

Relationship marketing in customer service – oriented business segment: development of trust as a marketing tool

Case study of restaurant X

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<p>Abstract:</p> <p>This thesis work is conducted with the purpose to study the importance of relationship marketing in service industry and design relationship management plan for the case restaurant X emphasizing the trust factor. The main goal is to identify antecedents of customer trust and transform them into applicable management plan.</p> <p>Data for this thesis is collected by critically reviewing literature related to the topic and extracting user generated content from online platforms for analysis in order to understand how case restaurant resonates with its actual customers. The research method is chosen to be qualitative due to exploratory nature of the thesis. The case study is presented in two main parts. First part summarizes acquired knowledge from theoretical sources in the research related field, whereas the second part represents content analysis of customer reviews and interview with General Manager at a hotel in Helsinki that was conducted for additional empirical support.</p> <p>As a result of this thesis, theoretical and empirical knowledge is received enabling to discover the process of customer trust development. Relationship management plan highlights the need for case restaurant to improve internal communication, which is an antecedent of affective trust and establish channels for digital communication, which is a prerequisite for cognitive trust, in order to develop overall customer trust and sustain relationships with its customers. Moreover, the outcomes of this research are expected to be implemented by case restaurant X.</p> <p>Due to confidentiality reasons, the real name of the case company has been removed as well as appendixes are not included in the published version of the thesis.</p>	
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1 INTRODUCTION

In recent years marketing has showed dramatic change in the ways companies approach and communicate with customers. With the domination of digital world customers obtain the power to select service and product suppliers to satisfy their needs and preferences. Nowadays customers are aware of marketing maneuvers, therefore they trust more peer – evaluation and word – of – mouth. Following latest changes, companies have to adapt Relationship Marketing (RM) which entitles development of long – lasting customer relationships based on trust. In such socially connected market place service providers have to be aware of the Internet power as a critical tool for building affective bonds with customers.

This thesis is conducted as a case study of X restaurant operating in service and hospitality industry. The restaurant has faced a problem of local customer acquisition, meaning that due to various stereotypes local customers are not willing to visit hotel restaurant, which is harmful for the entire business. Hence, the research study is conducted in RM field in order to increase awareness of restaurant's management about tools to establish meaningful connections, especially customer trust development. The thesis sheds light upon crucial elements of relationships which are trust and professional intimacy factor. The coexistence of these elements within relationship brings company's performance to a competitive advantage and shifts customer ties with the company towards best – friend relationships.

In order to discover ways the restaurant is able to develop customer trust, the researcher has analyzed customer reviews to discover prerequisites for trust development and understand how restaurant resonates with its customers. As a solution to restaurant's problem the researcher has designed relationship management plan to be implemented which is presented in empirical part of this thesis. Following section will introduce the case restaurant X in details.

1.1 Description of the case restaurant

The restaurant is situated in Riga, the capital of Latvia and belongs to X hotel. The restaurant has obtained its official name in 2014 and is known as X restaurant (Restaurant Manager, Appendix 1). The restaurant is located in elegant, Art Deco building from the end of 19th century. Boulevard's 33 interior is classical with a combination of elegance and the history of the building. Restaurant's walls are decorated with variety of black and white large scale photographs illustrating the history of the hotel and visualizing Riga's lifestyle a century ago. The interior keeps historical aura and brings the sense of comfort and courtliness. The restaurant has specious terrace outside with the view on Riga's canal.

X restaurant offers its customers exquisite international and modern Latvian cuisine prepared exclusively from local products. Besides traditional *a la carte*, customers can enjoy breakfast buffet, daily business lunch offers and Sunday brunches. Additionally, restaurant has breakfast *a la carte* during entire day, which is a unique offer other restaurants in Riga do not have. Four times per year restaurant enables its customers to taste special seasonal dishes created by chef cook (Restaurant Manager, Appendix 1).

Price concept at the restaurant is designed accordingly to average price rates at restaurants in Riga. For instance, special daily lunch menu is priced with 7 EUR per three course meal including starter, main dish and desert. Business lunches are attended by locals and therefore X restaurant offers discounts to customers, for example, business lunch bonus cards enables customer to enjoy every 10th lunch for free (Restaurant Manager, Appendix 1). Sunday brunch is priced with 12 EUR per person and is mainly targeted to families with children.

