und Verhaltensforschung*[7] consumers in Germany perceive less than 2% of information delivered by mass media. To get the attention of the recipient, messages must be activating nowadays and even more in the future. Especially for low involvement[8] purchases, customer interest is low and hence also the involvement for marketing activities is low (Kroeber-Riel, 2008, p. 94). *Bower* was able to show in 1981, that information can be reproduced very successfully, if the mood of learning and activating the knowledge is the same (Bower, 1981, p. 146). Furthermore, information that makes sense can be remembered more easily than senseless or useless information (Kroeber-Riel, 2008, p. 287). Based on empirical findings, three different effects of mass communication can be separated: First, information effects which refer to the transfer of knowledge; second, influencing effects which enforce opinions and third, effects of conviction to change attitudes. Following *Winterhoff-Spurk*, a different separation in emotional, cognitive and conative media effects is more appropriate (Winterhoff-Spurk, 1989, p. 18 ff.).

This paragraph described the role of information for communication. The first chapter of the dissertation started with explaining the initial situation in the hotel industry and explained marketing communications in the context of relationship management. The change from

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[7] Institute for consumer and behavioral research in Germany

[8] Involvement can be defined as the internal engagement of consumers for purchases, but also for communication (Kroeber-Riel, 2008, p. 94), see paragraph 1.3.2 .

transaction to relationship orientation was discussed. Then, customer relationship management and its importance for the hotel industry were explained. The second part of the first chapter analyzed the consumer and communication message. Customer satisfaction and loyalty as well as consumer behavior in terms of decision-making and risk were discussed. Then, activating and cognitive processes, emotions, motivation and information were defined and explained. In the second part of the dissertation, customer segmentation models as well as lifecycle concepts are examined to provide a base for the new communication model, which is developed in part three.

2 FROM CUSTOMER SEGMENTATION TO LIFECYCLE CONCEPTS

As companies seek ways to manage their customer relationships over the long term, understanding especially the dynamics of the service provider-customer relationship becomes a key priority. Successful marketing requires that managers understand that customer relationships with an organization change over time and furthermore, they have to understand how they change (Bolton and Lemon, 1999, p. 171). The following chapter handles the different approaches of lifecycle concepts and uses the insights of the previous chapter. First of all, the role of a proper database management is discussed, as well as traditional customer segmentation methods in the following. Then, lifetime and lifecycle models are analyzed. These insights are used to develop a new customer communication model in the next chapter.

2.1 The base: Database management

Technology enables firms to gather and store information about every individual customer in a sophisticated database (Brink and Berndt, 2008, p. 33). The base and prerequisite for successful marketing communications as well as customer evaluation and segmentation, is an appropriate and comprehensive database. Since the technological development of CRM systems and the growing gathering and saving of customer data, more possibilities to transform information into knowledge were searched for (Steiner, 2009, p. 3). In addition to their primary use to maintain customer relationships, databases can be used for many different marketing activities, such as segmenting the customer base, tailoring marketing actions, generating customer profiles and support service activities (Grönroos, 2007, p. 34).

Database management can be defined as the systematic usage and analysis of databases. The usage of these databases for marketing purposes can be regarded as database marketing. Database marketing uses internal and external extraction of individual or company-based data of customers. Customer data, distribution data, complaints or transactional data of purchases are internal data. Data from statistics, market research, public address sources, or purchase of external data sources are external data sources (Wiesner and Sponholz, 2007, p. 68 ff.). Database management and marketing are regarded as a prerequisite for successful relationship marketing and marketing communications and can even be considered as integral part of it. Therefore, a clear separation between the fields is not possible and in the author’s opinion not helpful. Thus, for this dissertation, database management is the more appropriate term and describes the importance of databases for relationship marketing purposes.

One main challenge is limited data, because the transaction data available within a company has minimal to no information about the customers’ transactions with competitors. Companies have rich information about their own marketing actions with their individual customers, but almost no information at the customer level about competitor actions (Berger et al., 2006, p. 163; Gupta et al., 2006, p. 149 f.). Another problem is human failure. Customer information is typically entered into databases manually by a huge variety of people and departments in a company. Often, necessary data is missing, incomplete or wrong due to several reasons. One reason may be that companies have only insufficient rules for data entrance, or have non-existent specifications for record keeping. Another problem is the fact, that database entry has a very low priority in comparison to other organizational objectives and employees do not understand the value of this process. Also human fallibility leads to mistakes that let the quality of data decrease. It is very important to revise procedures to be able to handle data records properly, secure data quality and match and merge customer information from different systems (Berger et al., 2002, p. 44).

Information available in data sources can be divided into horizontal and vertical. Utilizing data from sources gathered entirely from within the company can be regarded as vertical. Other sources that include related product or service categories could be regarded as horizontal (Heskett et al., 1997, p. 74 ff.). In hotel companies, vertical data sources are available very easily due to reservation systems and legal requirements, because personal data are gathered during the Check In process. Horizontal data sources can be gathered by integrating hotel outlets such as restaurants, wellness, health club or golf systems into the database for marketing purposes. With the help of these additional data sources, a more complete picture of a hotel guest can be achieved. This enables are more specific and individual communication, because preferences and interests can be taken into consideration.

For more than 30 years, so-called property management systems are used in the hotel industry to handle guest reservations and transactions. Administration of guests and rooms are the main areas of property management systems. In detail, administration of room data, reservation handling, guest profiles, guest history and debt administration are some examples for tasks of these operative systems that are used in the daily hotel business (Agel, 2009, p. 583 f.). For all analytical databases for marketing communication and business intelligence purposes of all kind, property management systems with its daily operative data sources are the main data source in the hotel industry.

For successful targeted guest communication in the hotel industry, first of all, contact details for potential and existing customers are required, such as address and email address. Further data such as demographic data and transactional data facilitate a more appropriate target group selection with personalized address and individualized content. The more data available, the better and more individualized customer communication is possible. Data should be cleansed before using it for marketing purposes. Essential steps are dupe checks and dupe merging, correction of spelling, prefixes, postal check, check of completion and furthermore for instance with obituary columns or relocation registers. Based on detailed information, direct customer communication without divergence losses with potential or existing customers is possible. Furthermore, with the help of an analytical database, unprofitable or inactive customers can be identified and can be excluded from marketing campaigns to increase marketing efficiency (Wiesner and Sponholz, 2007, p. 68 ff.)

Database management has additionally a strong impact on marketing controlling. It enables to track, which population of the database received for instance a special communication. Furthermore, the purchase results can be measured. This facilitates the measurement of success and helps to consider communication costs as rather long-term investments than only expenses (Schultz and Gronstedt, 1997, p. 40 ff.).

Summarized, this first paragraph of the second chapter explained the role of database management for successful relationship marketing. The next paragraph deals with customer segmentation methods and their importance for relationship management.

2.2 Customer segmentation methods

Segmentation methods, as practiced for decades, need to be revised, because the overall shift in power toward the customer should also be reflected in segmentation (Brink and Berndt, 2008, p. 11). Customer segmentation is used in analyzing and identifying groups of customers with similar characteristics by recognizing unique or important factors (Wedel and Kamakura, 1999, p. 8 ff.). It can be defined as either a process of aggregating individual customers into groups of likely behavior, or an analysis method for the identification or allocation of resources among identified segments (Bergeron, 2002, p. 48). Furthermore, customer segmentation is required for identifying different segments which represent homogeneous customer preferences and which are responsive to targeted product or service offerings (Teichert et al., 2008, p. 228 ff.). For this dissertation, segmentation is classified following its aims in terms of marketing communications: Customer segmentation aims at clustering customers in groups whose attitudes or reactions towards communication messages about products or services might be similar (McCabe, 2009, p. 147). At its core, segmentation is about reducing the number of entities being dealt with into a manageable number of groups, clusters or segments that are mutually exclusive and share well defined characteristics (Yankelovich and Meer, 2006, p. 122 ff.). Another reason is the attempt to reinforce customer loyalty and to influence future behavior of customers (Loro, 1996, p. 35 f.). Thus it is important to get a more holistic understanding of loyalty development. This knowledge can be used to segment customers (McMullan and Gilmore, 2002, p. 230). In general, the major challenge of segmentation and data classification is to reduce the large number of aspects and attributes on the value of decisional attributes, as well as to extract the key characteristics of certain groups from a broad spectrum of customer attributes (Fan and Zhang, 2009, p. 343).

Studies in the hotel industry in the 1990s have been shown that customer segmentation was especially for this branch important (Bowen and Sparks, 1998, p. 125). In marketing and especially in the field of customer relationship management (CRM), the importance of customer segmentation has been increasing to address promotions more accurate to selected target groups. This process also enhances the effectiveness as well as efficiency of marketing budgets (Mizuno et al., 2008, p. 359). The starting point for segmentation in general is the analysis of existing customer behavior patterns, when clustering techniques can help to segment customers for further exploration. Then, in the next step, the research of underlying motivations of customer behavior becomes important (Ferguson and Hlavinka, 2006, p. 294).

Especially in the hotel industry, segmentation of guest data has not been taken into consideration for a long time due to two major reasons. The first is a lack of knowledge of recognition of its importance and usefulness by researchers in the hospitality industry. Additionally, the more obvious reason is the problem of collecting and standardizing the aggregated data of the customers as well as the market place. Moreover, hotels do not cooperate due to a fear of information leakage to competitors (Chung et al., 2004, p. 429). Especially for leisure guests, guest segmentation is implemented more and more whereas in the field of business travel, a broader and still undifferentiated marketing approach can be observed. In business travel it is assumed that standardized offers and marketing instruments are sufficient for similar needs of this market (Shoemaker, 2007, p. 342).

Segmentation variables consist of very different aspects, for instance demographic, geographic, psychographic or behavioral purchasing patterns (Drozdenko and Drake, 2002, p. 5). Behavioral measures provide accurate information on how customers think and shop (Ho Ha, 2007, p. 294). Before every type of market segmentation, identification and measurement of the different segments has to be checked. Too small customer segments are inefficient, because a certain amount of customers per segment is required for efficient communication strategies. Furthermore, customer segments should be relatively stable over time and should be reachable by common marketing activities. The three most common approaches for segmenting customers are demographic, psychographic and behavioral orientated. Demographic segmentation is the easiest way, because criteria are unique and can be easily handled. The problem of pure demographic is the growing unpredictability of different ages or sexes, because customer behavior is becoming independent from these factors. Hence, a more behavioral and individual approach is necessary. The problem here is the identification of the special situation and mood of each customer and the appropriate reaction in terms of communication (Wiesner and Sponholz, 2007, p. 61 ff.).

One common example for behavioral segmentation, which is used also in the hotel industry, is the so-called "Recency, Frequency and Monetary" segmentation method (RFM), which enables a more accurate behavior prediction than other segmentation models (Hughes, 2012, p. 101 ff.). RFM models have been used in direct marketing for more than three decades. Prior to RFM models, companies often used only demographic profiles for targeting purposes (Gupta et al., 2006, p. 142). This segmentation method takes three different aspects of customer behavior into consideration. First of all, recency, referring to the activity of the customer or in terms of hotel guests: When was the last stay of the hotel customer? Is a guest an active or inactive guest? The second aspect is customer frequency. In terms of hotel guests: How many stays did the hotel customer have? Frequency describes how many transactions a customer made in a specified time period or even during the whole customer-provider relationship, the customer lifetime. And the third aspect, monetary, takes the expense behavior into consideration. For the hotel example does that mean: How much money did the customer spend during all his stays? Does a hotel guest spend more or less than the average customer (in terms of the arithmetic mean of all revenues and all customers)? (Gupta et al., 2006, p. 143). The combination of the three different aspects, e.g. active no, frequent yes, revenue above average no (illustrated as segment D in the following figure), determines the segments.

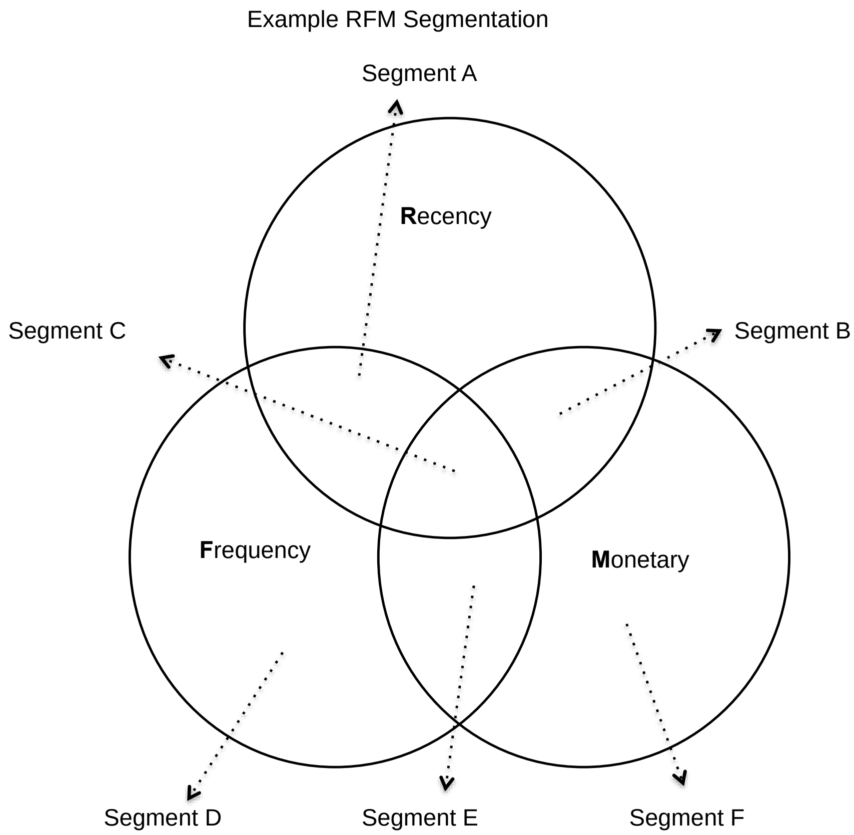


Fig. 2.1: RFM Segmentation, Source: Author

Another approach for customer segmentation is to use customer equity as segmentation variable. It is possible to use customer value or equity only for segmentation purposes in terms of one-dimensional segmentation approaches such as ABC analysis[9]. A more differentiated approach combines the customer value or equity components with additional variables to create a more comprehensive model for segmentation (Bruhn et al., 2008, p. 1295). Customer lifetime value has been a topic of interest especially in the last years and plays an important role in customer relationship management and segmentation theory. The main goal behind is basically to specify the importance level of each customer for a company (Hiziroglu and Sengul, 2012, p. 766). Customer lifetime value can be regarded as a factor that

[9] ABC analysis uses one parameter for segmentation and categorizes for instance customers based on this parameter in A, B and C customers based on a certain quota, for instance top 5% are A, 5-15% B and over 15% C (Gabler Wirtschaftslexikon, date of insight: 5.12.2013).

has a direct impact on companies' value. For this reason, marketing research is focusing more and more on customer lifetime value as well as customer equity during the last years (Steiner, 2009, p. 1). Summarized, the paragraph introduced the evolvement and specifications of different segmentation methods such as the RFM method. The idea behind segmentation is about reducing the number of entities being dealt with into a manageable number of groups that share characteristics. Then, in the next step, the goal is to customize marketing and to increase loyalty, effectivity and profitability.

2.3 Lifecycle models

In view of the strategic management of customer retention, companies should break away from the idea that only one retention strategy exists. An increase of customer retention is often regarded as a strategic corporate goal, but no differentiation regarding customers or customer segments is accomplished (Georgi, 2005, p. 231 f.). A different approach to improve customer segmentation as well as retention is to use the insights from lifecycle concepts to gain a better understanding of the dynamic characteristics of the customer provider relationship. It is a fact that relationships change over time and the involved parties become closer or more distant and interactions become more or less frequent. Thus, because they evolve, relationships can vary considerably, both in the number and variety of episodes, and the interactions taking place within those episodes (Buttle, 2009, p. 28). Lifecycle concept is well known from performance in kind, but also the development of services can be examined. The focus of this concept is the assumption, that every performance has a limited lifetime and the selling of this performance underlies a cyclic development over time. This period of time can be divided into different phases where different measurements are required (Wiesner and Sponholz, 2007, p. 27). Also services have a lifecycle during their market presence. Basically, lifecycle concepts are used to identify regularities in the process of the object of study to gain insights for the market cultivation (Meffert and Bruhn, 2009, p. 127). These assumptions can also be transferred to the customer relationship, because every relationship consists of a certain lifecycle with dynamic changes over time.

The customer relationship lifecycle model was developed to show the ideal-typical temporal process of a customer relationship (Stauss 2000, p. 15, Stauss, 2011, p. 322, Bruhn, 2009, p. 59 ff.). Thus, customer relationship lifecycle can be regarded as an analogy to the product lifecycle model. One main consideration is that the specific object of analysis has only a limited lifetime comparable to creatures. During this timeframe, the object runs through ideal-typical phases, comparable to the phases childhood, youth etc. during the life of humans (Bruhn, 2009, p. 53). Within the lifetime of the customer relationship, characteristic phases can be identified, which represent different states of the relationship from a customer's perspective. Due to the different phases, management tasks for customer retention differ (Stauss, 2011, p. 320). The customer lifecycle shows the different stages of a customer relationship. To identify the stages, the development of the strength of relationship can be used, operationalized for instance by the customer turnover as well as the duration of relationship (Georgi, 2005, p. 231 f.). The customer relationship lifecycle model can be regarded as a theoretical framework for a systematic relationship analysis. Furthermore, it can be used for a differentiated application of customer retention measures. Differentiated in this context means that the measures take the differences in the state of relationship into consideration (Stauss, 2011 p. 322). Every specific phase has characteristics, which can be used to make conclusions about the management for the object of analysis (Bruhn, 2009, p. 53). The development of the customer lifecycle model in general and later on the customer relationship lifecycle model can be briefly separated into three levels. First of all, the conception of phases in a corporate relationship was outlined. Within the second phase, the analogy to the product lifecycle model was elaborated. In the third phase, not the model of the customer lifecycle itself, but the benefit for the customer relationship strategy has priority (Stauss, 2011, p. 322). During this third phase, the focus was mainly on the relationship and the term relationship lifecycle became dominant.

In 1984, *Ives* and *Learmonth* described one of the first customer lifecycle models: The customer resource lifecycle. Their model focuses on the relationship between the provider of goods or services and the customer. The goal was the identification of different stages in the provider customer relationship and to apply information systems more differentiated to build and maintain the loyalty of a firm's customer base. Through this new differentiation strategy, companies should gain a competitive advantage (Ives and Learmonth, 1984, p. 1201). Later on, *Ives* described the concept as customer service lifecycle by adding additional dimensions to the model with focus on the differentiation of service offerings (Ives and Mason, 1990, p. 52, Ives and Willinger, 1999, p. 1). The customer service lifecycle focuses on the fact that customers follow a birth to death cycle when dealing with a supplier's product or service. This kind of cycle is separated in the acquisition phase (ordering and paying), the ownership phase (maintaining and upgrading), and the retirement phase (evaluating and replacing) (Ives and Mason, 1990, p. 59). *Dwyer et al.* (1987, p. 15 ff.) made a main contribution to the lifecycle concept in 1987. They described one of the first phase concepts of business relationships, the relationship development process, with the help of exchange theories. Following this process, business relationships can be separated basically in five consecutive phases.

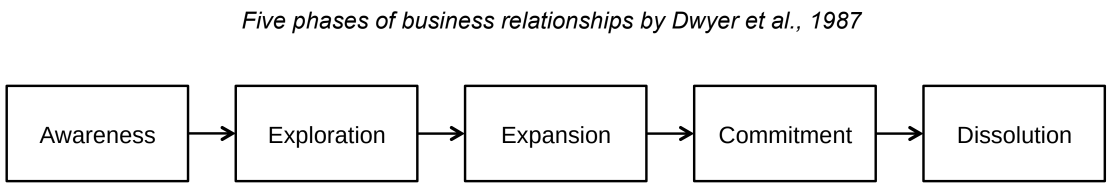


Fig. 2.2: Lifecycle concept with five phases, Source: Author, based on Dwyer et al., 1987

The first phase, the awareness phase, is distinguished by the recognition of another party in the market as a feasible exchange partner. Additionally, within this phase, the potential customer considers the exchange, but no transactions are completed. Within the next phase, the exploration phase, the potential exchange partners recognize obligations and also benefits. Furthermore, they consider the possibility of exchange and also trial purchases may occur. Hence, the first direct interactions take place, but the check of performance of the other party is the main aspect. The business relationship is relatively unstable and the probability for ending the relationship is very high, if high risks are perceived or dissatisfaction occurs, The next phase is the expansion phase, and is characterized by a high extent of satisfaction on both sides. This high degree of satisfaction leads to an expansion and deepening of the relationship, the interdependence of both sides increases. In the next phase, the commitment phase, satisfaction rises even more. This leads to the wish on both sides to continue the business relationship and the active search for alternatives is stopped. The maintaining of a stable relationship is important. Thus, both sides invest in the upkeep and extension of the business relationship. This phase is the most advanced phase of buyer-seller interdependence due to the high level of satisfaction that virtually precludes other possible exchange partners who could provide similar benefits. The next phase is the last phase, the phase of dissolution. The possibility of withdrawal has been implicit throughout the whole relationship development framework. Therefore, this phase differs from the preceding ones, because the termination of the relationship is not a result of a bilateral engagement, but may be the decision of one side only and can happen at very short notice and can also happen after every other phase before (Dwyer et al., 1987, p. 15 ff.). With this new model of phases of a business relationship, a new perspective in marketing science and practice was provided. It became obvious that after the change from traditional transaction marketing to relationship marketing, paying attention to existing customers is not enough, in addition to the fact that relationships pass through a change process. Furthermore, these changes can be separated in phases, which are determined by specific psychic states and activities of exchange partners. Additionally, this shows a new way for consumer behaviorism to analyze needs, expectations and manners of customers, determined by the belonging to one of the phases (Stauss, 2011, p. 324). Hence, the main assumption of relationship lifecycle models is the fact that customer relationships are dynamic (Bruhn, 2009, p. 53).

In 1991, *Hentschel* was one of the first who seized this idea and discussed, how the relationship behavior changes within the different phases. He describes differences in negotiation activity, evaluation activity, information activity and investment activity. Transferred to the concept of *Dwyer et al.*, every phase is characterized by a certain degree of activities. For instance within the first two phases (awareness and exploration phase), information activity including the search for alternatives is very high, decreases within expansion and commitment phase and increases again within the dissolution phase at the end. Negotiation activities are low at the beginning, increase within exploration and stay stable and medium high until the end of the relationship. Evaluation activities are medium high during the first phase, increase during exploration, decrease again during expansion and commitment and increase again during the dissolution phase. Investment activities are rather low or non-existent except during commitment phase, the most intense phase of the relationship (Hentschel, 1991, p. 27). Based on these insights, marketing, service and distribution instruments can be used in the most appropriate way, based on the belonging of the customer to a special phase. Within exploration phase, dissonance after the purchase can be reduced by appropriate marketing communications. Trust and emotional bonding are especially important within expansion and commitment phase (Stauss, 2011, p. 325). Therefore, instruments should be selected based on the appropriate goals for every phase.

For a complete analogy to the product lifecycle model, some elements are missing in the first customer lifecycle models. For instance, the phase concepts consider the different needs, expectations and behavioral characteristics in the different phases, but no concrete and systematic package of marketing measures is described. The product lifecycle is illustrated with a turnover curve over time. Contrary to the turnover as indicator, phase models of the business relationship do not explain an indicator for the different phases. It is uncertain, which indicator should be used for the existence and the change of the business relationship and which course of the indicator should be assumed. Furthermore, no formalization of the ideal-typical course exists and this leads to the problem, that no borders for the phases can be identified, where one phase ends and the next one begins. If the ideal-typical cyclic course of the curve of a customer relationship should be illustrated comparable to the product lifecycle, the choice of a representative indicator is necessary. The indicator must be able to give reliable information about the condition of the business relationship (Stauss, 2011, p. 325 f.).

In literature (Homburg and Daum, 1997a; p. 400 ff.; Homburg and Daum, 1997b, p. 97 ff.), turnover is discussed as indicator analogously to the product lifecycle, because the extent of a business relationship can be measured in transactions and thus, in turnover. If the model is illustrated with turnover as indicator, some aspects are neglected. It does not take the fact into consideration that the business relationship can be terminated at all times and it is not for sure that all phases are passed in reality. Furthermore, the timeframe for each phase is not analyzed and additional external complexity, such as variety seeking behavior and the usage of retention methods (Bruhn, 2009, p. 65). Another problem, if using turnover as indicator, is the customer. The turnover as indicator for the relationship curve is not representative for the evaluation of the relationship from a customer's perspective. Furthermore, the turnover predicates nothing about the differences in customer's expectations, wishes and behaviors in the different phases. For this reason, *Bruhn* (2009, p. 60 f.) for instance suggests psychological and behavioral indicators apart from economic indicators such as turnover or contribution margin. Perceived relation quality from a customer's perspective, commitment, trust and satisfaction can be counted as psychological indicators. Behavioral indicators are for instance purchase frequency or word of mouth probability. No analyses exist for a further systematization or the fact, if one indicator should be preferred compared to others. Due to the missing of reliable data, nearly no empirical studies concerning the customer relationship lifecycle exist. *Diller* et al. (Diller et al., 1992, p. 1 ff.) were able to show that 26% of all examined customer relationships of an industrial producer follow the ideal-typical curse of the lifecycle curve.

The advantages of the customer relationship lifecycle considerations can be regarded as important basis for segmentation, analysis and customer relationship management. Three relevant benefits can be identified: Diagnostic power regarding the analysis of the relationship quality, heuristic potential for designing relationship marketing and management and the application for handling customers of competitors (Diller, 2001, p. 866). Based on the relationship status of a certain customer, different management tasks occur, which are not covered by usual marketing mix measures. Therefore, new ways for applying marketing measures, which really match to the different phases, have to be examined. These new and even autonomous tasks structure customer relationship management activities in a new way (Stauss, 2011, p. 330 ff.). During the whole lifecycle of the relationship, the company has to attempt to satisfy customers' specific needs, which change through transactions over time (Zineldin, 1996, p. 16).

Stauss (2011, p. 331 ff.) discusses the shift from product lifecycle to a customer relationship lifecycle due to a more customer-oriented marketing (Stauss, 2000). As indicator for the intensity of relationship, *Stauss* also uses the economic indicator of customer turnover. He recommends a lifecycle including the following phases: initiation phase (information phase with first communicational contacts), socialization phase (first experiences with products), growth phase (further repeat purchases), maturity phase (start of decrease of the curve, decreasing growth rates), degeneration phase (no positive growth, turnovers stagnate or decrease), threat phase (until dismissal), dismissal phase, abstinence phase and revitalization phase. Not only at the end, but also during the whole lifecycle of the relationship, threat phases may occur, if customers are unsatisfied or think about dismissing the relationship. During the dismissal phase, customers have already made their decision about terminating the business relationship. A certain part of all customers who have dismissed is likely to be willing to reactivate the business relationship. For the other part, the customer lifecycle ends after completing the dismissal phase. For other customers, after a phase of abstinence, the cycle may start again. The reason may be a change in circumstances such as financial situation, personal needs, competitor evaluation etc. During the revitalization phase, customers are willing to communicate again with the company and if it is successful, a new cycle will start again (2011, p. 331 ff.).

Regarding the separation of the different phases, the course of the curve and the shift from one phase to the next is not the main goal of differentiation. Even more relevant is the fact, if the state of relationship of each customer can be identified. *Stauss* (2011, p. 338) describes the differentiation of initiation phase and socialization phase by using the first purchase as precise indicator. Based on the company, the belonging to the socialization phase has to be defined individually and should be specified in terms of a fixed time frame after the purchase. Threatened customer relationships can easily be identified if a complaint occurs. If no contractual relation exists, every company must define when a customer is considered as lost. Furthermore, the moment for revitalization must be defined. Regarding the length of relationship, it is important, if the customer has purchased only once or if he is a repeat customer. For new customers, information and special offers in communication and dialogue are crucial during socialization phase for creating trust and reduce dissonances (Stauss, 2011, p. 334 ff.). The next figure shows the customer relationship lifecycle following *Stauss*, with threat or risk phases after each normal phase included in the model.

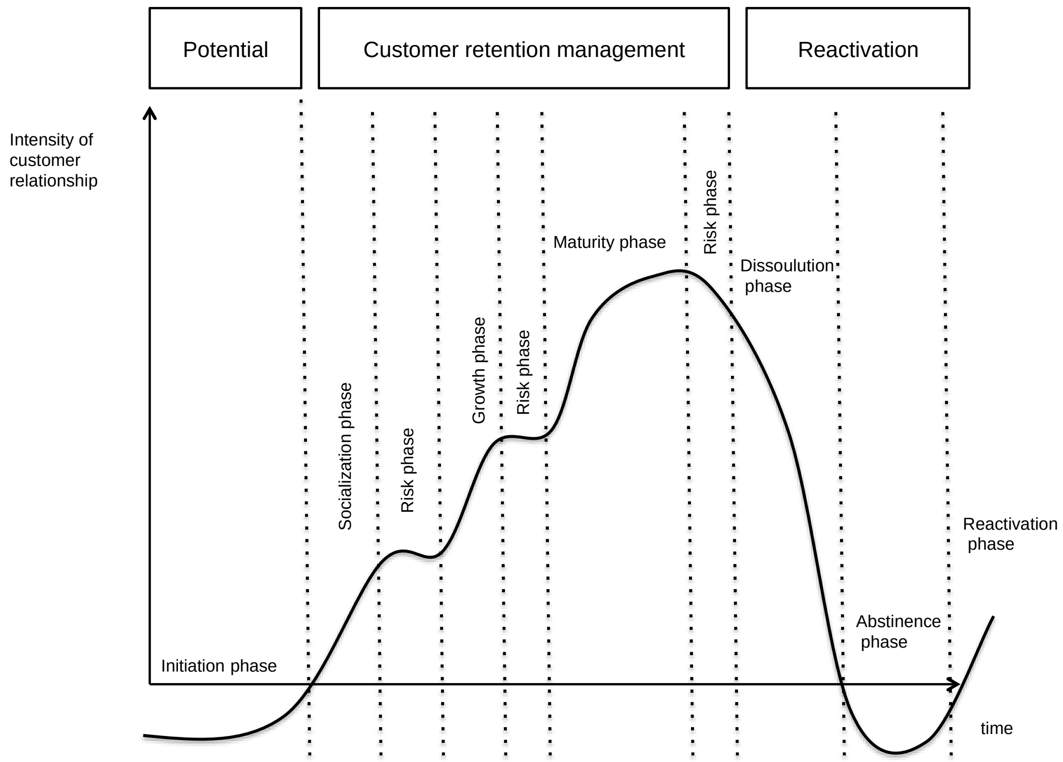


Fig. 2.3: Customer relationship lifecycle, Source: Own illustration based on Stauss, 2000, p. 16

In literature, customer relationship lifecycle and customer lifecycle are often used synonymously. For this research purpose, the customer relationship lifecycle is the most appropriate model to be used for further considerations and development. The customer relationship lifecycle can be regarded as an explanation model, which can be examined from a customer and a provider perspective. This “double-perspective” is a fundamental principle, which should be taken into consideration in terms of analysis, planning, implementation and controlling activities (Bruhn, 2009, p. 65).

Bruhn describes a phase separation based on the differences in intensity of the relationship. Hence, if the customer relationship lifecycle is illustrated, *Bruhn* also uses the abscissa for representing the duration of relationship and the ordinate for representing the intensity of relationship. *Bruhn* also discusses the problem of identifying the degree of relationship intensity. In terms of the customer, *Bruhn* describes three types of indicators to characterize the intensity. The different types of indicators can be used isolated, but also combined. First of all, psychological indicators should be the perceived price-performance ratio, relationship quality, and customer satisfaction as well as customer commitment. Customer retention, information behavior as well as communication behavior, for instance word-of-mouth, can be regarded as behavioral indicators. Economic indicators of relationship intensity can be divided into static and dynamic, because customer margin is rather static and customer lifetime value rather dynamic (Bruhn, 2009, p. 60 f.).

Bruhn (Bruhn, 2009, p. 64 ff.) underlines the fact that customer relationship lifecycle is a ideal-typical conceptualization and is supposed to vary in terms of the existence of the different phases as well as the length of the phases. A customer is not supposed to follow every phase during his lifetime and relationship. Also the importance of the different phases may vary from customer to customer (Emrich, 2008, p. 33). This depends on the type of service or performance provided. For individual services, for instance for a tax consultancy, the existence of an initiation phase is relevant, if the degree of risk and involvement from a customer's perspective is high. If cross-selling possibilities are limited, or if customers are only interested in one special product or service, the growth phase may be skipped. Additionally, the length of the phases may vary. Socialization phase and growth phase may be very short in the case of the purchases of consumer goods for every-day-life. Contrariwise, these phases may be very long in the case of investment goods due to the complexity and heterogeneity. Also eventual risk phases are shorter in the case of consumer goods by tendency. Due to low change barriers, customers are likely to change the provider more easily and faster (Bruhn, 2009, p. 65). *Hentschel* (Hentschel, 1991, p. 26) uses four phases for the application of the lifecycle analysis to provider-consumer-relationships: The first phase for getting to know, a deepening phase, a routine phase and a questioning phase. *Hentschel* divides customer behavior equivalently in four parts: Negotiation activities, evaluation activities, investment activities and activities concerning the search for alternatives. The relationship lifecycle can be influenced by targeted marketing measures of customer relationship management in different ways. Basically, two influencing strategies can be distinguished: Cycle stretching and cycle leveraging, whereas leveraging refers to the intensification of the customer relationship lifecycle. Cycle stretching focuses on maintaining the stability of the customer relationship and tries to avoid a premature termination of the relationship. Hence, the overall time of the relationship should be extended. Especially important is this extension process during the most profitable phases such as growth and maturity phase. If intensity and quality should be strengthened, the focus lies on cycle leveraging. Measures of customer retention are used for phase intensification purposes, but in general, customer relationship management instruments cannot be allocated separately to one strategy. Customer relationship management instruments aim very often at both targets simultaneously (Stauss, 2011, p. 336). The provider should keep the fact in mind that especially in the later phases of the relationship the buyer is probably not so concerned about continuing the relationship (Terawatanavong, 2007, p. 933). At the peak of the intensity, a further increase of relationship intensity is not realistic and further investments are not efficient. Thus, a long-term bonding strategy should be implemented without an intensification of the provider’s retention activities. During the re-activation phase, strategies become more short-term oriented again. Only with emotional short-term measures, a customer can be reactivated. After that phase, the lifecycle starts again, but the length of the different phases depends on the quality of the customer relationship (Georgi, 2005, p. 241). Certain measures can be reserved for valuable customers, because only attractive customers should be retained or recaptured. Measures can be differentiated based on the customer value, and relationship-oriented measures and strategies can be derived (Stauss, 2011, p. 339).

The next figure shows the ideal-typical curve of the customer relationship lifecycle described by *Bruhn*, briefly separated into customer acquisition, customer retention and customer re-activation. During acquisition the intensity of relationship starts slowly to increase, but during customer retention, the intensity increases more significantly, until the peak at the end of customer retention. Then, the intensity starts to decrease and the phase of customer re-activation takes place.

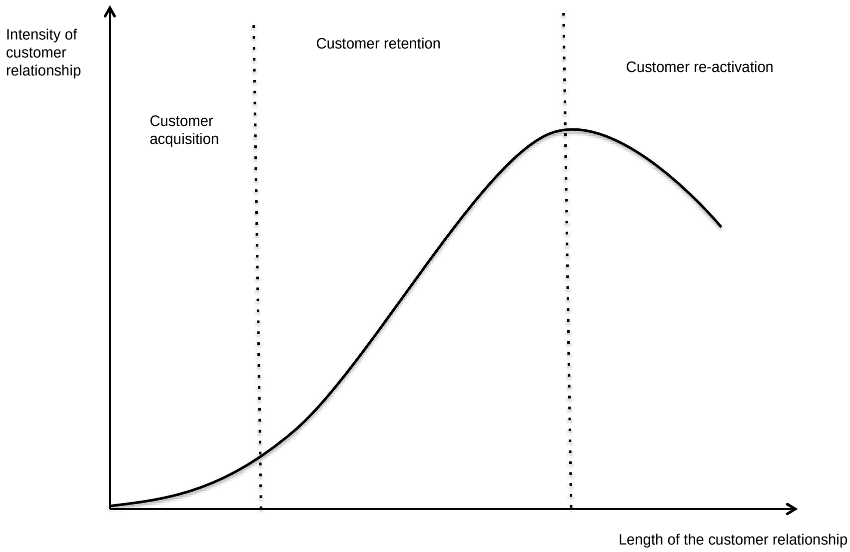


Fig. 2.4: Customer lifecycle, Source: Own illustration based on Bruhn, 2001, p. 48

It is important to take into consideration that expectations of consumers may vary during a lifecycle (Blut et al., 2001, p. 314 f.). Parallels to personal life exist, because there, also dynamics in expectations exist: “Relationships do not begin with marriage” (Karney and Bradbury, 1995, p. 27). In literature, comparisons of business relationships to love affairs and marriages can be found. Ideally, both are based on shared interests, mutual trustworthiness and commitment, since these factors enable to continue the relationship. Also personal relationships are dynamic, constitute a mutual interdependence and usually result in mutual loyalty. Similar to a relationship in personal life, a business relationship is vulnerable to termination in every phase, but especially in the early phases of relationship development. Similar to the business relationship, a relationship between people goes through various phases such as growth and maturity in its life cycle. Almost every relationship in any context starts with recognizing or identifying needs and desires and ends with satisfaction or disappointment and failure (Zineldin, 2002, p. 548 f.).

Summarized, the paragraph about customer lifecycle concepts discussed the advantages of using those models for segmentation and retention purposes. Since the relationship lifecycle can be influenced by marketing measures, an appropriate model for marketing communications in the hotel industry, which takes these insights into consideration, has to be developed. Thus, the next chapter introduces the customer communication lifecycle.

3 CUSTOMER ADHESION LIFETIME INDICATOR (CALI) MODEL - INTRODUCING THE CUSTOMER COMMUNICATION LIFECYCLE FOR THE HOTEL INDUSTRY

The new communication model for the hotel industry is based on the insights and assumptions of the above introduced lifecycle models. The next paragraphs explain the model development based on these theoretical foundations. Then, the model indicators, curve of the communication lifecycle, phase separation and implications per phase are introduced. Furthermore, a description of the operative and managerial implications for communication in the hotel industry is accomplished.

3.1 Customer lifecycle as theoretical framework for the CALI model

The ideas, considerations and rationales of the customer relationship lifecycle model are used to create a corresponding model for communication in the hotel industry: The customer adhesion lifetime indicator model (CALI model) including a customer communication lifecycle. This new lifecycle can be regarded as a derivative from the customer relationship lifecycle model. The new model should help to implement the findings of the relationship lifecycle model in terms of marketing actions. The findings of the relationship lifecycle should be matched with special communication strategies per lifecycle phase. The communication lifecycle should be represented by distinct communication strategies for each phase. The goal is to offer a communication strategy, which is mostly appropriate to customers' current phase of lifecycle. From a customer's perspective, the communication should meet his expectations in a higher extent than before and thus, should be able to create added value in customers' perceptions.

The relationship lifecycle model shows that relationships are dynamic and also marketing measures should be dynamic to be efficient and successful. Recommendations concerning the adaption of marketing measures based on the different phases can be found in literature (e.g. Blut et al. 2011; Georgi, 2005), but concrete advices regarding the design and content of marketing communication are missing. Furthermore, insights are missing, how to cluster communication in the service industry efficiently based on the relationship lifecycle. The new lifecycle model in terms of hotel customer marketing communications should fulfill different tasks. First of all, it should offer a substitute or at least a supplement to usual segmentation methods, which are used to implement a more customized marketing communication strategy. Customers are segmented to offer a more individual and appropriate marketing communication strategy, but the problem of classical segmentation methods is that they are often only past oriented or one-dimensional. Since the focus of nowadays marketing lies on the relationship between the customer and the provider, and additionally on the dynamics, this focus should also be the base for a new communication approach. The new communication model should take the same dynamics into consideration to go one step beyond classical segmentation models. Furthermore, based on the customer relationship lifecycle, the new communication lifecycle should deliver managerial insights in terms of tactical communication strategy. This includes a description of the appropriate communication content in the different phases, as well as appropriate ways of communicating and timing for communication.

3.2 Scope of application

Since the goal of the new model is the successful implementation in practice, the question arises, for which kind of hotel the model is appropriate. Since the implementation is linked to some prerequisites, the introduction for all types of hotels does not seem efficient or even necessary. Furthermore, depending on the hotel, the implementation may be not successful at all, because the guest structure is not appropriate for the new model. Thus, the type of hotel has to be specified.

First of all, a certain leisure aspect of the hotel and the offered services is helpful, because the design of the marketing communication requires content and information. All communication measures, which are the building blocks of the marketing communication strategy, have to be filled with relevant and appealing content. If the hotel has nothing to tell, it would be hard to make the communication interesting and information-rich. Thus, a certain amount of additional services, available at the hotel, would be helpful to enrich the content of marketing communications. In hotels, without additional outlets such as restaurants, bars or wellness facilities, the communicational possibilities are rather limited. For continuous marketing communication, hotels need topics to talk about. Basically, leisure hotels are more emotional and thus, marketing communication is easier to design. As already explained above, leisure travellers are more interested than business travellers in the interaction with the hotel, as well as in occasional gifts, newsletters and print send outs (Bowen and Shoemaker, 1998, p. 19).

Customers are in general more willing to receive communications from a hotel, when they are looking forward to a leisure stay. Holidays in general are important in consumers' lives for relaxation and to escape from their daily stress. Furthermore, holidays and holiday planning are influenced by emotions and inked to a general feeling of excitement and pleasure (Kwortnik and Ross, 2007, p. 328 ff.). Since leisure hotel stays are more emotional than business stays, more expensive for the individual, more time-consuming and linked to a higher level of arousal, the meaning of this decision to the individual is very high (Han et al., 2007, p. 159). Additionally, business travels are often not made by one's own choice. Business travellers have to travel to a certain location at a certain date. The influence of marketing communications is much lower, because the reason for the stay is beyond the reach of hotel's communicational measures. Thus, leisure hotel guests are in general more open for perceiving marketing communication than business travellers, who have to travel.

Besides the type of hotel, the booking channels play a decisive role. Hotel customers can book their hotel stay directly via phone or email for instance. Here, the booking process is conducted between the hotel and the guest without the involvement of a third party. Furthermore, hotel guests have the possibility to book via travel agencies or tour operators. In this case, the booking is not processed directly between the hotel and the guest. If a third party is involved in the booking process, it is possible that the hotel does not gain customer data until the arrival of the guest. Thus, it is not possible to send marketing communications before check in. Furthermore, the guest has to give the permission to be contacted to the hotel during check in. This means that the hotel is not allowed to send marketing measures to guests, who did not book their stay directly and only want to be contacted by their travel agent for instance. Then, the hotel customer is regarded as a travel agent's or tour operator customer and they send the communication. Furthermore, tour operator contracts forbid sometimes the direct contact from the hotel to the customer. [10] This aims at avoiding direct bookings in the future. In this case, the new model would not be usable, because direct communication with the guests may be impossible. Furthermore, the direct contact of the travel agency for instance may influence customers booking decisions. Thus, the application of the model is mostly applicable for direct bookers, who are not influenced by a third party in their booking process.

[10] See example (extract of contract between Falkensteiner hotels and TUI, a German tour operator) in the appendix

Of course, consumers are always influenced by competitive communication. This cannot be avoided in any case.

If guests travel individually or as a group also influences the communication possibilities. If guests are part of a group, the individual contact details are not available. The hotel receives only the names, but not the address etc. Thus, only individual guests can be contacted by the hotel and can be included into the new communication model. Summarized, the implementation for hotels makes sense, if the hotel has at least a certain quota of leisure guests, for instance if it is a city hotel with business travellers and city visitors alike. Ideally, leisure hotels with additional services and outlets can apply the model. Furthermore, especially guests who book their stays directly without travel agents or tour operator are taken into consideration, because they are not influenced by a third party during the booking process.

3.3 Model development

Since the strength of the relationship changes over time, expectations and requirements of customers change as well. The goal should be to create appropriate marketing measures based on the identification of the different customer needs or expectations in the different phases. The problem is the implementation of customized marketing measures based on the customer relationship lifecycle phase. Parts of the marketing mix, such as the distribution policy, are rather static and cannot be customized easily. Compared to the customer relationship lifecycle model and the dynamics of intensity, it is assumed that also the requirements for communication of customers change. Due to the improvement in database marketing and information technology, communication strategy can be customized. Therefore, to offer marketing communication based on the lifecycle phases, the different expectations or even needs of customers in the different phases must be identified. Then, in the next step, communication measures per phase can be established. Additionally, one main aspect of CRM should be taken into consideration. The identification of different customer types is no longer enough. Nowadays, CRM and also the new model aim at the development of specific strategies for the interaction with the different segments (Kumar and Reinartz, 2006, p. 5). The ultimate goal is to offer every hotel customer marketing communication in a way, which fits best to his special and individual expectations at that point in the relationship. The insights of relationship communication should be taken into consideration. Meaning creation for the customer is in the focus through integration with the receivers' time and situational context (Finne and Grönroos, 2001, p. 106). The new model should aim at delivering marketing communication measures, which integrate relationship-oriented factors to enable meaning creation for the customer. Thus, the empirical work must include the examination of these changes in expectations for the design of the model. Furthermore, since todays' consumers are very demanding and the amount of delivered information is tremendous, the model should aim at offering content, which supports customers' attention and therefore also the willingness to receive external stimuli. The delivered marketing communication should stimulate activation.

Correspondingly to the relationship lifecycle, which is the base of the communication lifecycle, the curve should illustrate the different phases. The length of relationship is similar to the relationship lifecycle and defined as customer lifetime, whereas the relationship intensity equals the extent of willingness and expectations towards communications. To differentiate these communication lifecycle phases, the key performance indicator of customer lifetime measured in days is used to calculate the length of the customer relationship. To measure the extent of willingness and expectations for communication in the different phases correspondingly to the relationship intensity, a special indicator should be developed to show the dynamics in so-called communicational adhesion. Communicational adhesion describes the extent of expectation, attention, interest, or even need of each customer to get customized communication from a company, which meets the individual expectations.

In general, marketing communication sent out by the provider and received by the customer is able to fulfill different aims. In service marketing, the main aspects, which can be communicated with the help of marketing campaigns, are: Emotions and information. As discussed above, information is required for successful marketing. Since information is a very broad term and includes various types, it is divided furthermore to be more precise. All pure information regarding the service, the provider, surroundings or additional activities for instance are considered as information in the model. Clear price information can also be transferred with marketing communications. All information in terms of prices, offers, last minute sales or packages, are subsumed under the term "offer", to show the difference between real and neutral information and the informative character of prices and sales communication. When it comes to offers, it is likely that customized offers are required in every phase of the customer lifecycle, but the need will decrease if customers know the product very well and know special rates etc. very well. Furthermore, loyal guests are less press sensitive (Reichheld, 2001b, p. 9 ff.) and are less interested in lower rates than new guests. Basically, communication has always an informative character and is able to close information gaps. This may be the case for instance concerning new services or detailed information about facilities. Information is able to reduce uncertainty at the beginning of the customer provider relationship. Following the relationship lifecycle models, at the beginning of the lifecycle, the intensity of the relationship is very low, but uncertainty is very high. Further on, uncertainty decreases, the intensity of the relationship increases until a certain maturity phase. Information is not only necessary to reduce risks before the stay, but is as well important after the purchase decision to inform customer about hotel services in particular, sport facilities, restaurants and all other things that increase the pleasure of the hotel stay. During the phase of high intensity, customers know everything about the product or service, uncertainty is low and it is assumed that they are less interested in information about the product or service itself. Thus, communication with a high informative character regarding the core product or service seems to be less interesting. It is postulated that customers have a certain need for information to reduce perceived risks before their first stay. After their first stay, if they know the hotel experience for instance briefly but not in detail, a further need for information may arise. Concerning the interest in offers, the same assumption as for information is made. At the beginning of the relationship, prices, packages and rates are unknown. After several stays, hotel guests know the prices and hence, are less interested in offers. Additionally, they have a stronger bond to the hotel and the price itself becomes less decisive than the desire to visit the well-known hotel again.

Moreover, communication is able to transfer emotions, which are especially important if the customer provider relationship is at the peak of the lifecycle curve and the intensity of relationship is very high. After many repeat stays, the need for further information is assumed to decrease, because no more risks are perceived and the product is well known. Emotion transfer should help to create and support loyalty and customer retention. Emotion transfer can focus on triggering pleasant emotions that enforce the relationship or even one step further, the transfer of specific experiences. This aspect is considered as most important during phases of high relationship intensity, were the bonds are especially strong and the customer is emotionally affected. Hence, content of hotel communications can be separated in three areas: Information, offer and emotion. Concerning emotions, they are important to build up loyalty and to strengthen loyalty, so it can be assumed that the need for emotions increases over time.

Since the intensity of the relationship changes over time, also the need for these three different aspects is supposed to change as explained above. Therefore, marketing should adapt communication based on the different needs in the different phases of the customer - provider relationship, taking these three aspects into consideration. Based on these assumptions of changes during lifetime, the customer communication lifecycle is designed. The changes should be illustrated with a communication lifecycle curve, which changes accordingly to the customer relationship lifecycle during customer lifetime.

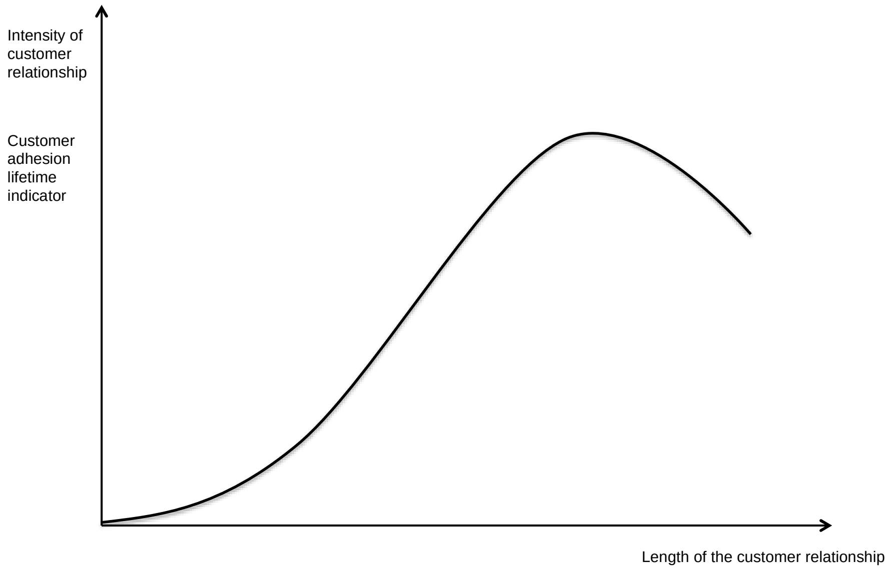


Fig. 3.1: Assumed curve of the communication lifecycle model corresponding to relationship lifecycle, Source: Own illustration

The CALI model with the communication lifecycle is divided into an overall change in willingness and expectations towards marketing communication. The general extent of expectations is separated into three parts: Information, offers and emotional content. Each part changes differently, but in sum, all three aspects result in the overall extent of marketing communication expectation.

This approach tries to describe the guests' perspective in the communication dialogue and tries to go one step beyond classical marketing campaigns. Marketing communication is regarded as an integral part of the dialogue between guest and hotel. Additionally, the customer is regarded as an active part of communication and not only as a receiver of mass marketing messages. Since the guest is interested in communication from the hotel, the hotel must know his specific needs and wishes and the differences in the communicational adhesion. To influence customers, it is required to deliver the right message with the right content during the right customer lifecycle phase. To use marketing budgets more efficiently and more effectively, the hotel must know the differences.

The next figure illustrates the elements of a marketing communications strategy according to *Bruhn*. The elements are communication object, target groups, communication message, communication measures, timing and communication area. The CALI model focuses on the elements target groups, measures and message as well as timing. The element target group cares about the customer segments, which receive the different communication measures. The operationalization of this element has to focus on a comprehensive integration with other marketing instruments referring to the idea of an integrated marketing communications approach. The communication message includes all decisions about the central transported content and core message. The message has to be designed according to the communication aims. Closely linked is the element timing, which decides about the allocation of the communicational activities in terms of time. The timing is related to the content of the message. Furthermore, the communication measure decides how to transport the message and is also closely linked to timing and message (Bruhn, 2007, p. 227 ff.).

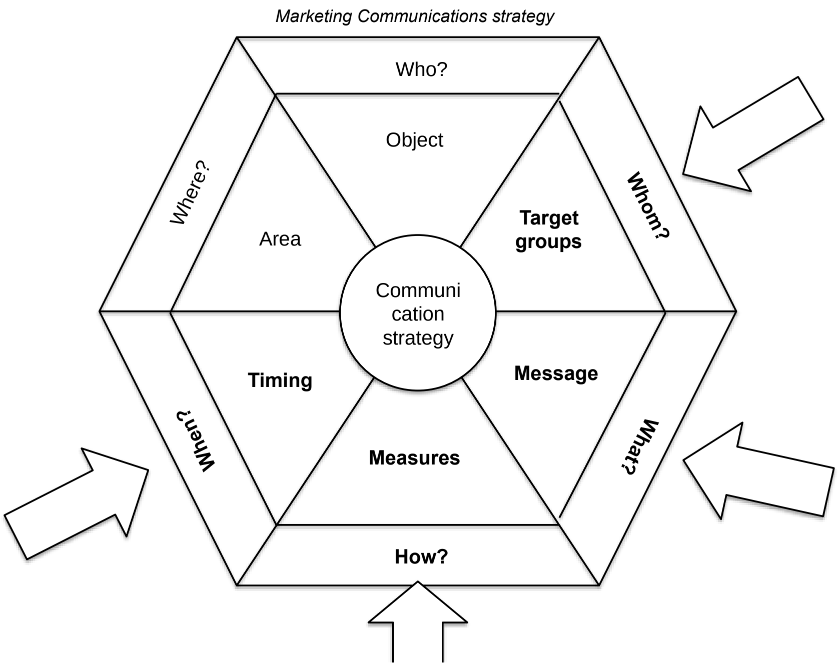


Fig. 3.2: Elements of a marketing communications strategy,
Source: Own illustration based on Bruhn, 2007, p. 227

Decisions about the area (regional, national or international for instance) and object (brands, products, services, companies) are not in the focus of the CALI model. If a hotel group acts internationally, the communication area is wider compared to a single national hotel for instance, because also the guests are rather international. The communication object in terms of hotels' marketing communications is always a combination of brand and service and cannot be treated separately. For large international companies, a separation of communication objects, e.g. a special brand communication strategy, may be necessary (Bruhn, 2007, p. 227 ff.), but for small to medium hotel groups, a comprehensive communication object is sufficient.

The benefits of the CALI model can be analyzed from a customer's perspective as well as from the provider perspective. For both sides, the usage offers advantages. From a customer's point of view, the provided communication meets the expectations and individual needs in a higher extent. This reduces the perceived risk and uncertainty at the beginning of the relationship. During the later lifecycle phases, the improved appropriateness in communication leads to a higher recognized exclusiveness of the offers and better service, because the communication is more tailored. Since the customer feels more comfortable with the new individualized communication, this is a perceivable advantage compared to competitive providers. Since the offered communication is in the right phases more emotional and hence more bonding, customer retention is fostered and the attitude towards the hotel is strengthened. Furthermore, the increased quality and added value delivered by the communication may have a positive impact on customer satisfaction and may lead to a higher level of loyalty. From a hotel provider's perspective, increased satisfaction and loyalty leads to higher profitability. The risk of losing customers early in the relationship decreases and customers are longer active. Thus, hotels benefit from better customer retention, are able to decrease defection and to stabilize their customer base as well as their market share. Compared to competitors, the new model offers a competitive advantage and cannot be not easily copied, because it requires a deep understanding of customer behavior, database management and marketing communication skills.

The next figure illustrates the CALI model benefit chain. At the left, customers' benefits such as a better fit of communication and expectation, risk reduction and an increase in customization level can be found. These benefits result in a creation of value for the customer, which leads to an increase in satisfaction and loyalty, stabilization of relationship and relationship enhancement. Thus, all these benefits result in an increase of turnover and profitability for the provider. Hence, customers' benefits and providers' benefits are interlinked.

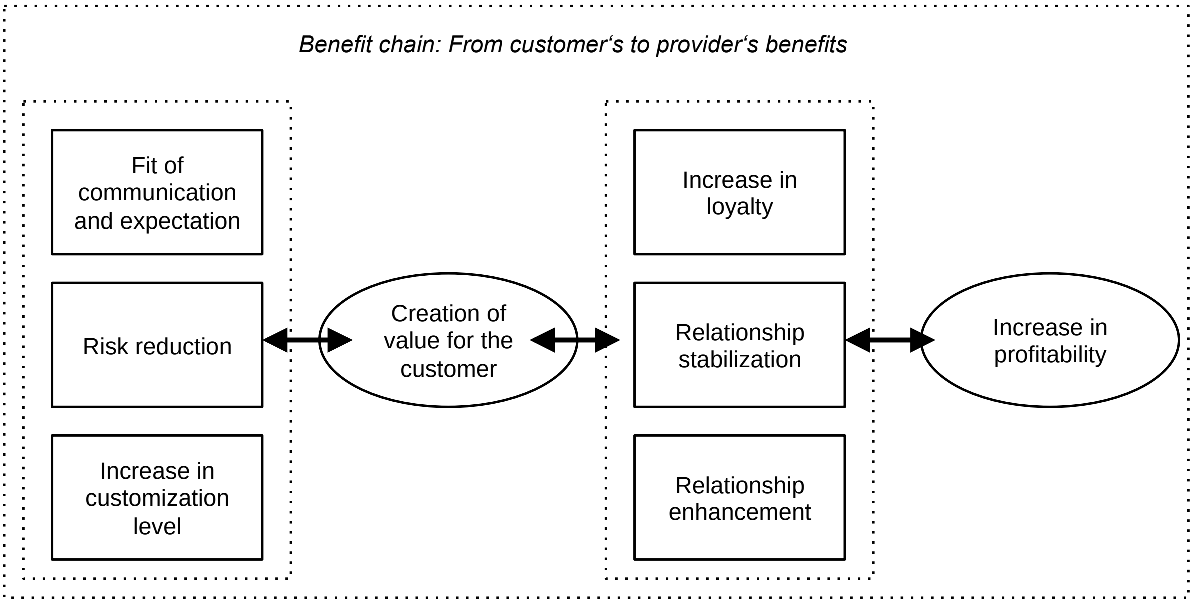


Fig. 3.3: CALI model benefit chain, Source: Own illustration

In sum, this sub chapter explained the new model briefly. The customer adhesion lifetime indicator and the benefit chain for using the model were introduced. In the next paragraph, the model indicators are defined, which are required for the operationalization of the model.