Restaurants target customers are divided into two categories – hotel guests and local customers. Restaurants services are sold to hotel guests using direct promotion at the hotel and information booklets in the rooms. In order to target local customers, 90 percent of promotion is conducted on the Internet: hotel's webpage, social networks, e – mail marketing and other web portals, for example, gettable.lv, visitriga.lv, liveriga.com and travelnews.lv (Restaurant Manager, Appendix 1). Restaurant's management con-

ducts cross marketing campaigns with other Latvian enterprises, for instance, at the clothing shop *Vaide* restaurant's information booklets are attached to every purchase. Similar promotion model is used in cooperation with Latvian wine studio *Vīna Studija* and local banks such as *Swedbank*, *Rietumu Bank*, *SEB Bank* etc. (Restaurant Manager, Appendix 1). Restaurant X has participated in *Riga Food 2015* exhibition this year to promote its services (Restaurant Manager, Appendix 1).

Annual local customer flow is meager, approximately from 10 to 20 percent from total customer amount (Restaurant Manager, Appendix 1). Primarily local customers purchase business lunch menus. Restaurant's central location provides an opportunity to have qualitative lunch nearby customer's office. Local customers visit the restaurant during special events, for example, *Riga Restaurant Week*, *Valentine's Day Dinner*, *Christmas Dinner* and etc. (Restaurant Manager, Appendix 1). For the first time restaurant X participated in the *Restaurant Week* in spring 2015 and the restaurant was visited by 52 customers, whereas in autumn 2015 during this event 256 customers visited the restaurant (Restaurant Manager, Appendix 1). Statistical data about customers who visited Sunday brunches is as following: September's brunch - 42 adults and 9 children, October's brunch – 57 adults and 13 children (Restaurant Manager, Appendix 1). The data represent slight improvement in customers' amount that indicates customer satisfaction with brunch offers and service provided.

Upcoming sections describe research aim and objectives as well as methodology used to conduct this thesis.

1.2 Research aim and objectives

The study aims to provide relationship management plan for restaurant X by exploring the issue of establishing truly meaningful trust – based connections with customers and encourage managers to use right CRM to attract potential customers.

The researcher expects to meet following research objectives:

- To define and discuss main concepts of customer trust and relationship marketing.
- To identify reasons for communication between the case company and its customers.
- To explain factors that make relationship successful and ways company is able to build customer trust as well as to develop sustainable customer relationships.
- To evaluate relationships of the restaurant from customer perspective by analyzing user generated content on TripAdvisor, Foursquare and Dining.lv online platforms.
- To design sustainable relationship marketing management plan for the case company.

1.3 Research questions

The research tends to answer following questions:

- How the case restaurant can better understand its customers?
- How the restaurant can be more successful with help of relationship marketing?
- How the restaurant can communicate with its customers in a trust – based manner?

1.4 Relevance

After bachelor studies with the major in marketing and the work experience with X restaurant, the researcher gained interest in studying RM, specifically the development of customer trust as marketing tool. RM concepts have been present for more than four decades, but unfortunately many companies are not aware of them, therefore the businesses face predicaments. With rocketing electronic word – of – mouth (eWOM) it became possible to receive continuous customer feedback which is crucial for business management and success. Interestingly, even though there have been many academic projects and studies conducted in RM and social media fields, there have not been deep-

er studies exploring issue of developing customer trust as a marketing tool by means of eWOM channels. Hence, this research tends to spotlight the importance of listening to customers and adapting their feedback in management strategies.

1.5 Methodology

1.5.1 Research method

The nature of this thesis impels the research method to be Qualitative Research due to inclination towards phenomenology. The approach for this research is chosen to be qualitative in order to understand the experiences and issues of restaurant's relationship marketing, to observe relationship process in depth and explore the meaning of marketing relationship phenomena. Following qualitative research design contributes to the advantage of descriptive and exploratory richness of this thesis.

The fact that one of research objectives is to discuss concepts of relationship marketing and trust development gives a fundament to use secondary data sources with an aim to explore the nature of relationship marketing in relation with theory presented in Chapter 2. The study of relationship establishment between the company or brand and its customers is complex, subjective and non – quantifiable. Engagement into relationships and development of trust towards particular company, in this case study the restaurant, varies depending on individual factors, therefore this thesis requires considerable creativity and analytical experimentation. Hence, a qualitative research with the focus on X restaurant will be made. This case study intends to assess possibilities for the restaurant to implement relationship marketing and develop customer trust.