3.4 Model indicators

The discussed relationship lifecycle models consist of various characteristics, which must be adapted to the requirements of the communication lifecycle model. Since the communication actions should be implemented in practice, the applicability of the model has to be operationalized. The mode has to be more specific, because in literature, no concrete operationalization, which can be used for a company in practice, can be found. The adaptation of the model starts with the indicators for the different model specifications. In the relationship lifecycle model illustrations, the abscissa represents the length of the relationship. The ordinate represents the intensity of relationship, and the choice of indicator, which determines this intensity, is not unambiguous in the model descriptions. The relationship lifecycle model is illustrated in a coordinate system to show the intensity of the relationship over the course of time. Regarding the customer communication lifecycle model, first of all, the indicator for the duration of the relationship must be adapted. This aspect is illustrated in the above-discussed models as length of relationship by the abscissa. Second, the indicator concerning the ordinate, called relationship intensity in the relationship lifecycle models, must be designed. Within this new communication model, this indicator represents customers' intensity of expectations and interest for marketing communication during the relationship over the course of time. Third, an appropriate phase separation, based on the indicator, which determines customers' marketing communication expectations, must be accomplished. Different phases must be separable with the help of an indicator. Then, based on the definition of the phases, the characteristics of each phase must be analyzed. Based on this analysis, the practical implications for marketers in the hotel industry concerning the dynamics of communication lifecycle can be outlined.

Table 3.1: Comparison of indicators relationship lifecycle and customer communication lifecycle, Source: Author

Indicators	Relationship lifecycle	Customer communication lifecycle
Indicator for the abscissa	**Duration of the relationship** → Measures the duration of the relationship in time (e.g. Stauss, 2011, Georgi, 2005)	**Customer lifetime**, measured in days from the first purchase until the last purchase, which occurred so far, to measure the length of the active customer-provider relationship, defined by the author
Indicator for the ordinate	**Intensity of the relationship** → This existing indicator is not operationalized in practice (e.g. Bruhn, 2009, Stauss, 2011)	**CALI**, the customer adhesion lifetime indicator, which illustrates the changes in customers' expectations towards marketing communication and the changes in intensity within these expectations, defined by the author

The required indicators must be representative, but standardized and useable for marketers in practice. The chosen indicators must be able to give reliable information about the state of every customer, the condition of the business and the phase, where each customer is in. Since the model is created based on the customer relationship lifecycle, the considerations concerning the choice of the indicator can be used. Nevertheless, in literature, no ideal solution for choosing appropriate indicators can be found. Findings differ starting with defining a specific indicator for every company and the special characteristics of this specific company (see Stauss, 2011, p. 328 ff.) through to a combination of different indicators (see Diller, 2001, p. 865; Bruhn, 2009, p. 60 f.).

The hotel industry benefits from the fact that many data are available, which can be used for the calculation of indicators: Turnover for instance can be easily used for calculation. Hence, as discussed in literature (Homburg and Daum, 1997a; p. 400 ff.; Homburg and Daum, 1997b, p. 97 ff.), relationship can be measured in transactions and thus, also in turnover. Turnover is discussed as being used as indicator to operationalize the quality and intensity of relationship, but turnover alone is considered in literature as not sufficient for the usage as indicator for relationship quality (see Stauss, 2011, p. 328 ff.). Since several aspects of the relationship operationalization are neglected, turnover is also not appropriate for the usage in a communication lifecycle model. Even more, especially in the hotel industry, many problems occur if using turnover as indicator. If guests book hotel rooms for several people for instance, and the booker pays for more than one room, this would look like one purchase with a very high turnover, but consists in reality of many single purchases. Besides, also events such as weddings, anniversaries or parties may influence the total turnover of one guest significantly. This would be very misleading, because it says nothing about the loyalty and stability of the relationship over the long-term. Using turnover as sole indicator for the interest in communication, a very high turnover would lead to wrong assumptions about the phase in the relationship. Additionally, it is not representative for the length of the relationship and can also not be used for the operationalization of this kind of indicator.

To compensate the shortfalls of one single economic indicator, *Bruhn* (2009, p. 60 f.) suggests the combined usage of psychological and behavioral indicators apart from economic indicators. Also *Stauss* (2011, p. 328 ff.) and *Diller* (2001, p. 865) recommend the parallel usage of indicators from different indicator groups, but the problem here is the precise calculation of these indicators for customers in the different lifecycle phases. Customer penetration quota for instance, is only hardly measurable. The quota of one provider compared to the total demand of one customer would be even imprecise, if every single customer would have been asked. To understand the nature of a relationship, relationship length as a single indicator is considered as not being sufficient. Relationship length is not the appropriate unit of analysis. It is more important to examine what happens during each phase of relationship to get an idea about the changing expectations and behaviors per phase (Terawatanavong et al., 2007, p. 916). Additionally, also other economic indicators such as contribution margin for instance do not take the customer’s perspective into consideration, which is the most important fact in the model. The customer with his characteristics and expectations defines the lifecycle phase. Operationalizing this highly complex psychological system with one economic aspect neglects the complexity of the whole dynamic relationship system. Besides, not only the appropriateness, but also the measurability is important. Purely qualitative indicators are hardly measurably and hence, not really appropriate for the usage in a communication model in practice. Thus, to strike a balance, only measurable indicators are appropriate. Satisfaction is measurable with a satisfaction scale in a questionnaire. Trust for instance, is more difficult to express in figures. As behavioral indicators, purchase frequency can be calculated with the help of transactional data. Furthermore, word of mouth probability can be measured with the help of a questionnaire. In literature, also the usage of perceived price-performance ratio and satisfaction (e.g. Stauss, 2011, p. 328) as indicator for the relationship intensity are discussed. Therefore, to measure the intensity of communicational expectations per lifecycle phase, a more qualitative indicator has to be invented, which can be calculated in practice. This indicator can be regarded as one part of the total relationship intensity. The indicator must be able to show the importance of communication of the provider perceived by the customers. The extent of importance must be calculated per lifecycle phase.

Summarized, this sub chapter introduced the main indicators for the new model: Customer lifetime and a new indicator, which illustrates the changes in customers' expectations towards marketing communication and the changes in intensity within these expectations. The next paragraphs define both indicators more detailed.

3.4.1 Length of relationship

Regarding the length of the relationship, no conclusions in literature can be found, how to measure this aspect. The length of relationship refers to the lifetime of the customer-provider relationship (Stauss, 2011, p. 321), and not only the time as unit for illustrating the relationship lifecycle. At the first sight, it seems easy to calculate the length, but the main question is where the relationship starts and where it ends. Regarding the relationship lifecycle model, the measurement of the length of relationship starts usually with the awareness phase or initiation of the first purchase. Since this moment cannot be stated for sure, this beginning does not seem appropriate for concrete descriptions of the duration of the relationship in terms of the communication lifecycle and the boarders of the different phases. Due to the reason that the temporal process of the relationship should be illustrated, the indicator for measuring must be precisely chosen. To constitute different marketing communication measures for each phase, it is necessary to draw the lines sharply. For this reason, in the communication lifecycle model, the cycle has to start with a measurable event. The first precise and measurable event during the customer relationship with a company is the first purchase. In terms of hotel guests, the first hotel booking with a hotel company represents the first purchase. It is possible that guests make a booking request, make a tentative booking or cancel their booking after a while, and the relationship would not start in fact. The first moment, where the relationship exists in reality, is the first arrival of a hotel guest. After this moment, the guest has the possibility to terminate the relationship at any time, but a certain relationship would have been existed. Additionally, if the guest arrives for the first time, the characteristics regarding the relationship have not changed significantly compared to the time period between the reservation and the arrival. Hence, the assumptions for the first time after the first purchase can be transferred with certain restraints to the time before the arrival. This "moment of truth" in the relationship can be easily monitored with the help of the reservation system, where important data such as the arrival, reservation and departure date, is stored. The next event in the relationship, which can be measured, would be the first repeat purchase and all following purchases. As long as the hotel customer makes further bookings, he did not enter any risk phase, because this customer is still active, a stable relationship has to be assumed and the customer is still generating profit. To measure the lifetime precisely, the duration between the first purchase (considered as real beginning of the relationship) and the latest purchase is a representative time frame. Hence it can be calculated by subtracting the first arrival date from the last arrival date. If the first arrival date of a customer is for instance 1.1.2012 and the last arrival date is 1.1.2013, the customer lifetime of this guest would be 365 days or one year. This means, that so far, since the customer has no additional stay so far, his lifetime would be 365 days. This time period represents the time, where this customer is an active customer in terms of the customer-provider relationship. Then, the customer lifetime figure expressing the length of relationship in the customer communication lifecycle model can be used as unit for the abscissa, because it can be unequivocally determined. This period represents the active customer lifetime between the customer and the service provider. Therefore, this period equals the length of relationship, which is important to link the considerations to the base model, the relationship lifecycle model.

The end of the relationship would be the final defection of a hotel customer. This is not easily measurable, because if the customer has not deceased, there would be always a remaining possibility that this customer can be reactivated and will book another stay in the future. Thus, not the real and final exit of the relationship seems crucial for the design of the customer communication lifecycle, because this moment would not be definable for sure. The definition of the beginning of a risk phase, where the termination or at least abstinence seems more probable, is more appropriate and furthermore, also practicable, because it has more implications to the change in communication strategy. Hence, the duration of relationship in the customer communication lifecycle is determined between the first purchase and a phase, were the last and also final booking gets more and more probable. To identify this timeframe in practice, lifetimes and purchase frequencies of real guests have to be analyzed.

This paragraph defined the length of relationship, which is necessary for the new model. The next paragraph introduces the building blocks of the customer communication lifecycle.

3.4.2 The CALI and the building blocks of the customer communication lifecycle

Besides the overall importance of marketing communication for customers, the changing needs in terms of the content and structure must be examined. The new indicator must be able to show the changes in expectations towards communication and the changes in intensity within these expectations. It is named customer adhesion lifetime indicator (CALI). Communicational adhesion refers to the fact that this indicator describes the changing patterns in terms of marketing communication from a customer's perspective and expresses the extent and intensity of willingness to receive marketing communication from a company. Since this indicator is interlinked with the customer lifetime and changes during its duration, it is described as lifetime indicator. Corresponding to the relationship intensity, the CALI is supposed to change during the relationship. For the validation and analysis of the significance of chosen indicators, an empirical testing is crucial. Furthermore, if the importance of marketing communication changes during customer lifetime, also the level of satisfaction and perceived performance ratio is assumed to change. Hence, also the comparison of these changes would be insightful for description of different phase characteristics.

Marketing communication is able to transfer information first of all. Information regarding prices and offers should be treated differently while the characteristic of this kind of information is promotional. Fundamental information about the service or the facilities is rather neutral. To reduce uncertainty and to show different options and possibilities around the core service, the service information is important to customers. Following *Ryals* and *Knox*, new customers for instance may demand more information about products and service levels, may seek to customize the offer as far as possible and then also buy on a limited basis as a kind of a trial measure (Ryals and Knox, 2007, p. 825).

But these types of neutral information have no clear focus on purchase decisions. They support and facilitate purchase decisions, but the effect differs from pure price information. If a hotel company includes for instance a special weekend offer in its marketing campaign, customers would perceive this message as mainly promotional. Thus, all information about prices, special discounts, last minute deals or offers are promotional and have to be treated differently. For this reason, it is considered to be a different part of the whole communication content, which is transferred with the help of a marketing message. Then, also emotions can be transferred. As a result, communication in a service company environment consists of three factors: information, emotion and offers.

The sum of these three factors per phase results in the total CALI per communication lifecycle phase. Thus, the three factors can be regarded as sub indicators for CALI and are mentioned above solely as information, emotion and offers. The table below illustrates the detailed characteristics of the indicators.

Table 3.2: CALI and the sub indicators for customers' expectations, Source: Author

Main Indicator	Description
CALI	Customer adhesion lifetime indicator, represents the intensity and extent of expectations regarding marketing communications of customers, can be separated in three sub areas
Sub Indicators	Description
Information	Describes customers' interests for neutral information about additional services, facilities and possibilities around the core service (e.g. the restaurant, sport facilities and sightseeing around the hotel)
Emotion	Describes customers' expectations towards emotional and exclusive marketing communication messages (for instance birthday cards, a thank you card or other forms of appreciation from the service provider)
Offers	Describes customers' expectations towards price information, promotional or last minute offers, the focus here is mainly on the price, especially cheap prices are prioritized

The considerations above are rather conceptual, but also the measurement of the CALI in practice is important, because the goal of the new model is not only a theoretical approach, but to enable the implementation in reality. Therefore, the CALI must be operationalized. The indicator should measure the changes in expectations. To enable the measurement of changes, the level of expectations is necessary first of all. The levels of expectations and the changes in expectations of real guests must be monitored with an appropriate sample of guests with different lifetimes to examine the assumed changes. Hence, the extent of expectation for individual guests must be measured and compared to the individual customer lifetime. Since attitudinal facts are rather difficult to measure and cannot be observed, guests have to rate them by themselves. Thus, the only possibility to operationalize the extent of expectation is to ask guests with different customer lifetime and to let them rank their expectations on a scale. Since the CALI is separated into three different aspects, guests have to rank all three aspects and their importance differently. Then, the sum of the aspects can be calculated to receive the overall CALI per customer.

Fig. 3.4: Calculation of customer adhesion lifetime indicator, Source: Author

$$CALI_{per\ customer} = I_e + I_i + I_o$$

$$CALI_{per\ customer} = customer\ adhesion\ lifetime\ indicator$$

$$I_e = Indicator\ for\ emotional\ content$$

$$I_i = Indicator\ for\ information$$

$$I_o = Indicator\ for\ offers$$

If a 6 point Likert scale would be chosen to rate the importance from 1 to 6 for the different aspects, the calculation of an individual CALI would be for instance: $I_e = 2$, $I_i = 5$, $I_o = 5$, $CALI_{per\ customer} = 12$, on a scale from 0 (no answer) until 18 (highest importance of all three factors). Then, the results for the different phases can be compared to gain insights about the appropriateness of the chosen phases.

Summarized, this paragraph described CALI and the sub indicators for emotion, information and offers more detailed as building blocks for the customer communication lifecycle. The next paragraph defines the phase separation, which is required to structure the lifecycle.

3.4.3 Phase separation

For separating the phases of the customer communication lifecycle, an appropriate definition of the different phases is required. In literature, a different number of phases for the relationship lifecycle model are discussed. *Dwyer* (Dwyer et al., 1987, p. 15 ff.) introduced the main separation in five phases already in 1987. *Hentschel* (1991, p. 27) discussed a separation in four phases, *Bruhn* (2009, p. 62) introduced even seven phases and *Stauss* (2000, p. 16) used four main phases during the active relationship, but added risk phases after each phase as well as an extra initiation phase and phases concerning the reactivation of customers. *Hansen* et al. took *Dwyer's* lifecycle model as a base for their own considerations regarding a model for consumers' comparative value assessments. The author's reason for choosing *Dwyer*'s model as a base is the following: The model provides the most widely recognized and accepted life cycle conceptualization. Secondly, the model focuses especially on the relationship between consumer and provider and third, the model is useful for consumer and industrial markets alike (Hansen et al., 2011, p. 2). For this reason, using *Dwyer's* model as a base seems appropriate for designing the phases of the customer communication lifecycle. The active relationship bases on the chosen indicator for the length of relationship, the customer lifetime. Thus, awareness phase before the first purchase is not additionally considered within communication lifecycle, because it is not possible to handle communication in this phase individualized, since no direct link to the potential customer is possible. Besides the communication lifecycle, hotels should implement ways for communicating with potential guests, but here, no qualification is possible so far and all potential customers must be treated the same. Furthermore, the communication lifecycle should end with a risk phase after a certain maturity phase. At this point, communication is eventually able to prevent a final termination of the relationship and helps to lengthen the relationship. After being inactive for a certain period of time and if communication cannot prevent the defection of the customer, further communication is inefficient. If a customer eventually makes a purchase after a longer period of abstinence, the cycle would start from the beginning. Due to these considerations, a separation in four phases seems appropriate for the communication lifecycle. The four phases should be chosen based on the five main phases of *Dwyer*, but without awareness or initiation phase.

Table 3.3: Comparison of chosen phases, Source: Author

Model	Customer lifecycle	Customer relationship lifecycle	Customer communication lifecycle
Author	*Dwyer*, 1987	*Stauss*, 2000, elaborated 2011	Model by author
Phases	Awareness	Initiation	-
	Exploration	Socialization	Socialization
	Expansion	Growth	Growth
	Commitment	Maturity	Maturity
	Dissolution	Dissolution	Risk
Comments	Basis concept for all lifecycle models	The above mentioned phases are within the active relationship and end with the dissolution phase, Stauss adds risk phases after each phase to show the possible end of the relationship after each phase	The model starts with the socialization phase as first “real” phase, risk phases also may occur after each phase but are not treated separately, the last phase is considered as main risk phase, may correspond to the dissolution of the relationship

The second model, which is used as theoretical base is the concept of *Stauss* with the four active main phases (without considering the initiation phase before the first purchase) in the relationship lifecycle. These phases have clear and precise characteristics and are therefore accurately separable and manageable in practice. The cycle starts with a socialization phase with the first purchase. Then, the growth phase follows. The next phase is the maturity phase before the final and last phase, which is called briefly risk phase. Risk phase should summarize the timeframe until the real defection of the customer after the peak of the cycle. It is possible, that customers skip certain phases and end the relationship at an earlier phase. Then, also in terms of the communication lifecycle, the customer would enter immediately the end of the cycle.

Table 3.4: Customer communication lifecycle phase characteristics, Source: Author

Phase	Phase name	Separation indicator	Starting point	End of the phase
I	Socialization phase	Only one purchase so far	First purchase	First repeat purchase
II	Growth phase	Active repeat customer	Second purchase within one year (with one year usual purchase frequency)	Time frame between the first and last (until now) purchase less than one year
III	Maturity phase	Active, stable repeat customer	Repeat purchases within one and two years (with one year usual purchase frequency)	Time frame between the first and last (until now) purchase within one and two years
IV	Risk phase	Threatened repeat customer	Repeat purchases within more than two years (with one year usual purchase frequency)	Time frame between the first and last (until now) purchase more than two years

As already discussed in literature (e.g. Hentschel, 1991, p. 27; Bruhn, 2009, p. 64 ff.) for the relationship lifecycle, the communication lifecycle is not a deterministic sequence model and it is possible that phases may be skipped due to incidents, such as dissatisfaction and complaints. Furthermore, the different phases have to be divided by length measured in time between the purchases. For a basic separation, a usual timeframe between two purchases (for instance the usual timeframe between the first and the second purchase) have to be used to set the boarders. The majority of guests will be within the usual timeframe, but certain outliers may exist, which do not follow the usual course.

The indicator for the duration of relationship has a more quantitative focus. The indicator for the intensity is more qualitatively. Since the operationalization of a qualitative aspect is more imprecise, it seems to be more accurate to use the quantitative indicator for the separation of the phases. In literature, the qualitative indicator was widely used for the definition of the phase separation. Furthermore, it seems more applicable to use the indicator expressing time to separate the phases. *Grönroos* describes purchases as one way of defining the development of a relationship. To measure how many times a given customer has made purchases from a company helps to identify that a relationship has developed. However, *Grönroos* points out that the isolated usage of repeat purchases is not enough (Grönroos, 2007, p. 35). The combination of time and purchase behavior results in the changes of the expectations towards communication. Hence, the separation has to be based on the time indicator. But the problem here is that no clear findings regarding the implementation of phase separation in practice can be found. Therefore, a practicable way has to be identified, which enables a usage with real customers. The communication model should offer a realizable option for optimizing marketing communication strategy.

In the customer relationship lifecycle model, quality and intensity of relationship can be regarded as dependent variable, whereas the duration of relationship is the independent variable. During the relationship (abscissa, duration of relationship), the intensity of relationship changes (ordinate). Thus, the intensity of relationship depends on the duration of the relationship. The same can be applied for the communication lifecycle. The extent of expectation and interest for communication, which is expressed by the CALI, depends on the length of the relationship, more precise, on the customer lifetime (measured in time since the first purchase) of the customer. Since the duration of relationship is the independent variable, it is more appropriate to choose this indicator for the separation of the different lifecycle phases. Then, during the phases, the indicator regarding the extent of expectations and interest for communication expresses the certain degree for each phase.

As already discussed in literature, the goal of phase separation is not only the course of the curve and the shift from one phase to another. The main goal of the differentiation of the relationship phases is the identification of the state of relationship of each customer (see Stauss, 2011, p. 338). Also for the creation of the communication lifecycle, the precise identification of customers and allocation to the different phases is decisive. Only if every customer is precisely assignable to one phase, the appropriate communication strategy can be chosen.

For separating the initiation phase from the socialization phase, *Stauss* (2011, p. 338) recommends the first purchase as precise indicator. Since the first purchase is used within the communication lifecycle model as starting point for the duration of communicational relationship, it seems also appropriate for using the next purchase as a border between the first and the second phase. So concerning phase I in the communication lifecycle model, all guests with one real purchase so far, but without further purchases, are part of this first phase. In terms of the customer lifetime, customers have a value of 0, because the time between their first and their subsequent purchase is 0. Hence, in terms of hotel guests it is possible, that guests stay one week, one month or one year in phase I, but without the decision for the next purchase, their characteristics are the same and should therefore be treated the same. No proof is available, if these customers are still active in terms of the customer provider relationship. This also means that it cannot be proofed that the relationship itself still exists. If customers from phase I make their subsequent purchase decision, they jump automatically to phase II, or eventually even to phase III or IV, if the period of time between their first and their second purchase is very long. Since the average frequency for hotel guests in the following empirical study is assumed to be less than one year, most guests would continue with phase II after phase I without skipping it. Thus, it would be rather the exception for usual hotel guests. Additionally, guests will receive communication measures in the meantime, based on their communication phase. Thus, if a guest would stay in phase I for nearly two years for instance, makes then his next purchase, he would jump into phase III and would skip phase II. This would be appropriate, because the relationship is longer compared to new repeat guests, who book their next stay within three months. This “new” repeat guest, but in terms of amount of communication “old” guest, would have received several communication measures based on his socialization phase expectations and thus, it is not crucial for the development of the relationship to pass phase II before phase III. Due to his personal customer lifetime, phase III would offer the more appropriate communication for this guest. If guests would have a longer usual purchase frequency in general, choosing a longer time frame would be appropriate. Thus, an analysis of the purchase behavior before implementing the different communication phases in practice is important. For the following empirical work, one year is used as an appropriate exemplary time frame. Then, if these guests would have their next purchase within the next year, phase III would start. Guests in this phase would have on average a minimum of three stays. After this third phase, the fourth and final phase would begin, if the lifetime lasts more than two years. This means that the timeframe between the very first and the last (at least so far) stay is more than two years. After such a long time of accustoming, the risk of variety seeking behavior for instance increases. Hence, the risk for searching alternatives rises and the quota of customers, who will end their relationship at this point, becomes higher.

Summarized, the lengths of the different phases are not equal, because of the combination of time and purchase behavior for the separation. Based on the purchase behavior, one customer stays longer in a certain phase than another, but this is not important to the communicational model, because his expectations regarding receiving marketing communications are assumed to be the same. Therefore, the duration of the phases measured in time would be misleading. Only due to the combination with purchase frequency, customers with similar characteristics can be clustered in the same phase.

This paragraph compared different concepts for phase separation, to come up with an appropriate separation strategy for the communication lifecycle. The next sub chapter deals with the assumed curve of the customer communication lifecycle.

3.5 Curve of the customer communication lifecycle

The communication lifecycle model bases on the relationship lifecycle and hence, also the illustration bases on this model. The relationship lifecycle starts at the beginning of the relationship with value 0. Then, it increases during the first three phases until its peak at the end of the maturity phase. After the maturity phase, the course decreases for the first time. This kind of course was illustrated by *Bruhn* as well as by *Stauss* (Bruhn, 2001, p. 48; Stauss, 2000, p. 16) with only slight adaptations. Since the relationship intensity is very low at the beginning, also the CALI is expected to be very low at the beginning. But, since the interest in general concerning the chosen service is high at the beginning, also the interest in general regarding marketing communication exists. For this reason, the communication lifecycle course does not start at value 0, but a certain extent above, to illustrate this basic expectation from a customer's view. Furthermore, the intensity of expectations regarding communication should be illustrated conceptually above the relationship lifecycle curve, because even before the relationship exists, the willingness to receive communication may exist. Since the relationship lifecycle curve was not examined in detail in practice, the comparison of the both curves is rather exemplary and ideal-typical.

The communication lifecycle model can be considered from a service provider's perspective, but must be considered from a customer's perspective to be appropriate. A company must understand, how the expectations in terms of marketing communication changes and in what extent this expectations change. Then, the appropriate marketing communication measures can be chosen. For this reason, the initial standpoint of describing the communication lifecycle is the customer perspective. Furthermore, the indicator CALI was created to illustrate the changes from a customer's view. If the intensity of provider-customer relationship increases, also the expectations regarding the perceived communication from the provider increase. The importance of the communication rises, comparable to the communication in other types of relationships. At the end of the lifecycle, the importance decreases in the effect that the impact of the communication decreases. If a customer decides to finally quit the relationship, additional communication after some efforts would even foster refusal and reactance behavior[11]. For this reason, a while after entering the risk phase, communication has to be reduced more and more, to avoid negative reactions and reactance behavior. If the customer decides to continue purchases, communication with a lower frequency is still essential. Also after a period of abstinence and defection, it is possible that a customer purchases again. A new cycle of relationship would start, if the abstinence phase would be so long that uncertainty and perceived risk would be comparable to a completely new customer. If the customer decides to take a new cycle of relationship in consideration, also communication extent may arise again, because a new cycle of communication lifecycle will start. The next figure illustrates the customer communication lifecycle in a conceptualized manner with the separation in four phases.

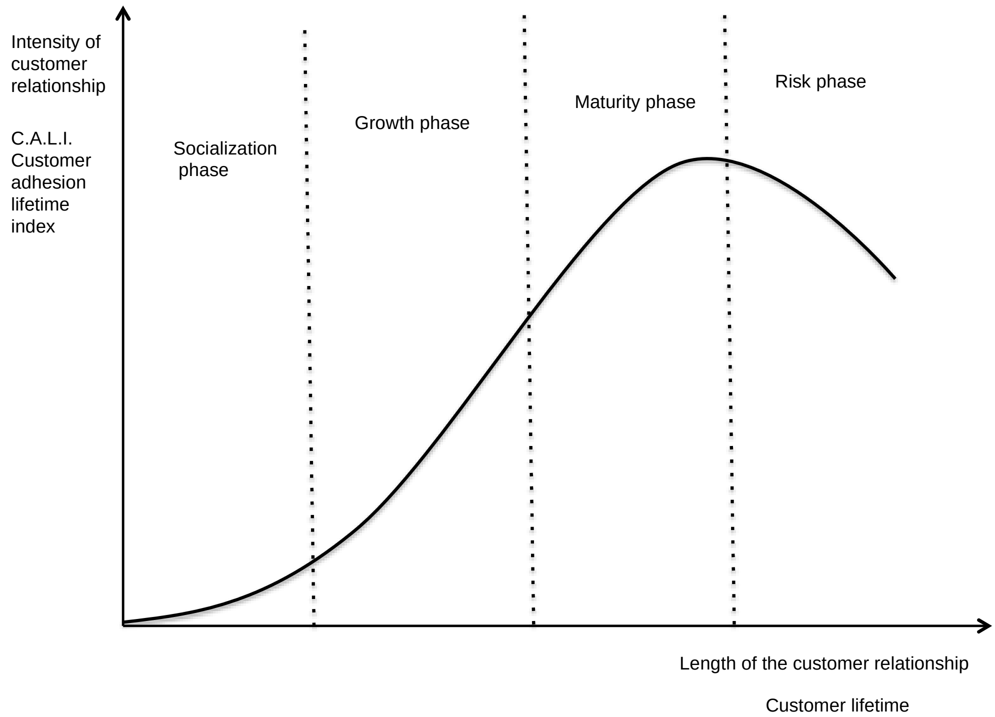


Fig. 3.5: Customer relationship lifecycle and customer communication lifecycle, Source: Own illustration based on Bruhn, 2001, p. 48 and Stauss, 2000, p. 16

This paragraph explained the curve, which is assumed for the customer communication lifecycle based on the illustration of the relationship lifecycle. The next sub chapter describes

[11] See paragraph 1.3.2 Consumer behavior, decision-making and risk, p. 55 ff.

the characteristics of each single phase and the impact on managing customer communications.

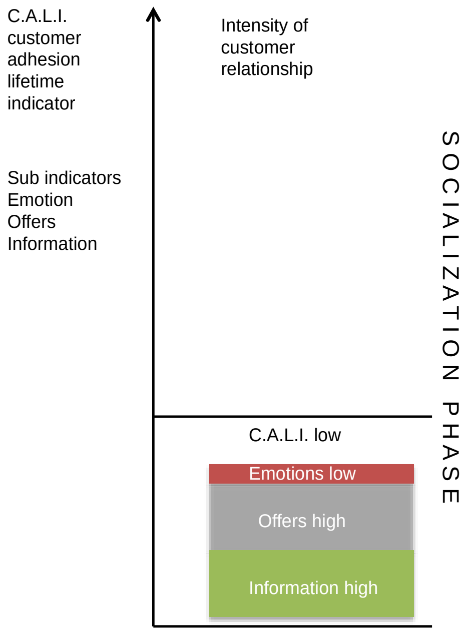
3.6 Phase characteristics and the impact on communication strategy

The phase characteristics and the impact on communication strategy are described by reference to the hotel industry, since the empirical work is conducted in this industry. Many considerations may be appropriate for other branches of the service industry, but have to be examined empirically, which is not part of the dissertation.

Regarding the characteristics and description of the phases, different aspects play an important role. First of all, as discussed above, the CALI changes during customer lifetime, as well as the sub indicators information, emotion and offers. Therefore, for every phase, these different changes must be examined and must be taken into consideration regarding the design of the marketing strategy per communication phase. Additionally, the differences between the customer's perspective and the provider perspective are important.

Following *Berger's* and *Calabrese*'s uncertainty reduction theory, the primary goal during the early phase of a relationship is reducing existing uncertainty. Furthermore, another primary concern is an increase of predictability about the behavior of the counterpart and the interaction (Berger and Calabrese, 1975, p. 100 ff.). Therefore, consumers in this phase will allocate a lot of cognitive energy to ensure that the current relationship is as desirable as expected and especially also desirable compared to alternate relationships (Hansen et al., 2011, p. 3). The following table can be found for each phase and summarizes the most important facts and aspects.

Table 3.5: Overview communication lifecycle phase I, Source: Author

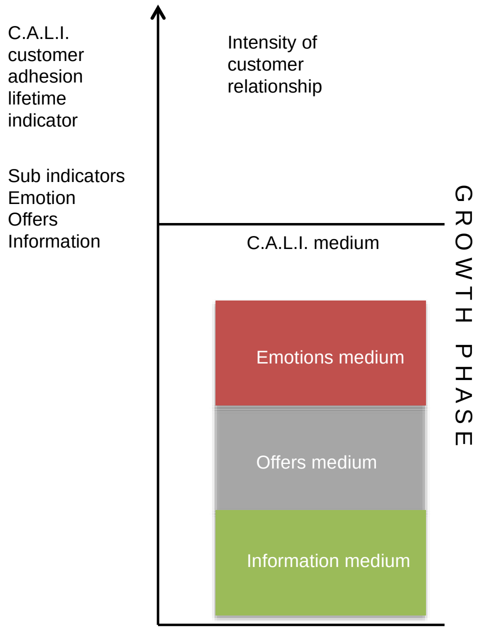
<table>
<tr><td colspan="2">Phase I</td><td>Socialization phase</td></tr>
<tr><td colspan="2">CALI</td><td>Low</td></tr>
<tr><td rowspan="3">Sub indicators</td><td>Emotions</td><td>Low</td></tr>
<tr><td>Offers</td><td>High</td></tr>
<tr><td>Information</td><td>High</td></tr>
<tr><td colspan="2">Illustration of the intensity of customer relationship, expressed in CALI and sub indicators</td><td>
</td></tr>
<tr><td colspan="2">Goal from a customer’s perspective</td><td>Get appropriate information to know more about the service and additional aspects of the service, get further price information and special promotions or offers, reduce still perceived existing uncertainty in terms of booking the next stay and spending additional money</td></tr>
<tr><td colspan="2">Goal from a provider’s perspective</td><td>Support the customer with appropriate information, reduce uncertainty, convince the customer, foster repeat purchases, support satisfaction, start to build loyalty, build trust and connectedness, offer cognitive communication at the beginning</td></tr>
</table>

If a customer makes a purchase decision and the relationship to a provider starts, the intensity of this relationship is very low. In every relationship, time is required to strengthen the relationship and to increase the degree of intensity. Since one main goal of marketing communication is to strengthen the relationship, this target should be followed from the very beginning of the relationship. For this reason, marketing communication is very important, even at the beginning of the relationship. Especially cognitive communication is important, because customers are waiting for useful and interesting information. The emotional factor is at a low level at the beginning, because the relationship intensity in general is low.

At the beginning of the customer-provider relationship, the degree of uncertainty is very high. The customer has decided to purchase the service, but he is uncertain if the real experience will meet his expectations. For this reason, after the booking decision, the goal in marketing communication is to reduce this uncertainty. For this reason, information is required. Even after the first purchase, the first stay in a hotel, uncertainty has decreased, but is still decisive. During one experienced service, the customer is not able to test and examine every aspect. After the first stay in a new hotel, there are still unknown aspects, because the time was for instance too short to have dinner in the restaurant or to use spa facilities. On that account, marketing communication should reduce this lack of information continuously. In the best case, the customer is satisfied after the first service experience. So with regards to develop this customer to a repeat customer and to foster the next purchase, especially reducing the rest of uncertainty with the help of providing useful and appropriate information is crucial. Also from a customer's perspective, information is very important. If the relationship is rather unstable at the beginning, information is able to stable it. For customers, at the beginning, emotional aspects are rather unimportant or even inappropriate. If a new customer receives marketing communication with very personal and emotional content, this is rather embarrassing. Comparable to every relationship, the emotional aspects needs time to develop and trust as an antecedent to grow. Especially reliability and connectedness should be fostered and integrated in communications where possible to create the base for emotional development. Furthermore, it seems unprofessional, if service providers address marketing communication very familiar, if customers are not yet very familiar with the service. These aspects of marketing communication gain importance later in the communication lifecycle. For this reason, the information indicator is high, but the emotion indicator is low. The general perceived importance of marketing communication from a customer's perspective is rather low, corresponding to the low intensity of relationship. At the beginning, the customer is interested, but the importance of marketing communication is not perceived as very high. Since customers are interested in useful information in general, also price information is important, especially to support further purchases. For this reason, the perceived importance regarding offers, prices, promotional information or last minute deals for instance is very high. Price-sensitivity is considered to decrease during a customer-provider relationship. At the beginning, customers are rather price-sensitive, corresponding to the high extent of perceived uncertainty. For this reason, especial cheap offers, or special offers for new guests are appropriate for customers during the first phase.

In a normal relationship development, customers are assumed to make their first stay, and then after perceived satisfaction, they make their next reservation after a usual time period of approximately one year for instance. Since the boarder for phase II is the next purchase, which starts the growth phase, the question is how guests will be treated, if no next purchase takes place. If guests booked a hotel stay for the first time in a hotel group, where the average purchase frequency is for instance nearly one year and guests make no further booking even within the next two years, the are assumed to have defected or are permanently inactive. Therefore, the lifecycle and relationship development approach makes less sense, because the relationship cannot be developed normally. Thus, these guests can be included e.g. in quarterly newsletter without special customization, or can be totally excluded from marketing communications to increase efficiency in communication. Another possibility would be to make a final attempt after a certain period of time, for instance after two years, and to try to activate them with a special communication. This would also make sense for guests who stay too long in other phases, to check if they are still active and interested in communication, or if they would even prefer to no longer receive communication. This proceeding would also meet customers’ expectations in a higher extent and would show customers or even former customers that their wishes and interests are respected. Hence, regular communications for guests who have left the regular purchase frequency should be included in the communication plan, but should not be further considered in the communication lifecycle model. This is only appropriate and applicable if guests stay in the normal lifecycle, are active and make further purchases.

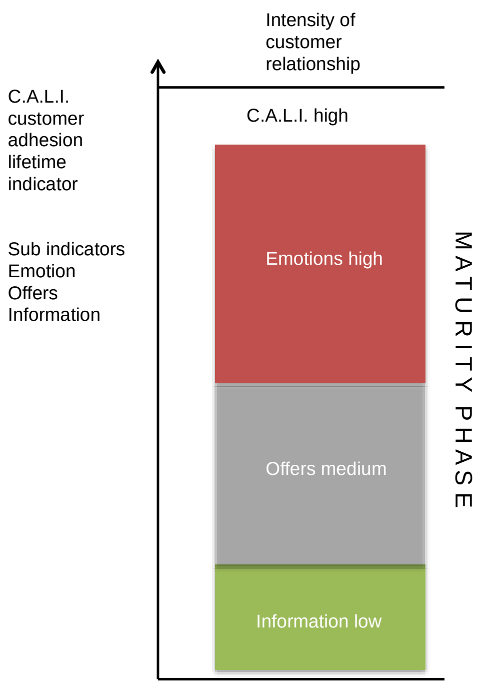
Table 3.6: Overview communication lifecycle phase II, Source: Author

<table>
<tr><td colspan="2">Phase II</td><td>Growth phase</td></tr>
<tr><td colspan="2">CALI</td><td>Medium, increasing</td></tr>
<tr><td rowspan="3">Sub indicators</td><td>Emotions</td><td>Medium, increasing</td></tr>
<tr><td>Offers</td><td>Medium, increasing</td></tr>
<tr><td>Information</td><td>Medium, increasing</td></tr>
<tr><td colspan="2">Illustration of the intensity of customer relationship, expressed in CALI and sub indicators</td><td>
</td></tr>
<tr><td colspan="2">Goal from a customer's perspective</td><td>Get personalized and customized offers and information, information is less required, because knowledge about the service is higher, uncertainty is lower, beginning appreciation of emotional communication</td></tr>
<tr><td colspan="2">Goal from a provider's perspective</td><td>Foster further repeat purchases, offer customized and exclusive, but no cheap offers to extend profit margin, make the customer feel important to the company, strengthen the relationship intensity with communicational efforts, start emotional bonding</td></tr>
</table>

During the second phase, the growth phase, the CALI increases correspondingly to the intensity of relationship. In this phase, the relationship is medium intense and still increasing, because customers are more and more interested in marketing communication. This is the first phase, where the need for information starts to decrease from a customer's perspective. The guests have minimum one further stay after their first stay, so they are repeat customers and know the service now more detailed. For this reason, from a provider's perspective, the quota of information in the marketing communication can be reduced. But still, customized and individual information, which is considered as relevant by the customer, is appropriate. Since the relationship is more stable and becomes more and more intense, the emotional aspect of the relationship gains priority. Customers become more loyal, because they are rather satisfied and are interested in the on-going relationship with the provider. Without a certain degree of satisfaction, they would not have booked another stay. For this reason, customers are also more attached to communication from the provider. Especially loyalty should be strengthened with communication activities, such as exclusive offers, special vouchers or thank you gifts.

The content of marketing communication should be more emotionally oriented compared to the very beginning of the relationship. Since the loyalty from the customer to the company is increasing, customers appreciate to have the feeling that they are also important to the company. The feeling of exclusiveness and importance in terms of personalized and individualized communication should be transferred with the help of communication. When it comes to offers, the importance is still medium high, but decreasing, correspondingly to the general importance of information. During this phase, especially customized prize information and offers are adequate to meet customers’ expectations.

Table 3.7: Overview communication lifecycle phase III, Source: Author

<table>
<tr><td colspan="2">Phase III</td><td>Maturity phase</td></tr>
<tr><td colspan="2">CALI</td><td>High, then stabilized</td></tr>
<tr><td rowspan="3">Sub indicators</td><td>Emotions</td><td>High, still increasing</td></tr>
<tr><td>Offers</td><td>Medium, still decreasing</td></tr>
<tr><td>Information</td><td>Low</td></tr>
<tr><td colspan="2">Illustration of the intensity of customer relationship, expressed in CALI and sub indicators</td><td>


</td></tr>
<tr><td colspan="2">Goal from a customer’s perspective</td><td>Stick to the relationship, no active search for alternatives due to high degree of satisfaction or even loyalty, communication is expected to be emotional and to show appreciation for being a loyal guest</td></tr>
<tr><td colspan="2">Goal from a provider’s perspective</td><td>Convince the customer furthermore, show the importance to the company, say thank-you, make the customer feel comfortable, show new possibilities and offer service alternatives to prevent variety seeking, lengthen this phase of comfort for both sides as much as possible</td></tr>
</table>

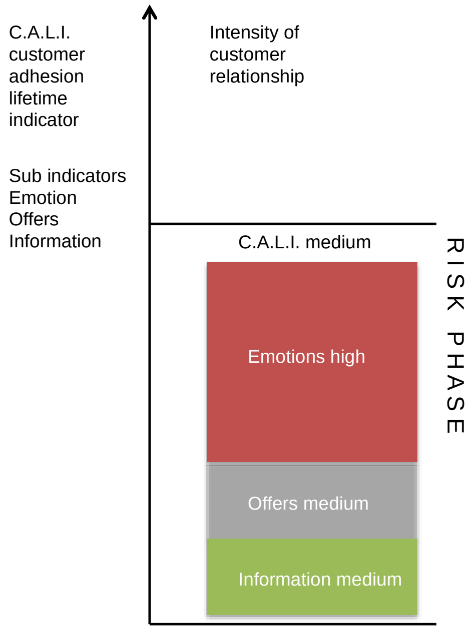
In phase III, the maturity phase, the relationship has its peak, but also starts to decrease for the first time in the following phase. During phase III, the relationship can be considered as stable. For this reason, marketing communication is extremely important, to delay the decrease and the beginning of the next phase as much as possible. The customers know the product very well and the intensity of relationship is very strong. Customers in phase III are active and stable repeat guests. The intensity of the relationship is here at its peak. Since the relationship is at the highest point, also the importance of communication for the relationship is at its peak. After this phase, the relationship starts to decline, so the goal of communication within this main phase of loyalty to keep customers as long as possible and thus, extend this phase as much as possible.

The boarder in terms of the change of customers' characteristics to phase IV is not as sharp as the boarders before and customer behavior changes only slightly, but constantly. Since the relationship is as intense as never before, customer loyalty is also at a very high level. The CALI can be considered as very high and stable, until the decrease starts, because from a customer's perspective, marketing communication is considered as interesting and important, especially concerning emotional content.

Communication has a very high importance to the customer, because loyalty and even some kind of emotional affection to the provider, or more precise, the provided services, is distinct. Since the customer is well educated in terms of information, the importance of this sub indicator is low. Only really new information is considered as relevant from a customer's perspective. Customers are experienced and they know what they like and what they do not like. Hotel customers at this level know how to spend their time in their most appreciated way, know what is interesting in the area, know sport and wellness facilities and also food and beverage possibilities. Furthermore, also the interest in offers is decreasing, but still at a medium level. Customers are still interested in customized offers, which are exclusive for them as loyal guests and even take their personal preferences into account. Since their price-sensitivity is at a low degree, the quality and exclusiveness of the offers is way more important than a very cheap price. Customers want to spend their holiday at their preferred hotel, which they know very well. They would not actively search for alternatives at this level, if they were really satisfied.

From a provider's perspective, the goal is in this phase more than in every other phase, to pamper the customer. The company should give the customer the feeling that he is important. With the help of marketing communication, a provider has the possibility, to show appreciation for the long relationship and loyalty. Saying simply "thank you" is a personal, but easy way of showing the appreciation. Furthermore, customers in this phase like it, if they get something special, limited to the best customers. This may be a special event, where these customers are invited, or a special gift. All this aspects can be integrated in a very personal marketing communication during this phase.

Table 3.8: Overview communication lifecycle phase IV, Source: Author

Phase IV		Risk phase
CALI		**Medium, decreasing**
Sub indicators	**Emotions**	**High**
	Offers	**Low**
	Information	**Low**
Illustration of the intensity of customer relationship, expressed in CALI and sub indicators		
Goal from a customer's perspective		Interest decreases, only special communication is considered as relevant, especially emotional content finds appreciation, provider must offer something new, special or exclusive to stay interesting and to avoid searching for alternatives
Goal from a provider's perspective		Should try to lengthen the stable phase, should try to alleviate the descent of the relationship intensity, should offer exclusiveness to make the customer feel still special and important, deliver information and news where necessary, possible and relevant, try to stable the relationship as long as possible

In the final phase, the risk phase, the intensity of the relationship starts to decrease. For this reason, also the CALI decreases, because from a customer's perspective, the provider is not as interesting as before, the relationship is instable and hence, communication loses importance. Furthermore, the customer starts to seek for alternatives or shows variety-seeking behavior. Customers may be unsatisfied, or even curious for other new experiences. Due to this fact, the importance of information from a customer's perspective is very low. Only really new information is perceived as interesting and relevant. If the relationship is still relatively stable, especially emotional communication is able to keep the customer loyal. The provider's appreciation, special gifts and other emotional aspects are still necessary. For this reason, the sub indicator emotion is still important, before the final dissolution phase has finally arrived and where communication is no longer successful and productive. Then, it is too late and the importance of communication decreases more and more. Offers are also rather unimportant, because customers know the prices and special promotions and are rather bored by pure price information. Therefore, marketing communication should be reduced to a very personal, emotional and customized minimum. This can help to delay the dissolution phase.

Since a certain degree of customers are in the risk phase, but without starting to lose the intensity of the relationship, aspects of the marketing communication strategy of phase III can be also used. There will always be a quota of customers, where the lifetime is very high and much higher than the average. These guests are loyal over a very long time and are not interested in searching for alternatives. Nowadays, the quota of these guests is decreasing compared to the complete database, because competitive offers and changing life circumstances prevent such long-time stable customer provider relationship as they had existing in the last decades. Hence, for this small group of absolutely loyal customers, also news, information and price offers from time to time are appropriate. This may be the case if customers have an overall lifetime of for instance more than five years and their frequency for purchasing is only once a year or less. For this type of customers, an addition to the emotional content containing relevant information is appropriate. In summary, communication during this phase should be primary emotional, but may contain a certain amount of news and information for those customers with an over average lifetime.

Summarized, this sub chapter introduced the four different phases of the customer communication lifecycle and explained the characteristics of the phases. Furthermore, the goals from a provider's perspective and the goals from a customer's perspective were compared. Then, the consequences for marketing communications' management were described. Based on these considerations, the next sub chapter introduces the implications and prerequisites for the implementation of the new model.

3.7 Implications and prerequisites for implementing the new model

The consideration of the communication lifecycle model should be an integral part of the marketing strategy. Integral part refers not only to the implementation and customer segmentation, but also to the strategic planning process. The understanding of the customer and the specific characteristics and expectations should be part of the whole marketing strategy with different tools and functions. The purpose of the new model is not only a further understanding of the dynamic requirements of communication content, but the concrete implementation for hotel customers. First of all, hotels need a marketing department, which deals with the creation of direct communication measures, such as newsletters, pre-arrival communication or marketing automation in general. Especially very small hotels or hotel groups may not use such marketing actions. Thus, the implementation of the model would not be appropriate.

Additionally, the existence of a marketing database or CRM system is another prerequisite. Since hotels are required to fill in reservation forms during the Check-in process, detailed customer information are available. This information must be available in a separate database for marketing purposes, which is able to fulfill the calculations for the segmentation purposes. Hence, the IT department, marketing consultant or employee in charge must implement a calculation process, which identifies the phases for the different guests. This can be accomplished manually by calculating the customer lifetime and examining the purchase date. An automation of the process would facilitate the implementation and would enable a fast and precise identification of the phases per customer even on a daily basis. At the end of the calculation process, each customer in the database should be linked to a lifecycle phase. Moreover, the size of the hotel or hotel group influences marketing communication in general significantly. If a hotel is very small, the diversified creation of different newsletter with various content for different customer groups would pose too much effort. Since for every customer phase, the content must be adapted, if a communication measure should be designed, this is only efficient if a certain amount of guests represents a communication lifecycle phase. In general, customized marketing communication for very personal hotels e.g.

in the luxury sector can be created very personally, but manually. Then, the implementation of a rather automated model is not appropriate.

The different aspects of the communication lifecycle model can be included in different communication measures. The easiest way would be to create automated marketing communications, which take the phases into account without manual interaction. The different building blocks for the customers in different phases must be created, but the creation of the individual online newsletter should be accomplished by a dynamic emailing system on its own, based on rules, which are applied for the different segments. The content must be delivered for the different sub indicators and the link between the content and the segments is required. Then, the system is able to send the newsletter with the right content to the different customers. Furthermore, the phase segmentation consideration can also be included into a multi-channel strategy. Especially for guests in later phases, where the emotional aspect is important, marketing measures of high quality and value are appreciated, postal mailings, as well as special gift vouchers for instance. Here, the marketing department should create creative measures, which fit to the product and the customer mix. Additionally, other information about the customer can be used in combination to increase the efficiency of the marketing campaigns. Thus, for instance the total revenue, age or purchase frequency can be used to make the segmentation based on the phases even more individual. Contrariwise, if more information is used, complexity of segmentation rises and also the problem of creating so many different communication measures. The efforts should be balanced to avoid efficiency and cost problems in the marketing department.

Another important aspect, which should be taken into consideration, is the communication frequency. The database should be able to track the communications measures, which are received per customer to avoid over communication. The communication should be on a regular basis, but should not exceed one message per month for instance, if the relationship is at its beginning. Also concerning the frequency, further research will be necessary to examine a possible link between desired frequency and communication lifecycle phase. To make sure that the results are tracked and the development of the relationship is measured, marketing controlling measures are necessary. It should be possible to track the path of the relationship of each customer. Moreover, the quota of customers for each phase, which switched into another phase, would be important to evaluate the success of communication measures. In addition, marketing controlling is crucial to check the appropriateness of phase separation. If the general purchase frequency increases or decreases, the adaptation of the phase separation may be required. Also sending regular guest surveys should help to listen to the customers furthermore and to make sure that they feel comfortable.

This sub chapter explained the prerequisites for hotel companies, which want to implement the proposed model. Certain technical aspects are necessary, to use the model appropriately. In sum, chapter three introduced the new model for marketing communications in the hotel industry, described the indicators of the model, and explained the characteristics of the different phases and the meaning for communication management. In chapter 4, the empirical validation of the model is conducted.

4 EMPIRICAL WORK AND RESULTS

The following chapter explains the methodology, empirical work and results. The empirical work was required to examine the assumptions, which were made for the new communication model. First of all, the data source and analysis design are explained, followed by a description of the methodology. Then, descriptive statistics are accomplished to describe the data source, followed by inferential statistics, which examine the hypothesis, made in the chapter above.

4.1 Methodology, data source and analysis design

To examine, if the assumed changes in customers' expectations during lifetime can be observed in reality, real hotel customer data is necessary. Since the analysis of secondary data is able to answer questions about different stages in the relationship, but not about the attitudinal changes in expectations, the collection of additional data is necessary. To gain insights about changing expectations in terms of information, emotion and offers, the only possible method is to ask existing hotel customers during different levels of their lifetime. Then, the results of the survey can be compared with the customer lifetime and stage of relationship, to analyze possible differences.

First of all, a guest questionnaire is designed, which includes questions about the different aspects and expectations concerning marketing communications. Furthermore, transactional data from a marketing database is used. To be able to evaluate the assumptions concerning the communication lifecycle as well as examining the hypotheses concerning the changes in expectations and willingness to receive marketing communications, these two data sources are used and combined. Since the goal is not only to examine the postulated hypotheses, but also to develop a new model based on the assumptions and findings, a combination of two perspectives is chosen. The outside-in dimension by questioning hotel customers directly is taken, as well as the inside-out dimension by analyzing customers' transactional data. The combination of these two dimensions enables an insightful link towards a more comprehensive understanding and deeper degree of analysis. The next figure shows the methodology. The inside-out dimension (transactional data of guests) is combined with the results of the questionnaire (outside-in dimension), to link the results and calculate the values per customer. In the next step, an accumulation of results of all customers in the different phases can be accomplished, after having tested the appropriateness of the developed phases. Then, the results per phase are examined and compared.

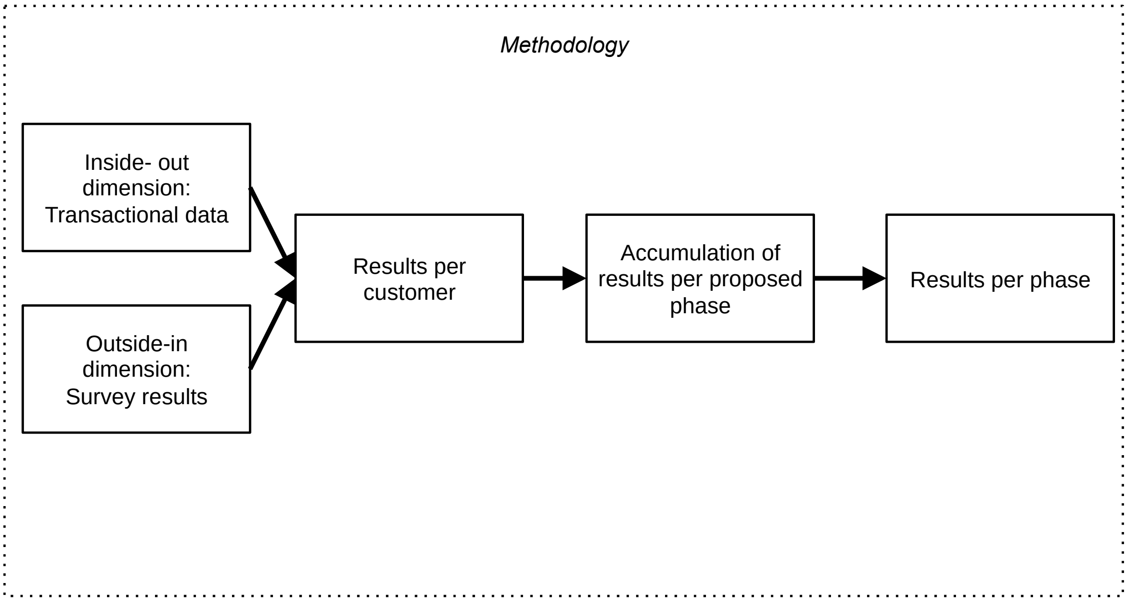


Fig. 4.1: Methodology, Source: Own illustration

The questions concerning marketing communication are integrated in an already existing guest questionnaire of a European hotel group with about 30 hotels. The number of hotels increases constantly and expands throughout Europe. The headquarter of this hotel group is located in Vienna, Austria. Most of the hotels are also located in Austria, followed by Italy, Croatia, Czech Republic, Serbia and Slovakia. The portfolio of hotels is separated into wellness hotels (14 hotels), a luxury premium collection (three hotels), family hotels (8 hotels) and city hotels. The main focus is on leisure guests. In the city hotels (four hotels in sum), guests also travel for business purposes, but most travellers come for sightseeing reasons (Falkensteiner website, 2012). As already explained, the examination is focused on leisure hotels. Thus, only leisure bookings are used for the research project. Business bookings are excluded based on the market codes, which mark the type of booking.

All transactional information concerning the hotel stay is stored in a multi-property management system. If a guest makes a reservation, this information is saved in the system, including all available information concerning name, postal address, email address, arrival date, depart date, number of guests, room type etc. The information stored in the operative reservation system is transferred in an extra database for marketing purposes automatically and on a daily basis. During the import process, data is cleaned and structured to be ready for marketing communications. Also a comprehensive segmentation process takes place, where for instance RFM segments are calculated automatically based on the revenue and purchase frequency information.

Based on the available information, marketing actions of the examined hotel group are realized. For email newsletters for instance, data is exported manually based on the purpose of communication. Furthermore, marketing actions are executed automatically. One type of automated marketing action is sending out email newsletters after the purchase (after sales communication) before the stay (pre stay communication), and after the stay (post stay communication). Different rules are applied to define the maximum frequency for receiving newsletters to avoid over communication for guests with a high stay frequency. If the email address of a guest is available, guests receive a thank you email (after sales communication) one day after making their booking. If the time period between the purchase and the arrival is less than two months, guests do not receive this kind of communication. They only receive a pre-stay communication, some days before their arrival date. This pre-arrival information should help to reduce the orientation phase after arriving and should push cross or upselling with upgrade possibilities or the possibility to book wellness treatments in advance.