According to Gummesson (2006) qualitative research approach is required when researchers deal with complexity, context, persona and factors multitude where conventional statistical methods lead to a failure. For instance, Cassell *at el.* (2006) noted various academics who emphasize considerable contribution to the field made by qualitative research approach, suggesting that utilization of qualitative techniques provide constructively rich insights into the issues that derives management's and practitioners' interest.

This thesis is conducted as a qualitative case study with a purpose that empirical investigation of phenomena in contemporary context is involved using various sources (Robson, 2002). According to Noor (2008), case studies are used when there is a need to understand problematics or particular situation in depth, and where researcher identifies rich information cases. The case study design is applied with an aim to receive knowledge and understanding of research context.

1.5.2 Data collection

Researcher's work experience with restaurant X and involvement in marketing field has given instrumental basis for identifying and locating credible data sources for this thesis. According to the aim of the research, the study intends to meet its research objectives by recognizing relational factors and antecedents of customer trust.

In order to collect secondary data theoretical sampling was used. The researcher has begun with identifying key features and concepts in the research field. The data was jointly collected and analyzed in order to develop theoretical framework for the research. Critical literature review was applied by reading, analyzing and synthesizing structured texts about previously studied occurrences and tendencies. Comprehensive review of literature and relevant studies has been evaluated and adopted in research related field in order to anticipate future events and provide solutions for restaurant's case.

The primary data for the empirical part has been collected using the combination of user generated content (UGC) on online platforms TripAdvisor, Foursquare, Dining.lv and semi – structured interviews with case restaurant's manager and General Manager of five start hotel in Helsinki. The reason for conducting an interview with General Manager at one of Helsinki hotels was to provide additional empirical prove for possibilities to implement successful customer relationship management and gain ideas to design relationship management plan for restaurant X.

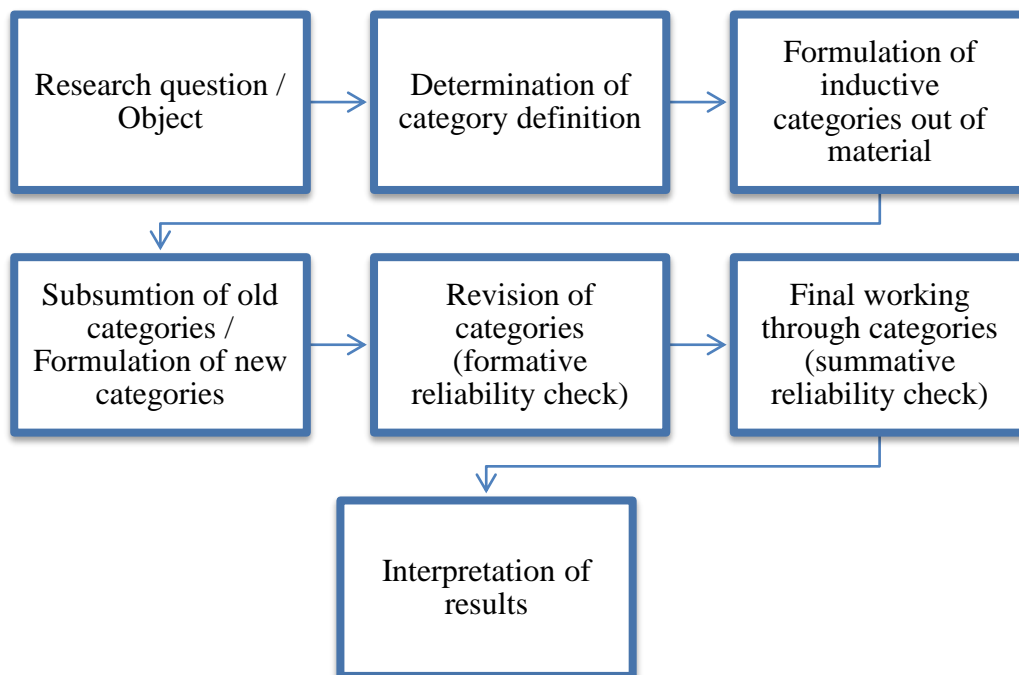
The researcher intends to collect reviews about restaurant X recently published on TripAdvisor, Foursquare and Dining.lv platforms for empirical part, giving the priority to publications, where customers describe sentiments and reviews are textually meaningful. The reason for this primary data collection method being used is to identify