Two days after the departure, guests receive their post-stay email, where the questions concerning marketing communications concerning this research project were integrated. This email contains a “Thank you for your stay” message and the possibility to evaluate the hotel group and the previous hotel stay itself. If hotel guests click on the link in the newsletter to open the questionnaire website, a personalized ID (alphanumeric) is transferred to link the questionnaire to the guest who fills it in. This enables a link between the questionnaire and the guest profile in the marketing database. After the guest has filled in the questionnaire and has clicked on “send”, the results are written back into the database. Hence, the information about the guest’s evaluation of the stay and the hotel group can be linked to the guest’s profile with segmentation and transaction information. Guests can fill in the questionnaire faster, because they do not have to add demographic information about themselves. Furthermore, analysis possibilities are much more detailed, because the purchase behavior including revenues, all demographic information and evaluation results can be linked. This enables an analysis based on different guest types and guest segments.

To answer the research question and to examine the postulated hypotheses, questions regarding the interest and expectations for marketing communication, the perceived importance of marketing communication, as well as the desired content of marketing communication, are added to the post-stay guest questionnaire of the hotel group. Questions are also asked about the importance of additional information, the importance of offers and the importance of emotional content from the hotel. To complete the questionnaire, customers need about 20 minutes and the content varies based on the past customer purchasing behavior. If customers have no experience with special outlets such as the bar for instance, they do not have to rate them. Hence, the questionnaire does not contain the question block concerning the bar. This accelerates the completion of the questionnaire.

An own part in the questionnaire, labeled "Marketing" is created, were all questions concerning marketing communication for the research project are stored. This question block is one part of the whole questionnaire and has to be answered of any guest who fills in the questionnaire and is not linked to a special purchasing behavior. Since the precise information concerning the customer lifetime and number of purchases is available, no questions regarding the individual phase of the customer are required. Besides the questions concerning the importance of the different building blocks of marketing communications, guests have to specify their desired content of the next marketing communication to evaluate the personal importance of different types of contents. This is integrated to evaluate the desired content in the context of the different assumed lifecycle phases during customer lifetime. This block is integrated in the questionnaire for this research purpose, but also existing blocks are used for the empirical work. Questions regarding the overall satisfaction, complaint management, reason for booking, repeat stays, word-of-mouth and "welcome home" feeling are analyzed as well as the price-performance ratio regarding the room prices and additional services. These questions are integrated in the empirical work within this research project to get a holistic picture of the guests, not only regarding the isolated marketing communication questions, but also regarding their overall satisfaction for instance.

The guests can rate the marketing questions from unimportant to very important mainly on a six point Likert scale. The question concerning the importance of a "thank you" from the hotel is asked only by a "yes" or "no" question[12]. The question concerning the desired content of the next email newsletter is a choice question, which offers different alternatives. This question is designed as control question, because if guests tend to be highly affected to

[12] The reason for a different answer format for this question was a system problem, but another question regarding the emotional aspect existed, which served as a substitute and enabled a better comparison with the other Likert scale questions concerning the information and offer aspect.

marketing actions, it may be the case that they rate any content equally high. To specify guests' desire regarding the content of the marketing campaign, this question is integrated. Here, the guests really have to think and to decide what the most important content is for them, because they are forced to decide between the three different aspects. Hence, this question is especially representative regarding the examination of the changes in expectations during customer lifetime.

In the past, guest questionnaires in the hotel industry, and also in the chosen hotel group, were sent out by letter or were handed out to the guests during the check-out or during the stay. The problem was an overall low response rate, because during the stay, the guests were not willing to spend the time for filling in questionnaires. During check-out, guests were not willing to do it either. Furthermore, the possibility to send the questionnaires per postal mail was very expensive and very slow. In addition, it was very complicated for the guests, because they had to send it back manually. For this reason, the sending of the questionnaires is accomplished online. This medium is cheaper, easier and results in higher response quotas. Regarding eventual biases of customers with email addresses and customers without, the percentage of customers with email address was evaluated. If the quota would be very low, the possibility would be very high that biases exist due to the reason that only a small number of guests have an email address. Thus, these guests would not be representative for all guests. Since the empirical work has been accomplished during 2012, also the percentage of guests with or without email address is evaluated for 2012. Overall, 71,491 guests in 2012 had a correct email address available. Contrariwise, 156,573 had no correct email address available for marketing communication. The quota of guests with email address is 31.3%. Since nearly one third of all guests have an email address, no extreme biases due to a too small quota of customers with email address occur. Furthermore, to analyze biases in terms of gender, if e.g. only men answered the questionnaire or age group, if e.g. only guests under 40 answered the questionnaire, the frequencies of these aspects are analyzed within the respondents of the questionnaires. Since the hotels are located in different European countries and customers are rather international, the questionnaire was sent out in different language versions. It was available in English, German, Italian and Croatian. Corresponding to the language, which was saved in the reservation system of the hotels, the guests received the questionnaire. This facilitates the process, because guests did not have to choose the right language before starting to fill in the questionnaire.

To increase the representativity of the sample, the questionnaire responses of more than three months are used. This time frame is sufficient to have a sample size with representative amounts of guests in each phase. Thus, the sample size enables the required statistical testing. To increase the validity of the survey, the choice question regarding the content of marketing communication is included. Since the guests have to decide, which content is most important for them, they have no possibility to rank every building block of content equally. The validity would be endangered, if guests tend to rank the expectation of every building block very high, because they only want to give positive answers. Since the marketing communication questions are included in a normal guest questionnaire, the conduction was rather natural and not uncommon for the guests. Thus, the external validity is relatively high, but it would be necessary to repeat the survey with guests of other hotel groups to examine possible differences. The changes in expectations towards marketing communications should occur due to the changes in customer lifetime. Thus, internal validity would be high, if the changes in expectations are the dependent variable, whereas the differences in customer lifetime are the independent variable. Guests received the survey at the same time (some days after the stay) in the same situation, but guests may be different in terms of gender or age group. Therefore, such factors may also influence the expectations, which may reduce the internal validity. The empirical analysis was conducted with the software IBM SPSS statistics 20.

The first sub chapter of chapter four presented the chosen methodology and the analysis design. After this introduction, the next chapter, which contains the descriptive results of the empirical work, follows.

4.2 Descriptive statistics

The questionnaire version including the marketing communication questions was sent out at the beginning of July 2012 for the first time. To have a representative time frame with a sufficient amount of recipients, the questionnaire responses were used from the beginning of July to the middle of October 2012. Overall, about 24,140 guests arrived during this time frame in all hotels of the hotel group and had a correct email address available, where the questionnaire could be sent. A total amount of 2,816 questionnaires were completed. This equals to a response rate of 11.7%, which represents a relatively high quota. The average opening rate for email newsletters of the hotel group lies at 25% for unique opening. This means that every guest, who opens the newsletter, is only counted once, no matter how often this guest opens the newsletter in total. Since the response rate lies at nearly 12% and the average opening rate at 25%, nearly every second guest who opened the newsletter with the questionnaire answered it completely.

First of all, the frequencies of the different genders were examined to examine eventual biases. The following table shows that nearly 46% were female and 54% were male guests. 15 guests had a unisex prefix, such as family for instance, where the gender could not be derived. Another 8 guests had no prefix available and thus, the gender is unknown, because the specification bases on the prefix of the guest profile. Since over 1,200 answers of women and 1,500 answers of men are available, both genders are represented sufficiently. Thus, a high representativity of both genders exists.

Table 4.1: Frequency of genders, Source: Survey data

Gender Overview		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		8	,3	,3	,3
	Female	1283	45,6	45,6	45,8
	Male	1510	53,6	53,6	99,5
	Unisex	15	,5	,5	100,0
	Total	2816	100,0	100,0	

The next table shows the frequencies for the different age groups. The reason for this frequency examination is to identify eventual biases due to the chosen medium email. Since the survey was sent per email instead of postal, it may have been assumed that only younger guests would fill in questionnaires online and hence, no older guests are included in the questionnaire. This could change the results, because the age may influence the choice of answer. The individual birthdates were not taken into consideration, but age groups were used to compare the different age levels. Age groups were calculated in six levels: Age group 1 for guests with an age under 18, age group 2 for guests between 19 and 28, age group 3 for guests between 29 and 40, age group 4 for guests between 41 and 59, age group 5 for guests between 60 and 80 and finally age group 6 for all guests with an age of over 80 years. Only 66 guests of 2,816 had no age group available, so the age group calculation is representative for all guests, who participated in the questionnaire. Less than 1% is under 18 years old, which may also be due to wrong birthdates, and only 4 guests are over 80 years old. 6.5% of all guests are between 19 to 28 years old and 11.8% of all guests are between 60 and 80 years old. The main age groups are age group 3 and 4: 861 guests are between 29 and 40 and 1,345 guests are between 41 and 59. Hence, 78.4% of all guests are between 29 and 59 years old. This represents a wide range and shows that the choice of communication medium has no restricting impact on age groups in this examination.

Table 4.2: Overview age groups, Source: Survey data

Age group overview		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not available	66	2,3	2,3	2,3
	AG 1 - 1 to 18	23	,8	,8	3,2
	AG 2 - 19 to 28	184	6,5	6,5	9,7
	AG 3 - 29 to 40	861	30,6	30,6	40,3
	AG 4 - 41 to 59	1345	47,8	47,8	88,0
	AG 5 - 60 to 80	333	11,8	11,8	99,9
	AG 6 - above 80	4	,1	,1	100,0
	Total	2816	100,0	100,0	

The next chart illustrates the age group frequencies. Most guests are in age group 4 and are between 41 and 59 years old.

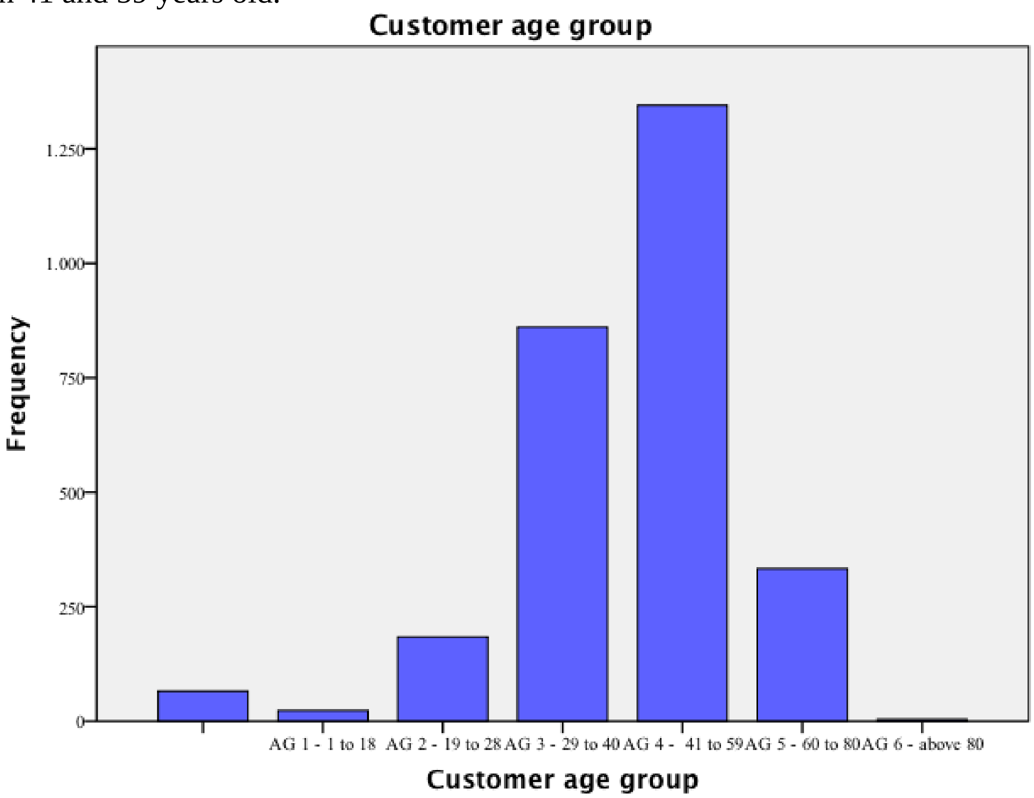


Fig. 4.2: Overview customer age groups, Source: Own illustration from survey data

The following table shows the frequencies for age group and gender. In age group 3, 52.6% are female and 46.5% are male. Contrariwise, in age group 4, only 42% are female and 57.1% are male. In total, the largest group (768 hotel guests) is male and between 41 and 59 years old. Summarized, a representative amount of guests per gender and age group is available.

Table 4.3: Overview gender and age group frequencies, Source: Survey data

Gender and age group frequencies		Gender of customers: Not available	Female	Male	Unisex	Total
No Age group available	Count	0	33	33	0	66
	% within Customer age group	0,0%	50,0%	50,0%	0,0%	100,0%
AG 1 - 1 to 18	Count	0	11	12	0	23
	% within Customer age group	0,0%	47,8%	52,2%	0,0%	100,0%
AG 2 - 19 to 28	Count	0	129	54	1	184
	% within Customer age group	0,0%	70,1%	29,3%	0,5%	100,0%
AG 3 - 29 to 40	Count	3	453	400	5	861
	% within Customer age group	0,3%	52,6%	46,5%	0,6%	100,0%
AG 4 - 41 to 59	Count	5	565	768	7	1345
	% within Customer age group	0,4%	42,0%	57,1%	0,5%	100,0%
AG 5 - 60 to 80	Count	0	91	241	1	333
	% within Customer age group	0,0%	27,3%	72,4%	0,3%	100,0%
AG 6 - above 80	Count	0	1	2	1	4
	% within Customer age group	0,0%	25,0%	50,0%	25,0%	100,0%
Total	Count	8	1283	1510	15	2816
	% within Customer age group	0,3%	45,6%	53,6%	0,5%	100,0%

The questionnaire was sent out in four different languages, depending on the customer language stored in the reservation system. Nearly all guests, who answered, were German (97.5%). Only 22 questionnaires were filled in in English, 12 in Croatian and 35 in Italian.

Table 4.4: Overview customer language, Source: Survey data

Languages		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	German	2747	97,5	97,5	97,5
	English	22	,8	,8	98,3
	Croatian	12	,4	,4	98,8
	Italian	35	1,2	1,2	100,0
	Total	2816	100,0	100,0	

The next chart shows customers' personal booking frequency. The frequency is measured in days and expresses the average time frame between two stays. If guests have only one stay so far, the frequency is 0 because no time frame between subsequent stays can be calculated. As the histogram shows, most of the guests have no frequency (frequency of 0 days in the chart), because they have only one stay so far. Nearly all repeat guests have a frequency of less than three years (less than 1,095 days in the chart). Most repeat guests have at least one stay per year, which equals less than 365 days in the chart. The arithmetic mean of guest frequency in days is 155.4 days with a standard deviation of 285.2 days. Since most of the guests have a booking frequency of less than one year, this supports the assumption that the second purchase of a guest is likely to occur within one year after the first purchase. Thus, the choice of one year as phase separation between the second and third phase is appropriate, because usually, guests should make their next stay within one year. So the majority of guests make their first repeat purchase within one year and phase II would start in terms of the communication lifecycle, followed by phase III after the next purchase one year later.

The next histogram shows the distribution of customer total revenue. This value consists of all revenues that a customer has generated during his whole customer lifetime. This total revenue can be separated into different revenue types: Room, food and beverage and other revenue. The room revenue equals the room rate, corresponding to the price, which is paid for the room only in total. Furthermore, all revenues concerning the consumption of food and beverages are included, as well as so called “other” revenues. Other revenues are all revenues, which occur in hotel outlets, such as the wellness facility, the golf club or for parking for instance. All revenues are measured in Euro. Most of the guests have total revenue of less than 2,500 Euros and the largest group of guests has very low revenue. The reason for this low spending pattern is that a large quota of guests has only one stay so far and hence, the overall revenue is still low. The longer the customer lifetime, also the revenues increase. Only few guests generated revenue of more than 10,000 Euro. There exist certain outliers between 10,000 and even 20,000 Euros. The reason for tremendous revenues are for instance, if one guest pays for a whole event or for several rooms together. The average customer revenue lies at 1,370.86 Euros with a standard deviation of 1,768.62 Euros.

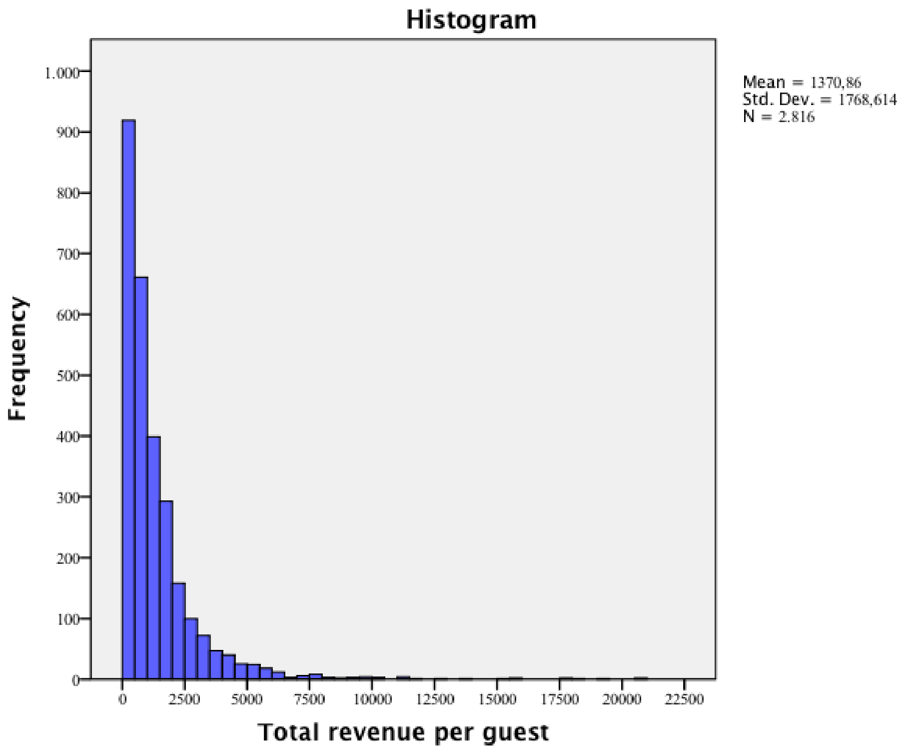


Fig. 4.3: Distribution of total revenue per guest in EUR, Source: Own illustration from survey data

To show guests behavior in terms of cross selling and loyalty towards the hotel group, the number of hotels visited by the guests was examined. Since most of the guests have only one stay so far, they have visited one hotel so far. But for the more loyal repeat guests, the willingness to visit more hotels of the group is important for designing marketing communication content and to foster cross selling in the future. 73.3 % of all guests have only visited one hotel of the group so far. Hence, over 25% of the guests who filled in the questionnaire have visited at least two hotels of the group. These 25% consist of 17.5% of all guests who have visited two hotels, 5.9% have visited three hotels and 1.8% visited four hotels of the group. The amount of guests who visited more than four hotels is very small.

Table 4.5: Frequency of number of hotels visited, Source: Survey data

Hotels visited		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	2065	73,3	73,3	73,3
	2	494	17,5	17,5	90,9
	3	167	5,9	5,9	96,8
	4	51	1,8	1,8	98,6
	5	14	,5	,5	99,1
	6	9	,3	,3	99,4
	7	2	,1	,1	99,5
	8	2	,1	,1	99,6
	9	3	,1	,1	99,7
	10	2	,1	,1	99,8
	11	3	,1	,1	99,9
	12	3	,1	,1	100,0
	16	1	,0	,0	100,0
	Total	2816	100,0	100,0	

For the definition of the indicator concerning the duration of the customer provider relationship, the customer lifetime was used. This customer lifetime represents the time frame in days between the first hotel stay of a guest and the last hotel stay so far. Regarding the separation of the different communication lifecycle phases, this indicator is used in combination with the number of stays. It was assumed that most active guests, who become repeat guests, make their second booking within one year. This was shown above with customer booking frequency behavior. Corresponding to the frequency and the fact that a large quota of all guests have only one stay so far, these guests also have a customer lifetime value of 0 and hence are in phase I, the socialization phase. Guests with a customer lifetime value of more than two years (time frame between the first and last purchase so far) are automatically in phase IV, the risk phase. As the histogram of customer lifetime value in days shows, relatively many guests have a lifetime value of over two years (more than 730 days in the histogram), but then from three years (more than 1,095 days in the histogram) on, nearly no guests exist. This supports the assumption that after two years, the risk regarding defection and becoming an inactive guest increases tremendously. The mean of customer lifetime in days is 300.3 with a standard deviation of 510.1 days. This means that the majority of guests has a customer lifetime of less than one year.

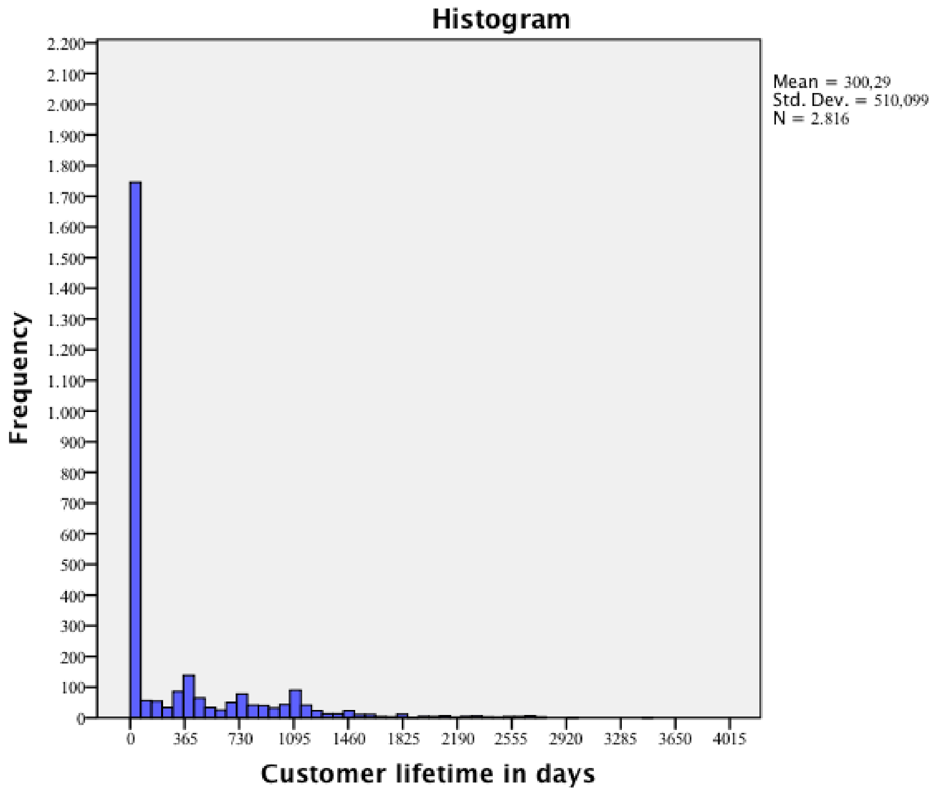


Fig. 4.4: Frequency customer lifetime value in days, Source: Own illustration from survey data

Based on the customer lifetime value in days, the classification of the variable was accomplished in accordance to the phase boarder definition. Hence, all guests with no customer lifetime in days available are in phase I for single stays. 1,644 guests, what equals 59.1% are in phase I. Concerning the quota of one-time guests or repeat guests, no representative benchmarks exist. Compared to comparable hotel groups, analyzed by the author in the same timeframe in Western Europe, the quota is rather positive. Usually, hotel groups have about 20% repeat guests. This would mean that about 80% of all guests would be in phase I. The next phase, phase II, was defined for all repeat guests with not more than one year between their first and last stay. 352 guests are in the growth phase, what equals 12.5% of all guests, who answered the questionnaire. Phase III, maturity phase, refers to all guests with a customer lifetime of one until two years. 294 guests are in in the maturity phase, what equals 10.4% of all guests. Phase IV, the risk phase, contains all guests with more than two years of active relationship and 506 guests are located within this phase, what equals 18.0% of all guests. The distribution contains a minimum of 300 answers per defined phase. Therefore, the answers per phase can be regarded as representative due to a sufficient number of answers per phase. Furthermore, the fact that less than 100 guests have a customer lifetime of more than three years support the assumption that the beginning of the risk phase should start at two years customer lifetime.

Table 4.6: Overview frequencies of customer lifetime in days, classified, Source: Survey data

Classified lifetime		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single stays	1664	59,1	59,1	59,1
	<1 year	352	12,5	12,5	71,6
	1-2 years	294	10,4	10,4	82,0
	>2years	506	18,0	18,0	100,0
	Total	2816	100,0	100,0	

For the empirical work, phases I to IV are labeled for the usage in the statistic program. Phase I, socialization phase is labeled "single stays" with all guests with only one stay so far. Phase II, growth phase, is labeled "< 1year" and refers to all repeat guests with a customer lifetime of less than one year. Phase III refers to guests in the maturity phase and is labeled "1-2 years", followed by phase IV, risk phase with ">2years". The following table shows the names, the labels and the separation indicator. The variable for the relationship phases is called "customer lifetime – classified".

Table 4.7: Overview phase names and labels, Source: Own illustration

Phase	Phase name	Separation indicator
I = Single stays	Socialization phase	Only one purchase so far
II = < 1 year	Growth phase	Active repeat customer
III = 1-2 years	Maturity phase	Active, stable repeat customer
IV = > 2 years	Risk phase	Threatened repeat customer

The following chart shows the distribution of guests per defined phase of the customer communication lifecycle. At least approximately 300 customers represent every phase (see previous page). Most of the guests are located in the first phase, the socialization phase. Besides the large number of guests in phase I, due to the fact that single guests are always the majority, the guest base is homogeneously distributed over the phases, with underlines the appropriateness of the chosen phase boarders.

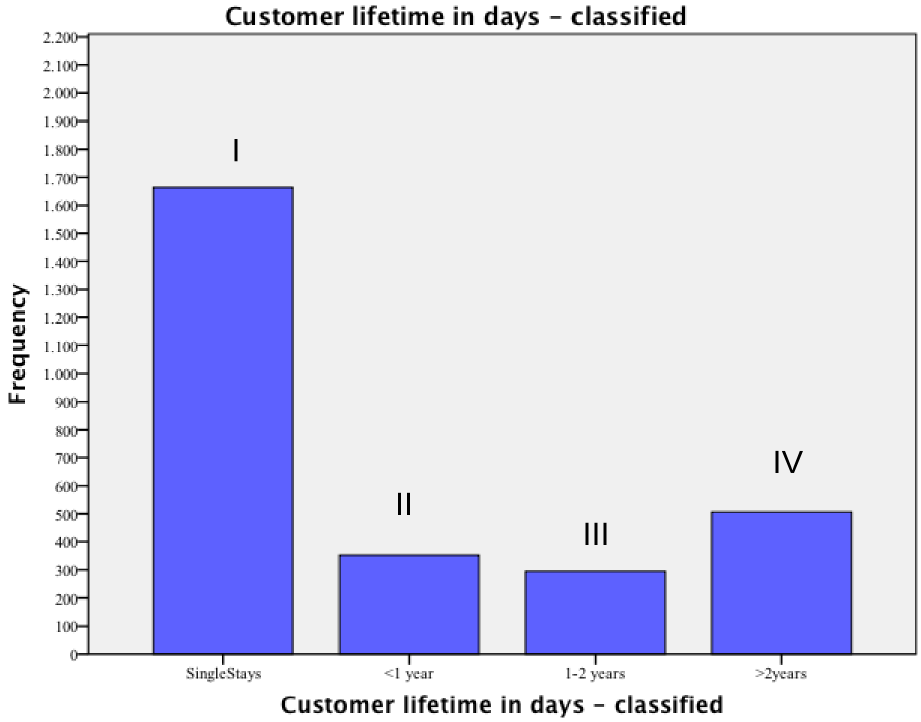


Fig. 4.5: Distribution of customer lifetime in days, classified, Source: Own illustration from survey data

After this first statistical sub chapter, which contains all descriptive analyses of the sample, inferential statistics follow, which examine the appropriateness of the model.

4.3 Inferential statistics

The goal of the new communication model is to meet customers' expectations in a higher extent, and lengthen and strengthen the customer provider relationship. The enhancement of the relationship and especially the later phases in lifecycle makes sense, if customers have higher revenues during a longer customer lifetime. Hence, it has to be examined, if guests with higher customer lifetimes, who would be in later communication lifecycle phases, are more profitable. A longer customer lifetime does not mean that the lifetime revenue is equally higher. It would be possible that guests make their first purchase and then the next after two or three years, but other guests make various purchases even at the beginning of their lifetime. Thus, the average revenues per defined communication lifecycle phase are compared. All revenues were measured in Euro. The next figure shows the total average revenue per guest per lifecycle phase. The average revenue increases from 851€ in phase I constantly until 2,593€ in phase IV.

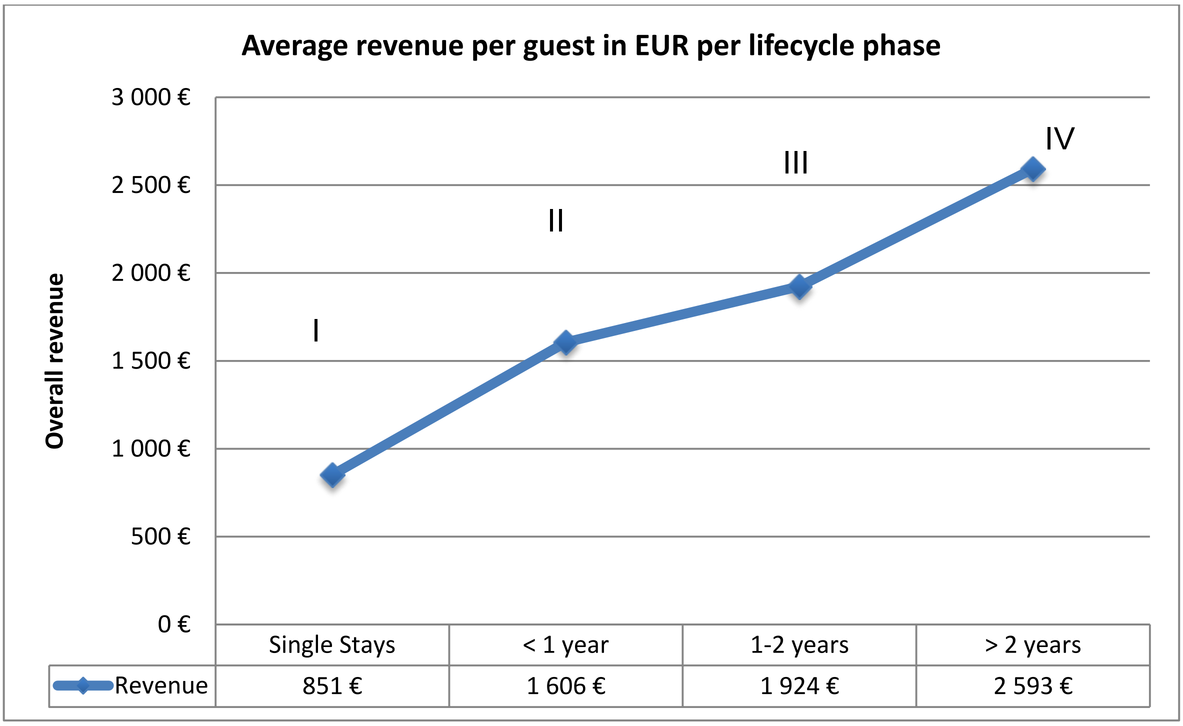


Fig. 4.6: Average revenue per lifecycle phase, Source: Own illustration from survey data

This shows that guests in later relationship phases spend more money in general, which leads to an increase in profit margin for the hotel. The next table shows the calculation between the total revenue per guest and the customer lifetime phases. The customer lifetime phase is labeled "customer lifetime value in days – classified" in the empirical part. With a very high significance ($p < .0001$), a moderate correlation between the lifecycle phase and the total revenue exists (Spearman's rho = .438). Therefore, the longer the lifetime of a customer is, the higher is the revenue. This shows that the enhancement of the relationship is crucial.

Table 4.8: Correlation overall revenue and lifecycle phase, Source: Survey data

Correlation Total revenue and lifecycle phase			Customer lifetime value in days - classified	Total revenue (room, f&b and other)
Spearman's rho	Customer lifetime value in days - classified	Correlation Coefficient	1,000	,438**
		Sig. (2-tailed)	.	,000
		N	2816	2816
	Total revenue (room, f&b and other)	Correlation Coefficient	,438**	1,000
		Sig. (2-tailed)	,000	.
		N	2816	2816

**. Correlation is significant at the 0.01 level (2-tailed).

The following table shows the increase in percent from lifecycle phase to lifecycle phase. The increase from phase I (Single Stays) to phase II (< 1 year) lies at nearly 90% (88.9%). The reason for this tremendous increase is the fact that guests have at least one stay more to jump to phase II and hence, at least the revenue of one additional stay is added compared to phase I. The increase in phase III (1-2 years) is rather moderate with only at least 20% more (19.8%) compared to a more significant increase in phase IV (> 2years) of nearly 35% (34.8%).

Table 4.9: Increase of average revenue per guest in EUR per phase, Source: Survey data

Life cycle phase	Avg. Revenue	Increase in %
Phase I Single Stays	851 €	
Phase II < 1 year	1.606 €	88,9%
Phase III 1-2 years	1.924 €	19,8%
Phase IV > 2 years	2.593 €	34,8%

To get an overview about the overall satisfaction of responding hotel guests, different aspects of satisfaction and loyalty were analyzed. Since word of mouth behavior is regarded as indicator for attitudinal loyalty in literature (e.g. Taylor, 2004, p. 222), it is examined within this empirical work. If guests are willing to recommend, this shows that they have a strong positive attitudinal loyalty towards the provider, which they are recommending. Only 1.7% of all guests were not willing to answer this question about the willingness to recommend the hotel to others. In total, 80.4% of all guests claimed to be willing to recommend the hotel. Only 5.2% answered with “No” and 12.6% chose “Perhaps”. In terms of the different phases, differences in the percentage of “Yes” occur. The differences are only very slight, but still, changes from phase to phase can be observed. In phase I, 80.0% chose “yes”, in phase II even 87.5%, followed by phase III with 78.6% and a final decrease in phase IV of 78.1%. This means that in the growth phase, nearly 10% of all guests are more likely to recommend the perceive service compared to guests in the risk phase. This supports the assumption that guests at the end of the lifecycle are less interested in the relationship and thus, talk less about the provider as before.

Table 4.10: Contingency table word of mouth and customer lifecycle phase, Source: Survey data

Word of mouth and lifecycle phases			Customer lifetime - classified				Total
			Single Stays	<1 year	1-2 years	>2years	
Word of mouth	No answer	Count	26	6	7	10	49
		% within Customer lifetime	1,6%	1,7%	2,4%	2,0%	1,7%
	Yes	Count	1331	308	231	395	2265
		% within Customer lifetime	80,0%	87,5%	78,6%	78,1%	80,4%
	No	Count	97	8	22	20	147
		% within Customer lifetime	5,8%	2,3%	7,5%	4,0%	5,2%
	Perhaps	Count	210	30	34	81	355
		% within Customer lifetime	12,6%	8,5%	11,6%	16,0%	12,6%
Total		Count	1664	352	294	506	2816
		% within Customer lifetime	100,0%	100,0%	100,0%	100,0%	100,0%

The next table shows the results of the Chi-Square test comparing word of mouth behavior and customer lifetime phases. The significance level is high (p = 0.003), and hence, an association between customer lifetime phase and recommendation behavior exists. To examine the strength of the relationship, a Cramer's V value is calculated due to the nominal scale of the word of mouth variable.

Table 4.11: Chi-Square test word of mouth and customer lifecycle phase, Source: Survey data

Chi-square test	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	24,903[a]	9	,003
Likelihood Ratio	26,364	9	,002
N of Valid Cases	2816		

a. 0 cells (0,0%) have expected count less than 5. The minimum expected count is 5,12.

A Cramer's V value of 0.054 with a high significance shows that the relationship exists, but the correlation is very weak. Therefore, the behavior concerning recommendation cannot be easily concluded by the phase each customer is in. Nevertheless, the change from phase I to phase II of nearly 8% shows, that the uncertainty of new guests is still very high, even after their fist stay. Since the overall satisfaction level is rather high, new guests need more information to reduce their uncertainty and even limited satisfaction to be really convinced. Additionally, there will always be a certain quota of one-time guests, who never return to the hotel again. Thus, the word of mouth quota of these single guests will always be lower compared to repeat guests with a certain degree of loyalty.

Table 4.12: Cramer's V value word of mouth and customer lifecycle phase, Source: Survey data

Cramer's V		Value	Approx. Sig.
Nominal by Nominal	Phi	,094	,003
	Cramer's V	,054	,003
N of Valid Cases		2816	

a. Not assuming the null hypothesis.
b. Using the asymptotic standard error assuming the null hypothesis.

The next question, which is analyzed, refers to the overall satisfaction level of guests. The guests could rate their satisfaction from excellent (equals 6 on the scale) to scarce (equals 1 on the scale). To get an overview about the overall state of satisfaction, the frequencies of guests per rating was accomplished. The value 0 equals no response at all and was given by 3.9% of all guests. Fewer than 10% in total (8.7%) rated the overall satisfaction with 3 or less. Hence, over 90% of all guests evaluated their overall satisfaction level over average. Even 52.3% of all guests gave the highest rate of 6, which means that they were very satisfied with the perceived service and 31.7% rated satisfaction with 5. Thus, the overall satisfaction level is high.

Table 4.13: Frequencies overall satisfaction level, Source: Survey data

Overall satisfaction level		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	109	3,9	3,9	3,9
	1	29	1,0	1,0	4,9
	2	35	1,2	1,2	6,1
	3	71	2,5	2,5	8,7
	4	207	7,4	7,4	16,0
	5	893	31,7	31,7	47,7
	6	1471	52,2	52,3	100,0
	Total	2815	100,0	100,0	
Missing	System	1	,0		
Total		2816	100,0		

The next contingency table shows the frequency for overall satisfaction per defined lifecycle phase. 4.4 % of guests in phase III (1-2 years) rated the overall satisfaction with the lowest value, but it differs not significantly from the other groups. But this group also chose the other low values (1,2,3) the most often compared to the other lifecycle groups. This shows that guests in the maturity phase are often even more unsatisfied than the other groups, but the differences are only very small. Also in terms of the highest value (very satisfied – 6), guests in phase III chose that more seldom than the other groups. 60.5% of guests in the growth phase (less than one year customer lifetime) chose the highest value for their overall satisfaction, compared to only 49.7% of guests in phase III and 51.4% in phase IV. This shows that the overall satisfaction decreases after the growth phase. Satisfaction at the beginning (single stay guests) and at the end of the communication lifecycle is similar.

Table 4.14: Contingency table overall satisfaction and customer lifecycle phase, Source: Survey data

Overall satisfaction and customer lifecycle phases			Customer lifetime - classified				Total
			Single Stays	<1 year	1-2 years	>2years	
Overall satisfaction	0	Count	63	12	13	21	109
		% within Customer lifetime	3,8%	3,4%	4,4%	4,2%	3,9%
	1	Count	15	2	8	4	29
		% within Customer lifetime	0,9%	0,6%	2,7%	0,8%	1,0%
	2	Count	22	2	7	4	35
		% within Customer lifetime	1,3%	0,6%	2,4%	0,8%	1,2%
	3	Count	41	4	11	15	71
		% within Customer lifetime	2,5%	1,1%	3,7%	3,0%	2,5%
	4	Count	108	23	26	50	207
		% within Customer lifetime	6,5%	6,5%	8,8%	9,9%	7,4%
	5	Count	562	96	83	152	893
		% within Customer lifetime	33,8%	27,3%	28,2%	30,0%	31,7%
	6	Count	852	213	146	260	1471
		% within Customer lifetime	51,2%	60,5%	49,7%	51,4%	52,2%
Total		Count	1663	352	294	506	2815
		% within Customer lifetime	100,0%	100,0%	100,0%	100,0%	100,0%

Based on the figures in the contingency table, a Chi-Square test was accomplished and the gamma value due to the ordinal scale of both variables was accomplished. The Chi-Square test shows a high significance (p = 0.003) with a significance level of 5%, but the gamma value of -0.005 shows that the association between the two variables is too weak.

Table 4.15: Chi-Square test overall satisfaction and customer lifecycle phase, Source: Survey data

Chi-Square test	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	38,770[a]	18	,003
Likelihood Ratio	36,130	18	,007
Linear-by-Linear Association	1,368	1	,242
N of Valid Cases	2815		

a. 4 cells (14,3%) have expected count less than 5. The minimum expected count is 3,03.

Table 4.16: Gamma value overall satisfaction and customer lifecycle phase, Source: Survey data

Gamma value		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Ordinal by Ordinal	Gamma	-,005	,028	-,194	,846
N of Valid Cases		2815			

a. Not assuming the null hypothesis.
b. Using the asymptotic standard error assuming the null hypothesis.

The next table shows the values for the willingness to book further repeat stays and the customer lifecycle phases. The willingness to book further stays is a strong loyalty indicator. Word of mouth behavior can be regarded as attitudinal loyalty indicator. The willingness to make further purchases can be regarded as behavioral indicator for loyalty. In total, nearly all guests were willing to give an answer, only 1.4% of all guests refused to answer this question. 56% of all guests answered the question about future repeat stays with “yes” and 37.1% with “perhaps”. Only 5.5% gave “no” as an answer. This shows an overall high behavioral loyalty.

Concerning the answers per lifecycle phase, similar results compared to the overall satisfaction could be observed. Nearly 70% (68.8%) of guests in phase II answered with “yes”, whereas only 49.9% of single stay guests and 60.9% of guests in phase III chose this positive answer. Also in terms of the guests with “no” as an answer, guests in phase III were at the top (7.5% in phase III compared to only 2.8% in phase II). Since all guests except those in phase I have at least one repeat booking, the probability to make further bookings is higher compared to single stay guests, who have not decided to continue the relationship at all.

Table 4.17: Contingency table future repeat stays and customer lifecycle phase, Source: Survey data

Future repeat stays and customer lifecycle phases			Customer lifetime - classified				Total
			Single Stays	<1 year	1-2 years	>2years	
Future repeat stays	No answer given	Count	22	2	6	9	39
		% within Customer lifetime	1,3%	0,6%	2,0%	1,8%	1,4%
	Yes	Count	831	242	179	324	1576
		% within Customer lifetime	49,9%	68,8%	60,9%	64,0%	56,0%
	No	Count	98	10	22	26	156
		% within Customer lifetime	5,9%	2,8%	7,5%	5,1%	5,5%
	Perhaps	Count	713	98	87	147	1045
		% within Customer lifetime	42,8%	27,8%	29,6%	29,1%	37,1%
	Total	Count	1664	352	294	506	2816
		% within Customer lifetime	100,0%	100,0%	100,0%	100,0%	100,0%

The Chi-Square test shows a very high significance ($p <0.001$) with a significance level of 1%. Cramer’s V confirms an existing, but rather weak (Cramer’s V = 0.1) association between the two variables.

Table 4.18: Chi-Square test future repeat stays and customer lifecycle phase, Source: Survey data

Chi-Square test	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	74,847[a]	9	,000
Likelihood Ratio	76,520	9	,000
N of Valid Cases	2816		

a. 2 cells (12,5%) have expected count less than 5. The minimum expected count is 4,07.

Table 4.19: Cramer’s V value overall satisfaction and customer lifecycle phase, Source: Survey data

Cramer’s V		Value	Approx. Sig.
Nominal by Nominal	Phi	,163	,000
	Cramer's V	,094	,000
N of Valid Cases		2816	

a. Not assuming the null hypothesis.
b. Using the asymptotic standard error assuming the null hypothesis.

The added questions in the extra marketing block of the questionnaire were labeled “marketing questions” and referred to the CALI and the identified sub indicators information, offers and emotion. Marketing question 1 referred to desired marketing information. Guests had to rate the importance of additional information regarding hotel services, added values, events or activities on a Likert Scale. The scale started with very important (6) to totally negligible (1). The scale for the importance of the group itself could also be rated, but the scale was setup in the questionnaire opposed (here 1 = important, 6 = not important) to the rating within the marketing block from very important (6) to totally negligible (1). If guests were not willing to answer the question, the question was rated with 0 for no answer. 151 of all guests were not willing to answer the question (5.4%). Most guests (more than 60%) rated the importance of additional information at least with a value above the average. 19.1% of all guests rated the importance concerning further information in emails and letters as "very important".

Table 4.20: Frequencies importance of additional information, Source: Survey data

Importance of information		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	151	5,4	5,4	5,4
	1	348	12,4	12,4	17,7
	2	238	8,5	8,5	26,2
	3	266	9,4	9,4	35,6
	4	625	22,2	22,2	57,8
	5	650	23,1	23,1	80,9
	6	537	19,1	19,1	100,0
	Total	2815	100,0	100,0	
Missing	System[13]	1	,0		
Total		2816	100,0		

To examine the frequencies of the importance of additional information from a customer's view correspondingly to the different communication lifecycle phases, a contingency table was created. This table shows the frequencies for the different levels of importance for every lifecycle phase. On the left side of the table, the different levels of importance can be found, equally to the frequencies above. The frequency per lifecycle phase shows the number of guests for each level of the importance scale. New guests with only one stay in total, located in socialization phase, rate the importance very differently, but on average more important than unimportant. Compared to the other three phases, single stays guests rate additional information most frequently as completely unimportant (14.0% of all single stay guests in phase I). Contrariwise, over 60% of this guest segment rates the importance more than average (moderate important to very important). The reason for this behavior is also the willingness to make further bookings. If guests are rather uninterested to make a second

[13] The value of one guest was not correctly saved in the database; hence one value is missing.

booking, the interest in information from the hotel will also be very low. Concerning the guests in the growth phase (less than one year of customer lifetime), the quota of complete unimportance is lower (12.8%) and the quota of higher importance is higher (nearly 70%). This guest segment give the value “very important” most frequently compared to the other segments (21.9%). Only 6.8% of guests in phase III, the maturity phase with a lifetime between one and two years rate additional information as completely unimportant. Over 70% give a more than average importance to this aspect of marketing communication. In terms of guests within the risk phase with a customer lifetime of more than two years, 9.9% rate information as totally unimportant and also values 4,5 and 6 for over average importance are lower compared to phase 3.

Table 4.21: Contingency table of importance of information and lifecycle phase, Source: Survey data

Importance of information and lifecycle phase			Customer lifetime value in days - classified				Total
			Single Stays	<1 year	1-2 years	>2years	
Marketing 1 - importance of additional information	0	Count	94	22	11	24	151
		% within Customer lifetime	5,7%	6,2%	3,7%	4,7%	5,4%
	1	Count	233	45	20	50	348
		% within Customer lifetime	14,0%	12,8%	6,8%	9,9%	12,4%
	2	Count	145	25	21	47	238
		% within Customer lifetime	8,7%	7,1%	7,1%	9,3%	8,5%
	3	Count	166	27	26	47	266
		% within Customer lifetime	10,0%	7,7%	8,8%	9,3%	9,4%
	4	Count	360	82	80	103	625
		% within Customer lifetime	21,6%	23,3%	27,2%	20,4%	22,2%
	5	Count	364	74	78	134	650
		% within Customer lifetime	21,9%	21,0%	26,5%	26,5%	23,1%
	6	Count	301	77	58	101	537
		% within Customer lifetime	18,1%	21,9%	19,7%	20,0%	19,1%
Total		Count	1663	352	294	506	2815
		% within Customer lifetime	100,0%	100,0%	100,0%	100,0%	100,0%

Based on the table above, a Chi-Square test was accomplished. The communication lifecycle phase is the independent variable, whereas the rating of importance represents the dependent variable. Since the frequency for every cell of the contingency table lies above 5, a Pearson Chi-Square test is able to deliver representative results and the Fisher’s exact test is not necessary. The p-value is 0.018. With a significance level of 5%, the result is significant.

Table 4.22: Chi-Square test additional information and lifecycle phase, Source: Survey data

Chi-square test	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	32,664[a]	18	,018
Likelihood Ratio	34,037	18	,012
Linear-by-Linear Association	12,194	1	,000
N of Valid Cases	2815		

a. 0 cells (0,0%) have expected count less than 5. The minimum expected count is 15,77.

Since both variables are ordinal, the Gamma value can be used to examine the strength of correlation. With a Gamma of 0.08, the association between the two variables exists, but is very weak. The significance is very high ($p < 0.001$). Thus, no clear tendency of the importance of information compared to the customer lifecycle phase can be observed based on this question.

Table 4.23: Gamma Value for additional information and lifecycle phase, Source: Survey data

Gamma Value		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Ordinal by Ordinal	Gamma	,078	,022	3,517	,000
N of Valid Cases		2815			

a. Not assuming the null hypothesis.
b. Using the asymptotic standard error assuming the null hypothesis.

The means per lifecycle phase show an increase from phase I (3.66) to phase III (4.07) and a slight decrease in phase IV (3.90).

Table 4.24: Means importance of additional information and lifecycle phase, Source: Survey data

Customer lifetime value in days - classified	Mean	N	Std. Deviation
Single Stays	3,66	1663	1,856
<1 year	3,80	352	1,888
1-2 years	4,07	294	1,626
>2years	3,90	506	1,781
Total	3,76	2815	1,828

The next analysis refers to the second marketing communication question concerning the sub indicator offers. This question included the importance of cheap offers. In total, 5.2% of all guests were not willing to answer the question at all. Nearly 40% (38.7%) of all guests chose the highest value for rating the importance of cheap offers. This shows that offers have an overall high importance.

Table 4.25: Overall frequencies importance of cheap offers, Source: Survey data

Importance of offers		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	146	5,2	5,2	5,2
	1	218	7,7	7,7	12,9
	2	137	4,9	4,9	17,8
	3	173	6,1	6,1	23,9
	4	368	13,1	13,1	37,0
	5	683	24,3	24,3	61,3
	6	1090	38,7	38,7	100,0
	Total	2815	100,0	100,0	
Missing	System	1	,0		
Total		2816	100,0		

Regardless of the customer lifecycle phase, the importance of cheap offers was rated relatively high. This shows that offers are basically interesting for all guests. Nearly half of all guests (46%) with a lifetime of more than two years rated the importance of cheap offer with the highest value. This value exceeds the quota of guests from the other phases and shows that the perceived importance of customers regarding communication increases during lifetime. Only 35.2% of guests in phase I (Single Stays) chose the highest rating, followed by 41.2% in phase II (<1year) and 43.2% in phase III (1-2years). Thus, the importance increases continuously.

Table 4.26: Contingency table of importance of cheap offers and lifecycle phase, Source: Survey data

Importance of offers and lifecycle phase			Customer lifetime value in days - classified				Total
			Single Stays	<1 year	1-2 years	>2years	
Marketing 2 - importance of cheap offers	0	Count	92	20	12	22	146
		% within Customer lifetime	5,5%	5,7%	4,1%	4,3%	5,2%
	1	Count	146	24	18	30	218
		% within Customer lifetime	8,8%	6,8%	6,1%	5,9%	7,7%
	2	Count	85	12	15	25	137
		% within Customer lifetime	5,1%	3,4%	5,1%	4,9%	4,9%
	3	Count	118	14	15	26	173
		% within Customer lifetime	7,1%	4,0%	5,1%	5,1%	6,1%
	4	Count	233	45	35	55	368
		% within Customer lifetime	14,0%	12,8%	11,9%	10,9%	13,1%
	5	Count	404	92	72	115	683
		% within Customer lifetime	24,3%	26,1%	24,5%	22,7%	24,3%
	6	Count	585	145	127	233	1090
		% within Customer lifetime	35,2%	41,2%	43,2%	46,0%	38,7%
Total		Count	1663	352	294	506	2815
		% within Customer lifetime value	100,0%	100,0%	100,0%	100,0%	100,0%

With a p value of 0.01, the Chi-Square test is highly significant.

Table 4.27: Chi- Square test importance of cheap offers and lifecycle phase, Source: Survey data

Chi-Square test	Value	df	Asymp. Sig. (2-sided)
Pearson Chi--Square	34,862[a]	18	,010
Likelihood Ratio	35,463	18	,008
Linear-by-Linear Association	18,859	1	,000
N of Valid Cases	2815		

a. 0 cells (0,0%) have expected count less than 5. The minimum expected count is 14,31.

Regarding the strength of the association, also the gamma value can be used for these ordinal variables: A value of 0.125 represents an existing, but rather weak association.

Table 4.28: Gamma Value for importance of cheap offers and lifecycle phase, Source: Survey data

Gamma Value		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Nominal by Nominal	Phi	,111			,010
	Cramer's V	,064			,010
Ordinal by Ordinal	Gamma	,125	,024	5,224	,000
N of Valid Cases		2815			

a. Not assuming the null hypothesis.
b. Using the asymptotic standard error assuming the null hypothesis.

The mean of the importance value per lifecycle phase shows an increase per phase. Single stay guests (phase I) have a mean of 4.3, whereas guests in phase IV (>2 years) have a value of 4.7. In total, the means are all above 4 and under 5 and show only slight differences. Thus, the importance of cheap offers is rather high for guests of all customer lifetimes, but this question is not able to show any assumed differences between the phases. Nevertheless, it shows an increase in perceived importance from phase to phase, which supports the assumption that the expectations towards marketing communications increase during customer lifetime. This result is similar to the question about the importance of information.

Table 4.29: Mean of importance of cheap offers per customer lifecycle phase, Source: Survey data

Customer lifetime in days - classified	Mean	N	Std. Deviation
Single Stays	4,29	1663	1,876
<1 year	4,55	352	1,822
1-2 years	4,61	294	1,753
>2years	4,65	506	1,771
Total	4,42	2815	1,844

The next table shows the results for marketing question 3, concerning the importance of “thank you” from the hotel. This question is used to examine the sub indicator emotion. “Thank you” is a content of communication, which offers no advantage or information, but is a sign of courtesy and appreciation and thus, representative for emotion transfer. It was assumed that the perceived importance of this emotional content depends on the lifecycle phase. First of all, the overall frequencies were examined. 57.7% of all guests answered this question with “yes”. This means, that more than half of all guests perceives a “thank you” message as rather important. 33.3% answered the question with “no”, meaning that a “thank you” is not really necessary.

Table 4.30: Frequencies marketing question 3 – importance of “Thank you”, Source: Survey data

Importance of “Thank you”		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		253	9,0	9,0	9,0
	Yes	1626	57,7	57,7	66,7
	No	937	33,3	33,3	100,0
	Total	2816	100,0	100,0	

The next contingency table shows the results of the “importance of thank you” question per customer lifecycle phase. Correspondingly to the satisfaction question, guests in phase III (1-2 years) chose “yes” most frequently (63.6% of all guests in phase III). The quota of guests choosing “yes” increases from phase I to III and finally decreases in phase IV again. Furthermore, guests in phase I chose “no” as an answer more frequently compared to guests with higher customer lifetimes. Nearly 5% more guests in phase I (34.7%) neglected the importance compared to guests in phase III (30.3%) or IV (30.0%). The peak of the importance of emotional “Thank you” content is located correspondingly to the assumed peak in the communication lifecycle within maturity phase. This supports the assumption that the importance of emotional content changes during lifetime. Furthermore, it increases until the peak in the relationship lifecycle curve and then, a decrease starts. Contrariwise, the observed changes are only very slight (between 56% and 64%), which leads to a non-significant result in the Chi- square test. Another reason for the result is that only two answers could be chosen and the “no answer given” option is also included in the analysis. Since the format of this question differed from the other questions (yes or no question instead of 6-point Likert scale[14]), the results are in generally limited comparable to the other questions. Since another question concerning the emotional content existed, the results should be considered as additional, but not isolated.

[14] The reason for a different answer format for this question was a system problem, because the question was linked to wrong question format.

Table 4.31: Contingency table of importance of "Thank you" and lifecycle phase, Source: Survey data

Importance of "Thank you" and lifecycle phase			Customer lifetime - classified: Single Stays	<1 year	1-2 years	>2years	Total
Marketing 3 - importance of thank you	No answer given	Count	160	30	18	45	253
		% within Customer lifetime	9,6%	8,5%	6,1%	8,9%	9,0%
	Yes	Count	926	204	187	309	1626
		% within Customer lifetime	55,6%	58,0%	63,6%	61,1%	57,7%
	No	Count	578	118	89	152	937
		% within Customer lifetime	34,7%	33,5%	30,3%	30,0%	33,3%
Total		Count	1664	352	294	506	2816
		% within Customer lifetime	100,0%	100,0%	100,0%	100,0%	100,0%

The results of the Chi- square test are not significant with a p-value of 0.09 and hence, also the results of the Cramer's V show no significance (p-value also 0.09).

Table 4.32: Chi- Square test for importance of thank you and lifecycle phase, Source: Survey data

Chi-Square test	Value	df	Asymp. Sig. (2-sided)
Pearson Chi--Square	10,952[a]	6	,090
Likelihood Ratio	11,283	6	,080
N of Valid Cases	2816		

a. 0 cells (0,0%) have expected count less than 5. The minimum expected count is 26,41.

Table 4.33: Cramer's V for importance of "Thank you" and lifecycle phase, Source: Survey data

Cramer's V		Value	Approx. Sig.
Nominal by Nominal	Phi	,062	,090
	Cramer's V	,044	,090
N of Valid Cases		2816	

a. Not assuming the null hypothesis.
b. Using the asymptotic standard error assuming the null hypothesis.

The following contingency table shows the results for question 6 in the marketing part about the importance of the exclusiveness of offers. The "thank you question" also referred also to the emotional aspect of communication, but this question is more representative since the scale is comparable to the other importance questions. The lower values representing a low importance (no answer and value 1 to 3), were chosen by guests in phase I and II slightly more frequent than by guests in phase III and IV. Especially the top ratings (5 and 6) were chosen by guests with a higher customer lifetime (phases III and IV). Only 21.9% of guests in phase I chose the value "very important" compared to 34.6% of guests in phase IV. This shows that guests with a longer customer lifetime consider the exclusiveness of offers, which represents are more emotional aspect of offering, more important.

Table 4.34: Contingency table of exclusiveness of offers and lifecycle phase, Source: Survey data

Exclusiveness of offers and lifecycle phase			Customer lifetime - classified				Total
			Single Stays	<1 year	1-2 years	>2years	
Marketing 6 - exclusiveness of offers	0	Count	148	34	17	38	237
		% within Customer lifetime	8,9%	9,7%	5,8%	7,5%	8,4%
	1	Count	120	12	9	13	154
		% within Customer lifetime	7,2%	3,4%	3,1%	2,6%	5,5%
	2	Count	83	12	12	21	128
		% within Customer lifetime	5,0%	3,4%	4,1%	4,2%	4,5%
	3	Count	143	20	15	30	208
		% within Customer lifetime	8,6%	5,7%	5,1%	5,9%	7,4%
	4	Count	345	57	53	87	542
		% within Customer lifetime	20,7%	16,2%	18,0%	17,2%	19,3%
	5	Count	460	104	92	142	798
		% within Customer lifetime	27,7%	29,5%	31,3%	28,1%	28,3%
	6	Count	364	113	96	175	748
		% within Customer lifetime	21,9%	32,1%	32,7%	34,6%	26,6%
Total		Count	1663	352	294	506	2815
		% within Customer lifetime	100,0%	100,0%	100,0%	100,0%	100,0%

For the association between the importance of the exclusiveness of offers and the customer lifecycle phases, also a Chi- square test was conducted. With a high significance level ($p < 0.001$), the result is highly significant, which shows that an association between the two ordinal variables exists.

Table 4.35: Chi-Square test for exclusiveness of offers and lifecycle phase, Source: Survey data

Chi-Square test	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	77,635[a]	18	,000
Likelihood Ratio	79,765	18	,000
Linear-by-Linear Association	40,049	1	,000
N of Valid Cases	2815		

a. 0 cells (0,0%) have expected count less than 5. The minimum expected count is 13,37.

Based on the Chi-Square test above, the Gamma value was calculated. Also with a high significance ($p < 0.001$), the Gamma value of nearly 0.2 (0.176) states the existing, moderate relationship. Thus, it can be stated that the perceived importance of guests concerning emotional offers changes during customer lifetime as assumed.

Table 4.36: Gamma value for exclusiveness of offers and lifecycle phase, Source: Survey data

Gamma value		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
	Phi	,166			,000
Ordinal by Ordinal	Gamma	,176	,023	7,668	,000
N of Valid Cases		2815			

a. Not assuming the null hypothesis.
b. Using the asymptotic standard error assuming the null hypothesis.

The comparison of the means show again an increase from phase I to III, but a slight decrease in phase IV.

Table 4.37: Means exclusiveness of offers and lifecycle phase, Source: Survey data

Customer lifetime value in days - classified	Mean	N	Std. Deviation
Single Stays	3,96	1663	1,874
<1 year	4,32	352	1,879
1-2 years	4,51	294	1,668
>2years	4,45	506	1,767
Total	4,15	2815	1,849

The next table illustrates the results of marketing question 5. This question was implemented as control question, because the guests were forced to decide between several possible marketing communication contents. Guests should imagine, which marketing communication content they would desire the most in their next communication, which they receive from the service provider. It was only possible to choose one content, so every respondent had to think about the fact, which content is most important for him or her personally. Due to this kind of question, eventual bias in the questions above should be reduced. In terms of the other marketing questions, it was possible, to choose everywhere the highest importance without really considering the meaning. Thus, the results show differences between the phases, but no clear results regarding the three aspects in communication. To answer the control question, the guests had to decide, if they prefer a pure offer (“Offers and packages”), emotional content (“Exclusive news”) or relevant information concerning the stay itself (“Relevant information”). 12.4% of all guests did not answer the question in total, but the amount of guests in phase I without an answer was the highest (13.9%) compared to the other phases. Especially in the last two phases, less than 10% of the guests did not answer the question at all (8.2% in phase III and 9.9% in phase IV).

Table 4.38: Contingency table of content of campaigns and lifecycle phase, Source: Survey data

Campaigns and lifecycle phase			Customer lifetime value in days - classified				Total
			Single Stays	<1 year	1-2 years	>2years	
Marketing 5 - content of campaigns	No answer given	Count	231	45	24	50	350
		% within Customer lifetime	13,9%	12,8%	8,2%	9,9%	12,4%
	Offers and Packages	Count	960	183	150	242	1535
		% within Customer lifetime	57,7%	52,0%	51,0%	47,8%	54,5%
	Exclusive News	Count	269	82	97	178	626
		% within Customer lifetime	16,2%	23,3%	33,0%	35,2%	22,2%
	Relevant Information	Count	204	42	23	36	305
		% within Customer lifetime	12,3%	11,9%	7,8%	7,1%	10,8%
	Total	Count	1664	352	294	506	2816
		% within Customer lifetime	100,0%	100,0%	100,0%	100,0%	100,0%

Since guests were forced to decide between the three possible aspects representing the three sub indicators of the CALI, every aspect has to be analyzed differently. Concerning “Offers and Packages” (representing the sub indicator offers), nearly 60% (57.7%) of guests in phase I chose this aspect, compared to 52% in phase II, 51% in phase III and only 47.8% in the last phase. Hence, the importance of this aspect decreases from phase to phase. When it comes to "Exclusive News" (representing the sub indicator emotion), the quota of guests who have chosen this aspect rises from phase to phase. In phase I, only 16.2% considered this aspect as the most desired. About 7% more guests chose this aspect in phase II (23.3%) and even 17% more guests in phase III (33%). In the final phase, the risk phase, the quota increases to 35.2%. Thus, more and more respondents chose this aspect from phase to phase. Concerning the third aspect, "Relevant Information" (representing the sub indicator information), the quota decreases again from the first until the final phase. 12.3% of all guests in phase I chose this aspect, followed by 11.9% of the respondents in phase II. In phase III, the quota decreases further on (7.8%) and in the last phase, only 7.1% chose this aspect out of the three available.

Table 4.39: Chi-Square test for content of campaigns and lifecycle phase, Source: Survey data

Chi-Square test	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	111,740[a]	9	,000
Likelihood Ratio	108,709	9	,000
N of Valid Cases	2816		

a. 0 cells (0,0%) have expected count less than 5. The minimum expected count is 31,84.

The Chi-Square test shows a very high significance with a p-value below 0.001. Due to the fact that one variable was nominal, the Cramer's V was calculated and shows that there is a relationship between the chosen aspect of marketing communication and the customer communication lifecycle phase (Cramer's V = 0.115, $p < 0.001$). Furthermore it can be stated that the desired content of marketing communication changes during customer lifetime.

Table 4.40: Cramer's V for content of campaigns and lifecycle phase, Source: Survey data

Cramer's V		Value	Approx. Sig.
Nominal by Nominal	Phi	,199	,000
	Cramer's V	,115	,000
N of Valid Cases		2816	

a. Not assuming the null hypothesis.
b. Using the asymptotic standard error assuming the null hypothesis.

The next chart illustrates the course of the three aspects within the four communication lifecycle phases.

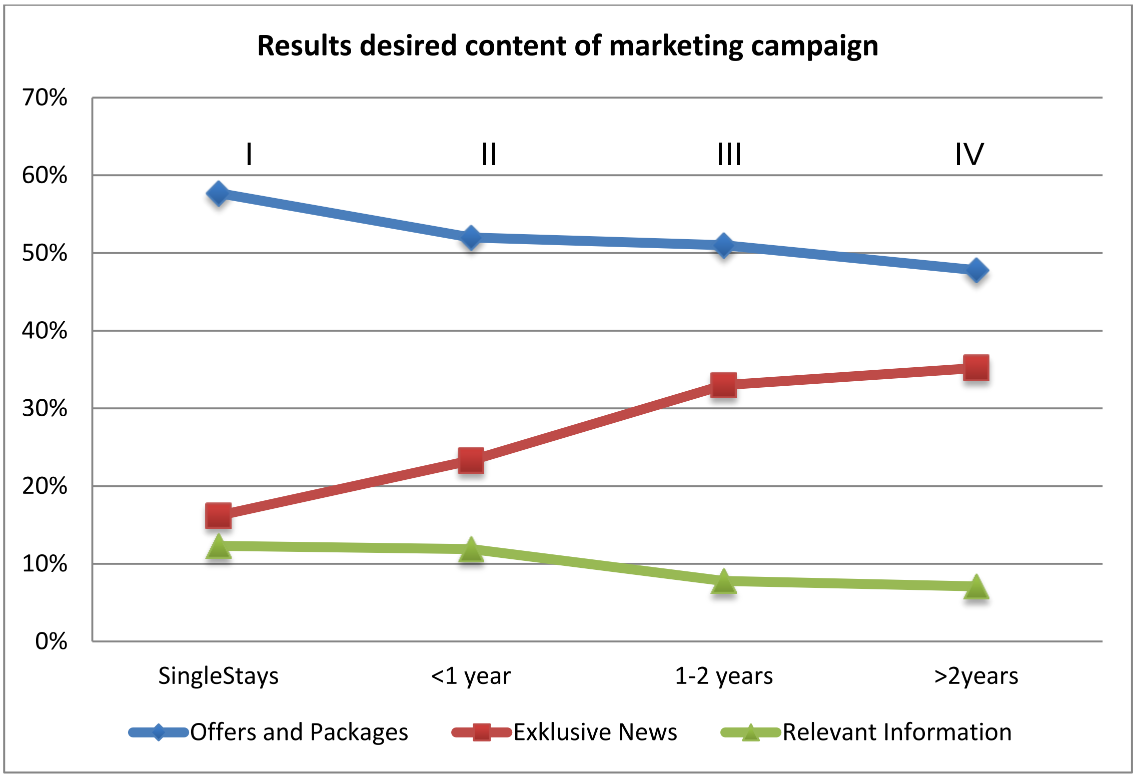


Fig. 4.7: Content of marketing campaign per lifecycle phase, Source: Own illustration from survey data

In phase I, offers and packages are extremely important (nearly 60%). Exclusive news and relevant information (start in phase I between 10% and 20%) are in general rather unimportant compared to offers and packages. At the beginning of the lifecycle, relevant information is more important than in any other phase. Thus, the importance of offers and packages is in general perceived as very high. Contrariwise, relevant information is in general rather uninteresting and the importance decreases even furthermore from phase to phase. The most distinct differences can be observed when analyzing the course of "Exclusive news". In phase I, this aspect was chosen by only 16%, but it increases to over 35% in phase IV.

At the first sight, the results of this very precise question seem contradictory compared to the individual analysis of the three aspects. However, the results have to be analyzed in a wider frame. If guests do not have to decide between aspects, they rather rate every aspect of communication equally. The importance of communication in general differs from phase to phase, but the changes in terms of the aspects do not show significant results. Thus, it can be stated that H0 is not supported, because changes in expectations and perceived importance can be observed. Hence, H1 as main hypothesis for the whole empirical study and for the development of the model is supported. The marketing questions concerning the different aspects as well as the more precise control question were able to show that within customer lifetime of a hotel guest, interest and expectation regarding communication from the hotel change. Based on the questions regarding the importance of the three different aspects, the hypothesis are only limited supported. Since the results of the precise decision question regarding the desired marketing communication content are clearer, they can be also used for the examination of the hypotheses. Based on the figure above, which shows the curve of the three different aspects and the accomplished Chi-Square test and calculated Cramer’s V, H3, as well as H3a, H3b and H3c are supported. According to the empirical findings of this analysis, the expectations for communication in terms of information, offers or emotional content change (H3). Furthermore, a certain decrease from phase to phase during customer lifetime can be observed in terms of the expectation for information and low-price offers (H3a and H3b). Since the expectation for emotional content rises from phase to phase, H3c is supported.

Since the results support the main hypothesis, but the correlations are only limited, other additional factors should be taken into consideration, which may give insights about further research. Additionally, other aspects may be included in the communication model in the future, because based on the results it seems probable, that more factors influence the changes in marketing communication expectations than only the customer lifetime. One factor, which may influence customers’ attitudes towards marketing communications, is age. Thus, the relation between age groups and the answers of marketing question 5 (desired communication content) were analyzed. The next table shows the results per marketing content and age group. In the first column, guests without available age group are listed. The next column contains the values for age group 1 (age under 18), which can be considered as not representative due to wrong birthdates. Thus, the most representative columns are age group 2, 3, 4, 5. Guests in age group 6 are rather old and the dates may also be wrong, because the quota of guests over 80 is in general low and even lower, when considering the response medium email. Since the questionnaire was sent by email, the age group of over 80 may not be entirely representative, because only 4 guests are located in this group. Also group 1 is very small. Comparing the quotas of age groups 2 to 5 leads to insightful results. For this reason, the next figure shows the differences for these four age groups.

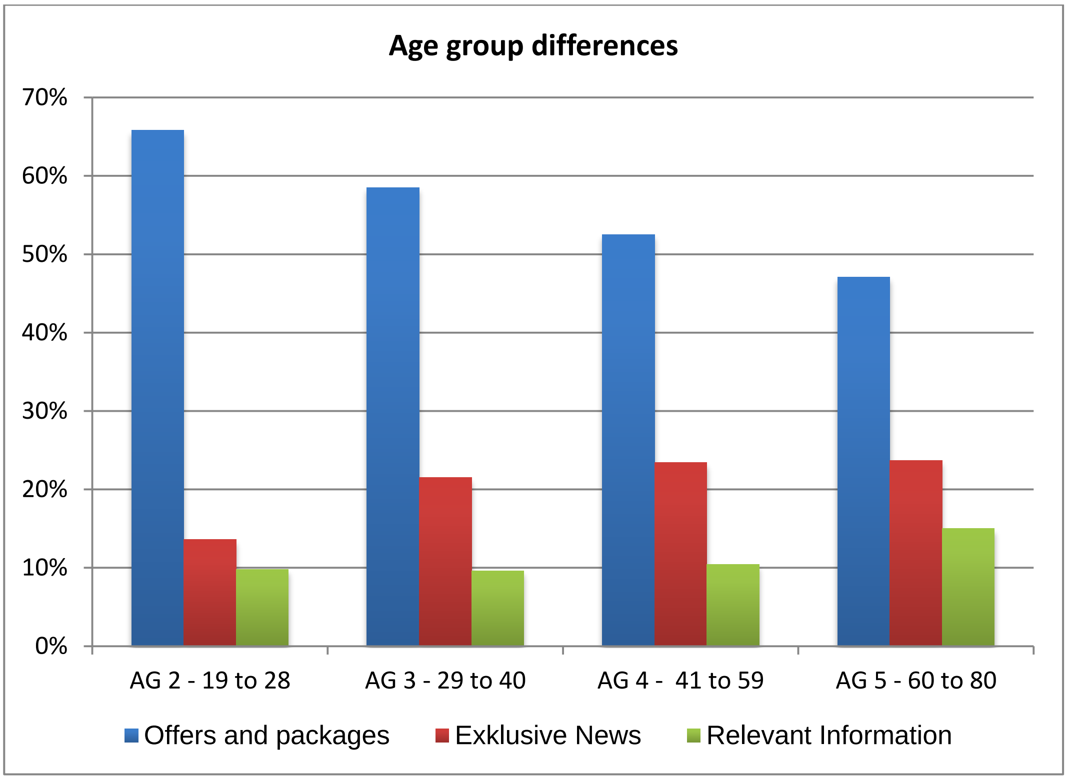


Fig. 4.8: Age group differences, Source: Own illustration from survey data

Concerning offers and packages, the quota decreases constantly from group 2 to group 5 (from 65.8% to 47.1%). This means that younger guests are in general more interested in offers and packages than elder people. The analysis of "exclusive news" shows the opposite: The quota increases constantly from 13.6% (age group 2) to 23.7% (age group 5). This means that the older guests are, the more they are expecting emotional content in the communication. The same effect can be observed in terms of information: The quota of guests, who rated this aspect as very important rises from 9.8% in group 2 to 15% in group 5. This also means that information gets more important, the older guests are. So concerning the communication model, this aspect should also be taken into consideration. If a hotel has in general a rather old guest base, the communication should be generally more emotional and informative instead of selling. Contrariwise, hotels with a younger guest base should try to deliver appropriate offers and packages, which are more appealing. The results should be combined based on the type of hotel and the guest structure with the results of the customer communication lifecycle considerations and the changes during customer lifetime.

Table 4.41: Contingency table of content of campaigns and age group, Source: Survey data

Campaign content and age group		Customer age group							Total
		No age group available	AG 1 - 1 to 18	AG 2 - 19 to 28	AG 3 - 29 to 40	AG 4 - 41 to 59	AG 5 - 60 to 80	AG 6 - above 80	
No answer given	Count	4	4	20	89	184	47	2	350
	% within age group	6,1%	17,4%	10,9%	10,3%	13,7%	14,1%	50,0%	12,4%
Offers and packages	Count	36	11	121	504	706	157	0	1535
	% within age group	54,5%	47,8%	65,8%	58,5%	52,5%	47,1%	0,0%	54,5%
Exklusive News	Count	17	4	25	185	315	79	1	626
	% within age group	25,8%	17,4%	13,6%	21,5%	23,4%	23,7%	25,0%	22,2%
Relevant Information	Count	9	4	18	83	140	50	1	305
	% within age group	13,6%	17,4%	9,8%	9,6%	10,4%	15,0%	25,0%	10,8%
Total	Count	66	23	184	861	1345	333	4	2816
	% within age group	100%	100%	100%	100%	100%	100%	100%	100,0%

Since the contingency table contains all age groups, the Chi-Square test and Cramer's V was also accomplished with all available data. The Chi-Square test shows an association between the two variables with a high significance (p = .001).

Table 4.42: Chi-Square test for content of campaigns and age group, Source: Survey data

Chi-Square test	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	43,787[a]	18	,001
Likelihood Ratio	44,487	18	,000
N of Valid Cases	2816		

a. 6 cells (21,4%) have expected count less than 5. The minimum expected count is ,43.

The results of the Cramer's V are not significant. To improve the results, guests without age group, age group 1 and 6 should be excluded from the analysis. Since the examination should only give ideas for further considerations and enhancement of the communication model, these adjustments are not accomplished in this research project.

Table 4.43: Cramer's V for content of campaigns and age group, Source: Survey data

Cramer's V		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Ordinal by Ordinal	Gamma	,031	,026	1,205	,228
N of Valid Cases		2816			

a. Not assuming the null hypothesis.
b. Using the asymptotic standard error assuming the null hypothesis.

Another possibly influencing factor is guests' gender. Thus, the association of gender and desired marketing campaign was also analyzed briefly. The next table shows that of all female guests, 59.9% chose "offers and packages", 19.2% "exclusive news" and 8.3% "relevant information". 12.7% did not answer the question. The results of the male guests differ from the female answers, because only 50.3% chose "offers and packages", but 24.6% chose "exclusive news" and 13.0% "relevant information". This leads to the assumption that women are in general more interested in price offers and men in exclusive and emotional content, where they feel pampered, and also information is interesting.

Table 4.44: Contingency table of content of campaigns and gender, Source: Survey data

Campaign content and gender			Customer gender				Total
				F	M	U	
content of campaigns	No answer given	Count	3	163	182	2	350
		% within Gender of customer	37,5%	12,7%	12,1%	13,3%	12,4%
	Offers and packages	Count	2	768	760	5	1535
		% within Gender of customer	25,0%	59,9%	50,3%	33,3%	54,5%
	Exklusive News	Count	1	246	372	7	626
		% within Gender of customer	12,5%	19,2%	24,6%	46,7%	22,2%
	Relevant Information	Count	2	106	196	1	305
		% within Gender of customer	25,0%	8,3%	13,0%	6,7%	10,8%
Total		Count	8	1283	1510	15	2816
		% within Gender of customer	100,0%	100,0%	100,0%	100,0%	100,0%

The Chi-Square test shows a high significance ($p<.0001$) and furthermore the Cramer's V shows a weak, but existing correlation (Cramer's V 0.157). Thus, hotels should also take the gender of their guests, or especially the one who makes the booking decision into consideration. These results should only be considered in addition to the above-discussed model and should lead to further research.

Table 4.45: Chi-Square test for content of campaigns and gender, Source: Survey data

Chi-Square test	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	48,064[a]	9	,000
Likelihood Ratio	46,247	9	,000
N of Valid Cases	2816		

a. 7 cells (43,8%) have expected count less than 5. The minimum expected count is ,87.

Table 4.46: Cramer's V for content of campaigns and gender, Source: Survey data

Cramer's V		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Ordinal by Ordinal	Gamma	,157	,031	5,077	,000
N of Valid Cases		2816			

a. Not assuming the null hypothesis.
b. Using the asymptotic standard error assuming the null hypothesis.

To calculate the CALI, the questions regarding the three different aspects were summed. Since the indicator consists of the three different aspects of communication, the sums of expectations of the three factors were accumulated. Despite the fact that the representativeness regarding the different aspects of the individual questions compared to the lifecycle phases was limited, compared to the choice character of the control question, the answers per question and per phase were accumulated to get the CALI in mean per phase. The aim was to get a comparable base out of the three questions concerning the three sub indicators of the CALI. Hence, for every respondent, the sum of the answers (from 1 to 6) of marketing question 1 (importance of additional information), marketing question 2 (importance of cheap offers) and marketing question 6 (exclusiveness of offers) was calculated. Thus, an exemplary value for the overall importance of marketing communication was computed, representing the CALI.

The CALI consists of the sub-indicators information, offers and emotions and thus, the chosen importance of each of these factors in sum result in the CALI. Furthermore, in the next step, the mean per customer lifetime phase was calculated to have a comparable data set per phase. The next table shows the means per lifecycle phase as well as the number of guests per phase and the standard deviation. The lowest overall mean can be observed in phase I. Single guests have the lowest overall perceived importance of marketing communication (mean 11.9). Respondents from the next phase (phase II with a customer lifetime below one year) have a mean of 12.7. The only phase, were the mean lies above 13 is phase III (13.2), because in the last phase, the value decreases again (13.0).

Table 4.47: Mean comparison of overall marketing communication importance, Source: Survey data

Customer lifetime - classified	Mean	N	Std. Deviation
Single Stays (phase I)	11,9050	1663	4,78698
<1 year (phase II)	12,6648	352	4,75749
1-2 years (phase III)	13,1939	294	4,08859
>2 years (phase IV)	12,9980	506	4,48650
Total	12,3311	2815	4,68926

The next chart illustrates the course of the overall marketing importance per customer lifecycle phase. The importance is in phase I at its lowest point, increases until phase III and finally stagnates and then starts to decrease in phase IV.

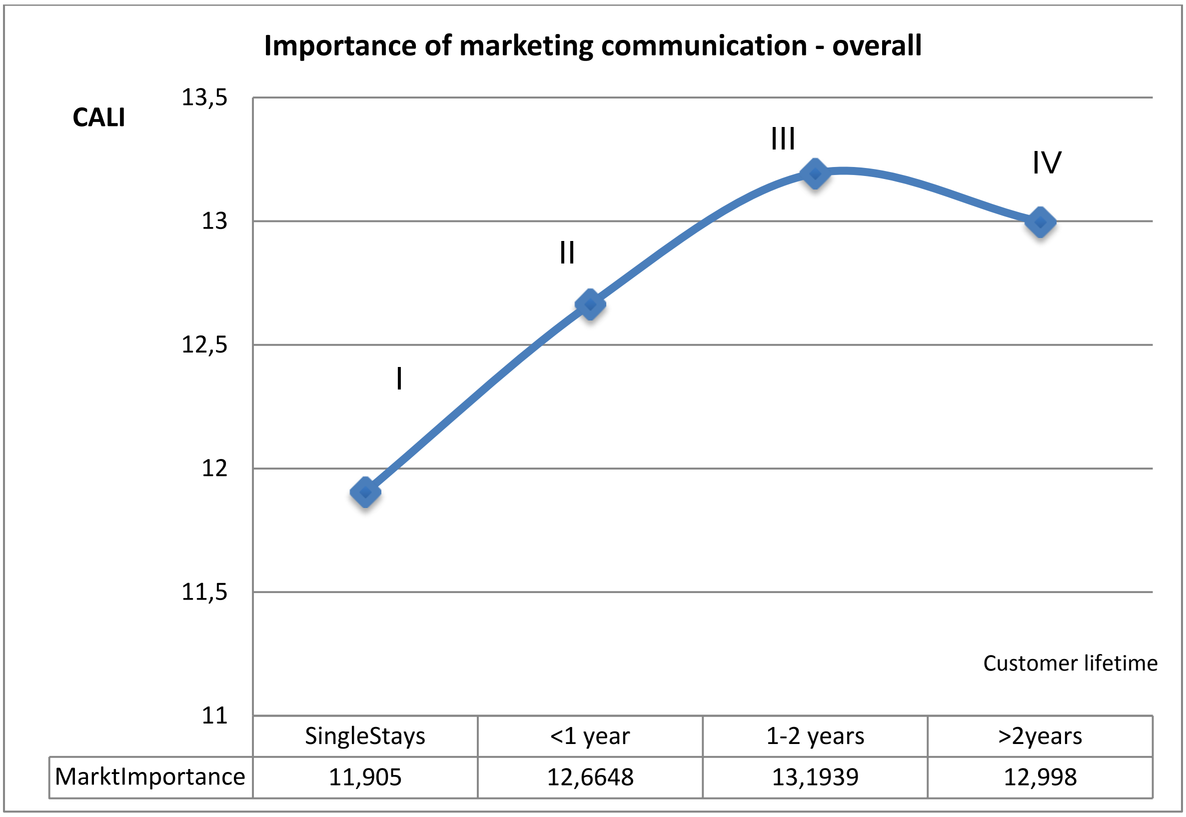


Fig. 4.9: CALI per lifecycle phase, Source: Own illustration from survey data

Table 4.48: Correlation overall communication importance and lifecycle phase, Source: Survey data

Spearman's rho			Customer lifetime - classified	Marketing Importance
Spearman's rho	Customer lifetime - classified	Correlation Coefficient	1,000	,117**
		Sig. (2-tailed)	.	,000
		N	2816	2815
	Marketing Importance	Correlation Coefficient	,117**	1,000
		Sig. (2-tailed)	,000	.
		N	2815	2815

**. Correlation is significant at the 0.01 level (2-tailed).

For the calculated CALI representing the overall marketing importance per customer lifecycle phase, an association can be found with a very high significance level (p-value < 0.001). Spearman's rank correlation shows a moderate significant correlation (Spearman's rho 0.117). This also supports the assumption that additional factors have an impact on customers marketing expectations, such as the age and the gender for instance. Based on the figure above, H2 can be accepted, because the expectations of hotel guests towards marketing communications change accordingly to the relationship intensity of the customer relationship lifecycle model of *Bruhn* or *Stauss*. The only restriction is the fact that the curve of relationship lifecycle starts at 0, whereas the examination in reality in terms of the intensity of expectations towards communication starts at a certain level. The reason is that the communication lifecycle starts with the socialization phase, where the relationship itself already has certain intensity. Thus, if starting on a later point in the relationship, the courses of the curve are comparable. Additionally, the relationship lifecycle curve was not examined with real data so the curve of this model is rather conceptual. Summarized, the basic curve of the lifecycle models can be used to illustrate the increase from the beginning until a certain peak and then a final decrease towards the end of the relationship.

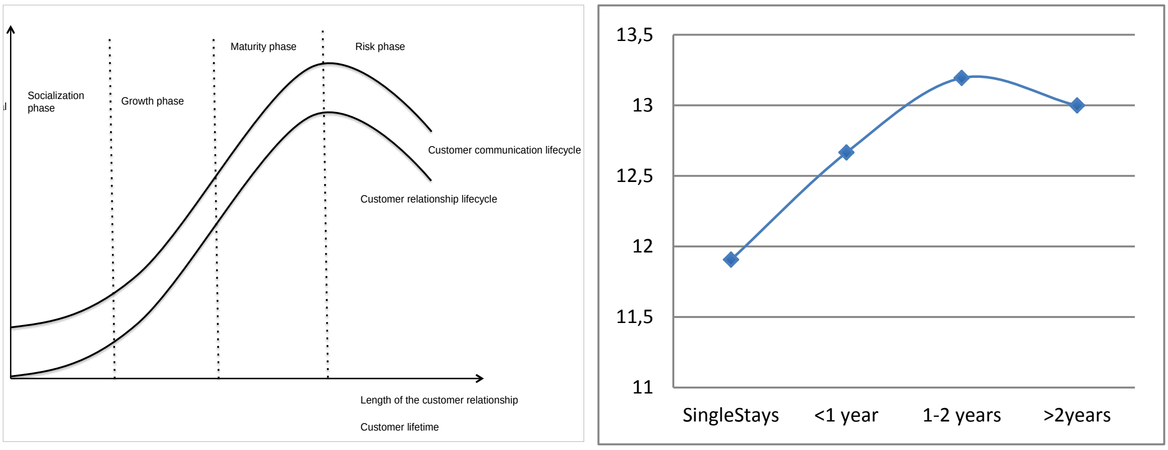


Fig. 4.10: Comparison of the conceptual model and the empirical results,
Source: Own illustration based on Bruhn, 2001, p. 48 and Stauss, 2000, p. 16

This sub chapter described all empirical results and was able to show the assumed changes in expectations of customers in reality. The next sub chapter, the conclusion, contains all results summarized in bullet points.

CONCLUSIONS

1. A comprehensive literature review in the field of relationship marketing and lifecycle models was able to identify the need for a new model for marketing communications in the hotel industry, which takes the changes of the customer-provider relationship into consideration.
2. The special aspects of the service industry such as intangibility, inseparability, perishability and heterogeneity have consequences for relationship management and marketing communications in the hotel industry. Marketing communications are responsible to create trust, to visualize services, to reduce uncertainty and to foster the development of relationships.
3. There has been a paradigm shift in marketing from transaction to relationship orientation, because customers have changed and thus, the focus should be on the customer and the long-term relationship. Nowadays customers are more complex and show multi-optional behavior. Especially hotel decision-making processes involve many sub decisions and are very complex. The idea of value creation should be taken into consideration in terms of the customer communication strategy, because nowadays customers are more empowered than before.
4. A comprehensive customer relationship strategy is required to cope with the new challenges. Promotional tools should not be used in isolation. Integration of communication is necessary. Especially meaning creation is important and consumers' perceptions should be an integral part of the relationship management approach.
5. Emotions were found to influence relationships in general and can be used to create and maintain strong positive customer relationships. Furthermore, emotions can be used in marketing to push activation. Also information plays a decisive role for communications, because characteristics of hotel services cause an unbalance of information between potential buyer and a hotel company. Marketing communications should reduce this unbalance.
6. Due to this new initial situation, traditional segmentation approaches are no longer appropriate. Lifecycle models provide a better understanding of the dynamic characteristics of the customer provider relationship. Main assumption for relationship lifecycle models is the fact that relationships are dynamic and characteristic phases can be identified. Different phases represent different states of the relationship from a customer's

perspective. These considerations represent the base for the new communication approach for the hotel industry.

7. Based on the average customer frequency of 155 days, the phase separation based on the assumption that most guests make their second purchase within one year after their first purchase is appropriate. Concerning the defined risk phase, which is proposed to start two years after the first stay, the average customer lifetime was calculated, which lies at 300 days. This means that the majority of guests have a customer lifetime of less than one year and only a minority has a lifetime above three years. This confirms the assumption that the risk phase starts after two years of active relationship.
8. Concerning the profitability of guests in different lifecycle phases, the comparison of average revenues was able to show a significant increase ($p < .0001$). A moderate correlation between the lifecycle phase and the total revenue exists (Spearman's rho = .438). Therefore, the longer the lifetime of a customer is, the higher is the revenue. Guests in phase II have a 88.9% higher revenue than guests in phase I.
9. The correlation between the lifetime phases and word of mouth behavior ($p = 0.003$, Cramer's V = 0.054) exists, but is rather weak. Furthermore, the correlation between satisfaction and lifetime value cannot be observed. Also the willingness to make further bookings is not clearly linked to the lifecycle phase ($p < 0.001$, Cramer's V= 0.1).
10. The questions about the importance of the three different communication aspects (information, offers, emotions) were able to show differences between the lifecycle phases. Single stay guests rated the aspect "information" as unimportant more frequently (14%) than guests in other phases. Since single guests rate the importance of information in the choice question rather high, so it is assumed that this shows a general low extent of willingness to receive communication at the beginning of the lifecycle and is not linked to information. The Chi-Square test and Gamma value confirmed an existing, but weak correlation ($p > 0.001$, Gamma value = 0.08). A comparison of the means per lifecycle phase shows increases from phase I (mean = 3.66) to phase III (mean = 4.07) and a slight decrease in phase IV (mean = 3.90). The aspect "offers" and customer lifecycle phase shows an existing correlation ($p = 0.01$, Gamma value = 0.125). Similar to "information", means increase from phase I to III, but finally decrease in phase IV. The analysis of the aspect "emotion" also shows an existing, moderate relationship between the perceived

importance of emotional content and the customer lifecycle phase ($p < 0.001$, Gamma value = 0.2).

11. The question regarding the desired content of marketing communication produced more significant results in terms of the quota of the three aspects compared to the overall changing expectation per phase. Concerning "offers", the importance decreases from phase to phase, similar to "information", but "information" in general is perceived to be less important than the other two aspects. The importance of "emotion" increases continuously from phase to phase. The association between desired content and lifecycle phase exists (Cramer's V = 0.115, $p < 0.001$) and furthermore, it can be stated that the desired content of marketing communication changes during customer lifetime.
12. If guests do not have to decide between aspects, they tend to rate every aspect of communication equally. Thus, the choice question, where guests had to decide, which aspect is most important, delivers more representative results than the individual questions about the three sub indicators. The importance of communication in general differs from phase to phase.
13. H0 is not supported, because changes in expectations and perceived importance can be observed and thus, H1 is supported.
14. Based on the question, where guests had to decide between the three aspects, H3, as well as H3a, H3b and H3c are supported.
15. The influence of age was examined to find possible additional influencing factors, which determines customers' expectations. The age group analysis can only be used as a hint, but not as a representative analysis, because not all birth dates are entered and furthermore not entered correctly during the check in process and especially very young and old guests may be entered wrong during check in. Nevertheless, a comparison of the main age groups was accomplished and showed a decrease (65.8% to 47.1%) from age 19 until 80 for the sub indicator "offers". Concerning "exclusive news", the importance increases (13.6% to 23.7%) from age group to age group and concerning relevant information, only guests over 60 show a higher interest (15% compared to 10%) in this aspect. Thus, those results should be verified in the future with the help of additional data material and combined with the defined communication lifecycle phases.
16. Another possibly influencing factor is gender, which was also examined. Of all female guests, 59.9% chose "offers and packages", 19.2% "exclusive news" and 8.3% "relevant

information”. The results of the male guests differ from the female answers, because only 50.3% chose “offers and packages”, but 24.6% chose “exclusive news” and 13.0% “relevant information”. This leads to the assumption that women are in general more interested in price offers and men in exclusive and emotional content, where they feel pampered, and also information is interesting. The representativity of this examination is similar to gender, because the prefix was derived from the entered prefix, which may not be always correct. Thus, those results may show a tendency, but are not entirely representative. These results should only be considered in addition to the above-discussed model and should lead to further research.

17. The answers of the questions regarding the importance of the different aspects per phase were accumulated to get the CALI in mean per phase, to provide an exemplary calculation. The lowest overall mean can be observed in phase I. Single guests (socialization phase) have the lowest overall perceived importance of marketing communication (mean 11.9). Respondents of phase II (growth phase) have a mean of 12.7, followed by a further increase in phase III (maturity phase, mean 13.2) and the final decrease in phase IV (risk phase, mean 13.0). For the calculated CALI, an association can be found with a very high significance level and a moderate correlation (p-value < 0.001, Spearman’s rho 0.117).
18. H2 can be accepted, because the expectations of hotel guests towards marketing communications change accordingly to the relationship intensity of the customer relationship lifecycle model.
19. Since the assumptions, which were made for the conception of the CALI model and the customer communication lifecycle could be confirmed with the empirical data, the model can be conceptualized. The figure below illustrates the CALI model with the customer lifecycle and summarizes the changes in customers’ expectations and interest towards hotels’ marketing communication during lifetime. Furthermore, the figure illustrates not only the overall changes in expectations, but also the changes of the three defined sub indicators (emotions, offers, information) from phase to phase.

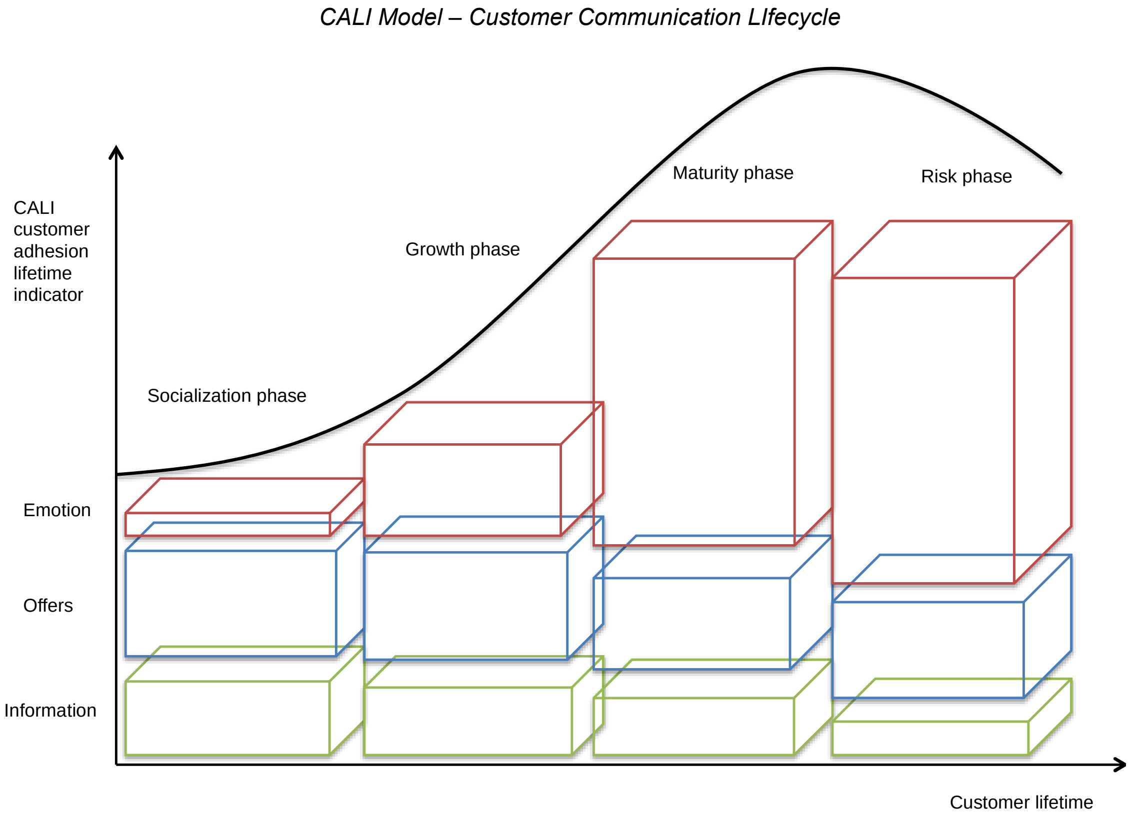


Fig. 5.1: Customer communication lifecycle, Source: Own illustration

After these conclusions, the last chapter introduces suggestions for further research as well as recommendations for different audiences based on the findings of the empirical work.

RECOMMENDATIONS

1. For researchers in the hospitality industry, the following recommendations can be made:
   1.1. Elaboration of the model including additional aspects such as age and gender
   1.2. Further analysis of influencing factors, which may lead to biases such as country, language and different types of hotels
   1.3. Testing of the hypothesis with adopted questions regarding the three aspects (offers, information, emotions), to gain more insights into the quota per phase with a different data set based on the results of the choice question about the desired content
2. For scholars in business administration for the hotel industry, the following proposals are applicable:
   2.1. The topic of changing expectations should be further elaborated and included in marketing lectures. Traditionally, customer segmentation is considered, but only as a static construct, where every customer is identified and allocated to a certain segment.
   2.2. Since the new model goals at the development of the customer relationship propose a more dynamic approach, these changes should be in the focus of further segmentation research.
3. For hotel marketers, based on the findings of the thesis, the following recommendations can be made:
   3.1. Marketers of hotel companies can use the proposed model to introduce a new way to segment customers.
   3.2. Furthermore, the new model helps to adapt marketing strategy to customers' expectations. Since the empirical work showed differences in customers' expectations during a lifetime, a more dynamic strategy for marketing communications is recommendable.
   3.3. Based on the defined phases, hotel guests can be separated and the marketing communication tactics can be targeted at the different requirements in the distinct phases.
   3.4. Thus, this more dynamic approach requires more efforts from marketers in terms of the diversification of the marketing message, which leads to more work and increases the complexity. However, customers' wishes and differences in interest are considered to a much greater extent than before. Since the customer and his wishes

are always at the center of hotel marketers' attention, this approach for marketing communication can be used to achieve a much better understanding of the customer.

3.5. Based on the empirical findings, which supported the assumptions of the specifications for the different phases, the following recommendations for marketers regarding the content of marketing communications can be made:

3.5.1. Hotels should integrate offers and information in communication for guests at the beginning of their lifecycle, because these guests expect special and cheap offers as well as useful information; emotional content is rather uninteresting and unnecessary.

3.5.2. For guests in the second phase of the lifecycle, the emotional content gains importance, but contrariwise, the importance of offers and information decreases.

3.5.3. Concerning the maturity phase, guests are at the highest level of the relationship, which should be enhanced; emotional content is crucial in this phase, and information and offers are rather unimportant.

3.5.4. For guests who enter the risk phase, emotions are still very important and could prevent final defection, and the importance of information and offers is very low.

4. For CRM consulting companies or database providers, the following recommendations can be stated:

4.1. CRM companies in the hospitality industry can include the new model in their database software. It would be the easiest way for implementation if the calculation of the lifetime and the different phases would be accomplished within the marketing database software automatically.

4.2. Then, the communication measures could be defined based on the different phases and the efforts for marketers would not be as high, as if the model must be implemented manually.

4.3. Furthermore, the automation of the calculation would enable the calculation to be repeated on a defined basis. Therefore, the identification of the individual lifecycle phase would always be up to date, and customers would receive the marketing communication measure that fits best to customers' current expectation profiles.

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6 APPENDIX

English questionnaire

Introduction

In the introduction, a six level scale from 1 = excellent to 6 = worst is announced, but in the questionnaire itself, different scales are used. Mainly, the 6-point Likert scale is illustrated with a smiley. The unhappy smiley equals a 1, and the happy smiley equals a 6 in the system.

English German Italian Kroatisch

FALKENSTEINER
Hotels & Residences

Falkensteiner guests survey **Page 1 / 12**

Sehr geehrter Herr Lernbeiß,

Your opinion is important for us!

Quality is an important criterion when dealing with a pleasant and successful holiday. In order to make this happen we are engaged to continuously improve the quality of our services. For this reason we need your collaboration!

We thank you for helping us by dedicating some minutes of your time to communicate your level of satisfaction about your stay in our house. Some technical advice:

Your judgement will be given on a six level scale (1: excellent - 6: worst). This way you will help us to better focus our improvement commitment.

The survey is carried out in all Falkensteiner Hotels & Residences.

Thank you for your cooperation!

PLEASE CHOOSE 'YES' IN TH VARIOUS SECTIONS IF YOU MADE USE OF THE AFOREMENTIONED SERVICE.

***Did you book directly in the hotel?**

(•) Yes ( ) No

Questions Outlets

***Did you eat in our restaurant?**

○ Yes ◉ No

***Did you go to our bar?**

○ Yes ◉ No

***Did you have breakfast in our hotel?**

○ Yes ◉ No

***Did you consider our half board/full board offer?**

○ Yes ◉ No

***Did you book a seminary?**

○ Yes ◉ No

***Did you travel with children?**

○ Yes ◉ No

***Did you make use of our sauna facilities?**

○ Yes ◉ No

***Beauty/Wellness**

○ Yes ◉ No

***Did you use our fitness area?**

○ Yes ◉ No

***Did you travel with a dog?**

○ Yes ◉ No

FOLLOWING PAGE

Contact | Imprint

Questions Offer and First Impression

English German Italian Kroatisch

FALKENSTEINER
Hotels & Residences

Falkensteiner guests survey **Page 2 / 12**

OFFER

How do you rate the following points?

Presentation, understandability of the offer
Booking and booking confirmation
Information before your arrival

FIRST IMPRESSION

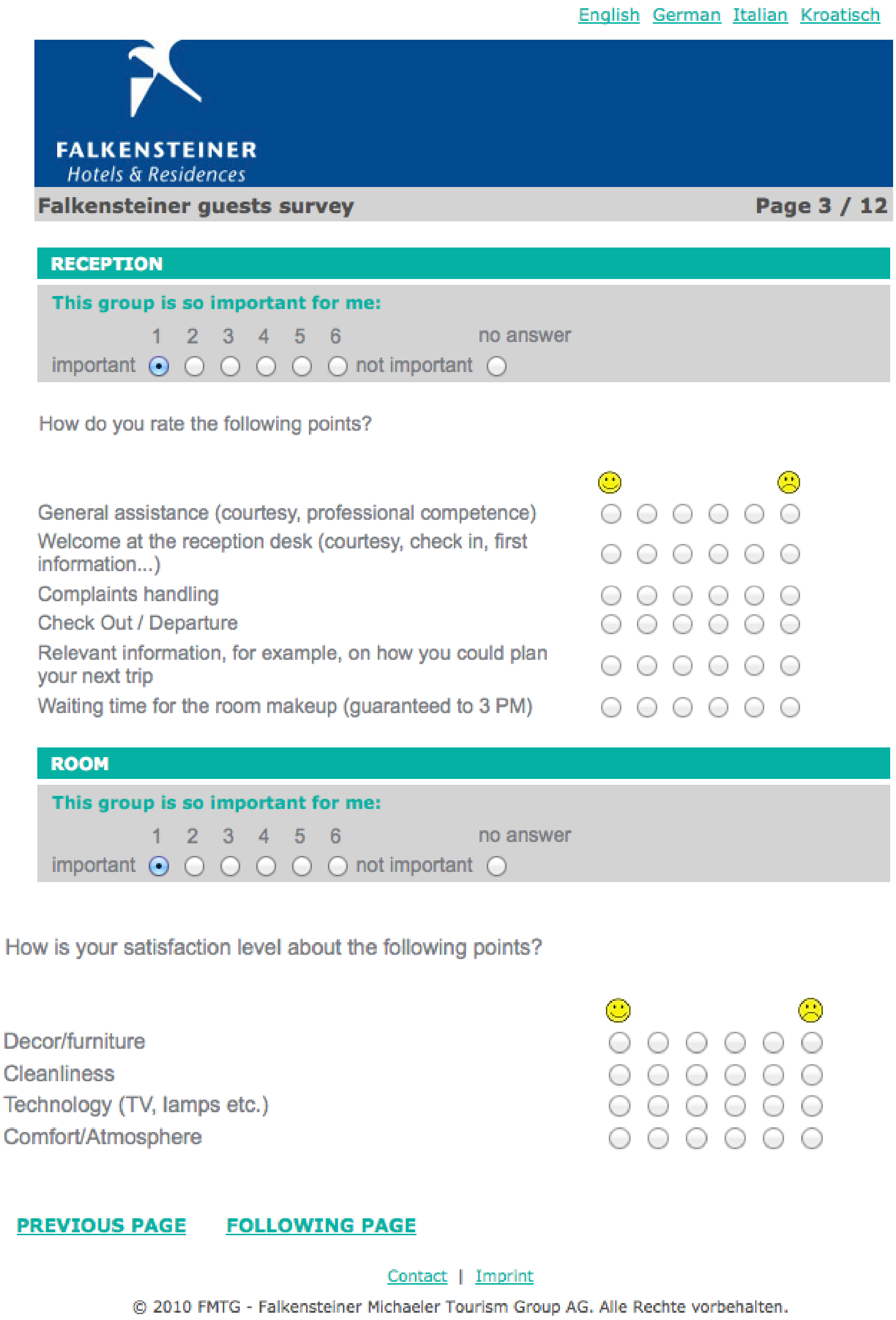
If you can remember the beginning of your stay, how do you rate the following points?

Outer appearance (architecture/maintenance status)
Atmosphere/furniture
Courtesy of the staff

PREVIOUS PAGE **FOLLOWING PAGE**

Contact | Imprint

Questions Reception and Room



Questions Food and Beverage

English German Italian Kroatisch

FALKENSTEINER
Hotels & Residences

Falkensteiner guests survey **Page 4 / 12**

BREAKFAST

This group is so important for me:

	1	2	3	4	5	6		no answer
important	◉	○	○	○	○	○	not important	○

How do you rate our breakfast?

	☺					☹
Presentation of the buffet	○	○	○	○	○	○
Food choice	○	○	○	○	○	○
Quality of the meals	○	○	○	○	○	○
Service (courtesy, professional competence)	○	○	○	○	○	○
Atmosphere of the restaurant	○	○	○	○	○	○

HALF BOARD/FULL BOARD

This group is so important for me:

	1	2	3	4	5	6		no answer
important	◉	○	○	○	○	○	not important	○

How do you rate our half board/full board?

	☺					☹
Presentation of the buffet	○	○	○	○	○	○
Food variety	○	○	○	○	○	○
Food quality	○	○	○	○	○	○
Service (courtesy, professional competence)	○	○	○	○	○	○
Atmosphere of the restaurant	○	○	○	○	○	○

OTHER FOOD OFFERINGS

This group is so important for me:

	1	2	3	4	5	6		no answer
important	◉	○	○	○	○	○	not important	○

How do you rate our culinary offer?

	☺					☹
Restaurant opening hours (mealtimes)	○	○	○	○	○	○
Food choice	○	○	○	○	○	○
Quality of the meals	○	○	○	○	○	○
Service (courtesy, professional competence)	○	○	○	○	○	○
Choice of beverages	○	○	○	○	○	○
Value for money	○	○	○	○	○	○

BAR

This group is so important for me:

	1	2	3	4	5	6		no answer
important	◉	○	○	○	○	○	not important	○

What's your level of satisfaction about our bar services?

	☺					☹
Opening times	○	○	○	○	○	○
Service (courtesy, professional competence)	○	○	○	○	○	○
Beverages offer	○	○	○	○	○	○
Snacks offer	○	○	○	○	○	○
Atmosphere of the bar	○	○	○	○	○	○

PREVIOUS PAGE FOLLOWING PAGE

Contact | Imprint

Questions Fitness Offer

English German Italian Kroatisch

FALKENSTEINER
Hotels & Residences

Falkensteiner guests survey **Page 5 / 12**

FITNESS OFFER

This group is so important for me:

	1	2	3	4	5	6		no answer
important	◉	○	○	○	○	○	not important	○

What's your level of satisfaction about our offers and services?

	☺					☹
Ambiente/atmosphere of the fitness area	○	○	○	○	○	○
Gear and equipment	○	○	○	○	○	○

WELLNESS AND BEAUTY OFFERING

This group is so important for me:

	1	2	3	4	5	6		no answer
important	◉	○	○	○	○	○	not important	○

What's your level of satisfaction about our Wellness and Beauty offering?

Ambiente/atmosphere of the treatment rooms
Massages offer (variety and attractivity)
Beauty offer (variety and attractivity)
Wellness area staff (friendliness, professional competence)
Treatment execution

ACQUAPURA SPA

This group is so important for me:

	1	2	3	4	5	6		no answer
important	◉	○	○	○	○	○	not important	○

What's your level of satisfaction about our sauna facilities?

Acquapuro SPA general satisfaction
Atmosphere of the swimming pool area
Sauna, steambath offer... (size, attractivity of the facilities)
Hygiene, cleanliness
Relax area
Opening times

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Questions Meetings

English German Italian Kroatisch

FALKENSTEINER
Hotels & Residences

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MEETINGS

This group is so important for me:

	1	2	3	4	5	6		no answer
important	◉	○	○	○	○	○	not important	○

How do you rate our services in the conferences area?

	☺					☹
Size of the seminar rooms	○	○	○	○	○	○
Technical equipment of the seminar rooms	○	○	○	○	○	○
Ambiente/atmosphere of the seminar rooms	○	○	○	○	○	○
Room temperature	○	○	○	○	○	○
Assistance during the seminar	○	○	○	○	○	○
Quality of the coffee breaks	○	○	○	○	○	○
Quality of the lunch	○	○	○	○	○	○
Quality of the dinner	○	○	○	○	○	○

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Questions Children and Dog Acceptance

English German Italian Kroatisch

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Hotels & Residences

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CHILDREN

This group is so important for me:

	1	2	3	4	5	6		no answer
important	◉	○	○	○	○	○	not important	○

General children-friendliness

excellent ○ ○ ○ ○ ○ ○ scarce

Which is the age group of your children?

- ☐ 0-2
- ☐ 3-6
- ☐ 7-12
- ☐ 13-16
- ☐ 16-older

English German Italian Kroatisch

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Hotels & Residences

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DOG ACCEPTANCE

This group is so important for me:

	1	2	3	4	5	6		no answer
important	◉	○	○	○	○	○	not important	○

How do you rate the dog reception in our house?

	☺					☹
Dog package at the arrival in your room (blanket, water basin, plastic bags, dog treats, chew bone)	○	○	○	○	○	○
Tips for your strolls	○	○	○	○	○	○
Drinking possibilities for the dog in the hotel	○	○	○	○	○	○

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Questions General

English German Italian Kroatisch

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GENERAL

How do you rate the price/value ratio of the following areas?

Overnight stay in the hotel

excellent ○ ○ ○ ○ ○ ○ scarce

Additional services

excellent ○ ○ ○ ○ ○ ○ scarce

What in particular has made you positively impressed about your stay?

Is there something you didn't like and we should work on to make it better?

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Questions Comeback and Staff

English German Italian Kroatisch

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Hotels & Residences

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COMEBACK AND RECCOMANDATION PERSPECTIVES

What's the general level of satisfaction about your stay in our house?

excellent ○ ○ ○ ○ ○ ○ scarce

Will you come back to us?

○ Yes
○ No
○ Probably

Will you recommend our hotel to others?

○ Yes
○ No
○ Probably

Did you have a "Welcome home" feeling in our hotel?

○ Yes ○ No

FRIENDLY AND MOTIVATED STAFF

Our staff is glad to receive compliments. Please give us the name of those who particularly impressed you with their kindness and enthusiasm.

Did a staff member make you a particularly bad impression? Please let us know in order to make our srvice constantly better!

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Questions Booking Reason

English German Italian Kroatisch

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Hotels & Residences

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BOOKING REASON

What's been a leading cause for your decision to book? (please max. 3 answers)

- ☐ Equipment/facilities
- ☐ Attractivity of the surroundings
- ☐ Coupon
- ☐ Location
- ☐ Children-specific activities
- ☐ Price/value ratio
- ☐ Wellness offer
- ☐ Positive reviews on review sites like HolidayCheck
- ☐ Social media networks
- ☐ Other:

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Questions Marketing

The scale for the importance of the marketing group (1 = important, 6 = not important) as first question was opposed to the rating in the block itself from very important (6) to totally negligible (1). Here, very important equals a 6 in the system and totally negligible equals a 1.

English German Italian Kroatisch

FALKENSTEINER
Hotels & Residences

Falkensteiner guests survey **Page 12 / 12**

MARKETING

This group is so important for me:

1 2 3 4 5 6 no answer

important ◉ ○ ○ ○ ○ ○ not important ○

How important are the following points for you and what is your opinion about them?

How would you rate the importance of further information in emails and letters of Falkensteiner Hotels & Residences? For instance what kind of recreational activities can be carried out? What sport facilities do exist, what wellness treatments are offered?

very important ○ ○ ○ ○ ○ ○ totally negligible

Do you think it's important for you that the hotel keeps you up to date with special offers like week-end packages?

very important ○ ○ ○ ○ ○ ○ totally negligible

As a recurring guest, a particular relationship develops between you and the hotel. Is it important for you that the hotel thanks you?

○ Yes ○ No

When you receive offers from hotels, what do you particularly care about? (max. two answers possible)

- ☐ Offers which otherwise I would not known about
- ☐ The price is crucial - less expensive is better
- ☐ Offers from other Houses of the Group
- ☐ Offers which are consistent with my needs

If you could decide the content of the next letter or e-mail you will receive from Falkensteiner Hotels & Residences this would be...

- ○ Special offers and packages
- ○ Exclusive news for you as a recurring guest which are not available to other customers
- ○ Relevant information, for example, on how you could plan your next trip

As a recurring guest how important is it for you that the hotel keeps you up-to-date with exclusive offers, events or special information in order to reward you for your loyalty?

very important ○ ○ ○ ○ ○ ○ totally negligible

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Extract – Contract between Falkensteiner Hotels & Residences and TUI AG

Summary of the German text below: The hotel company has to guarantee that customers' personal data is not saved or used. Furthermore, the hotel company has to assure that the data are only used for the service itself (performing the hotel stay), but for anything else. The extract below was provided by Falkensteiner Hotels & Residences in August 2014.

„ (...) Personenbezogene Daten:

Die Nutzung personenbezogener Daten, die der Leistungserbringer gemäß dieser Vereinbarung erhält, darf nur in Übereinstimmung mit und in dem Umfang, der für die Erfüllung seiner Verpflichtungen gemäß dieser Vereinbarung erforderlich ist; gemäß den anwendbaren Gesetzten und Bestimmungen und gemäß den Weisungen der TUI erfolgen.

Der Leistungserbringer wird geeignete technische und organisatorische Maßnahmen ergreifen, um die personenbezogenen Daten, die im Zusammenhang mit dieser Vereinbarung verarbeitet werden, zu schützen, und der Leistungserbringer verpflichtet sich, alle personenbezogenen Daten, die er im Rahmen dieser Vereinbarung erhält, entsprechend der Weisung von TUI unverzüglich zu vernichten oder zurückzugeben. Der Leistungserbringer muss TUI im Hinblick auf Verluste, die sich aus der unbefugten Nutzung personenbezogener Daten oder einem anderen Verstoß des Leistungserbringers gegen diese Bedingung ergeben, entschädigen und schadlos zu halten. (...)"