problematics in marketing relationships with restaurant's local customers, because user generated content testifies loyalty and is trusted being published by those, who care about the restaurant. The researcher will use statements presented in interviews and connect them with customer reflections published on internet platforms in order to analyze current customer tendency and summarize it in establishing relationship management plan for restaurant X based on empirical analysis.

1.5.3 Data analysis

As qualitative data is non – quantifiable, there is no possibility to apply statistical analysis. Therefore data for this specific case research is analyzed using content analysis approach. Content analysis enables researcher to inductively develop content categories and interpret them according to research objectives. The main idea of this approach is to formulate definition criterions derived from theoretical framework and research objectives and determine textual material to consider. Having followed the criterions, the material is analyzed and tentatively categorized as well as deducted afterwards. The model of inductive category development is presented below (see Figure 1).

Figure 1: Qualitative content analysis model (adapted from Mayring, 2000)



Before concluding the Methodology chapter, the disadvantages that the research methodology is surrounded by are noteworthy. Despite the wide application of qualitative research methods in various fields, it is generally accepted that quantitative data and statistical methods convey research credibility (Cassell *et al.*, 2006) and credibility of qualitative methods is questioned since the method is non – numeric. As a response to this disadvantage it should be noted that credibility is influenced by specific contexts and criterions might be changed. Due to the fact that researcher’s presence in data collection process is unavoidable and quality is dependent on his skills, the research can be influenced by personal values, biases and idiosyncrasies of the researcher. Therefore additional effort into the data collection and interpretation process will be put to eliminate bias including getting many different kinds of perspectives on the concepts being studied, purposely look for contradicting information, and acknowledging own biases that relate to research report. The following section presents critically reviewed relevant literature communicated in the discussion of RM theories and trust concept.

1.6 Demarcation

This undergraduate research has limited scope in discussion of topics arisen in relation to RM. Understanding relationship marketing requires distinguishing between the discrete transaction, which entitles distinct beginning, short duration, and sharp ending by performative, and relational exchange, which is longer in duration, reflecting an ongoing process. The focus of this research is on relational exchange, discrete transactions are beyond the scope.

The customer relationship management plan presented as empirical part takes into consideration only restaurant and its customers, relationships between suppliers, stakeholders and others as well as financials are not included. The plan is conducted on the basis of data gathered from online platforms TripAdvisor, Foursquare and Dining.lv, mainly used as sources of customer opinion. Other social networks are not included in the analytical part.

2 THEORETICAL PART

2.1 Background

More than 40 years marketing mix or 4 P's has been dominant, having become a management paradigm. Nowadays this paradigm starts to hand over its positions. Globalization, electronic communication systems and information technologies changed business environment especially customer services. Therefore relationship marketing, being focused on customer retention, has become a new phenomenon which cornerstones are long – term development and support, strong individual bonds with customers, suppliers, employees and other partners.

Relationship marketing has been extoled by academics and companies tend to improve applications of its theories every day. It is undoubtedly clear that efficient ways of understanding and responding to customer needs grant businesses and brands to develop substantial connections with customers. Consequently these connections profess to positively affect bottom line by minimizing costs and increasing revenues.

Nevertheless relationships between customers and service companies are in danger. Instead of being satisfied, customers live stressed and confusing lives, because companies are not “caring” about customers, but “pursuing” them. Today's market has turned out to be the place where consumers are made to feel manipulated and victimized. Companies are proud of launching new services and features that may please every preference and having a great knowledge about their customers. On the contrary, customers are not delighted in any case. The only result of such relationships they get is a wave of invitation e – mails to join customer programs, hours spent in supermarkets trying to choose a toothpaste among dozens offers and annoyance caused by a cashier asking same questions every time a person buys a light bulb. These circumstances lead to increasing customer dissatisfaction, endless complaints and strikes. The only recovery option is to apply relationship marketing as it has been created: listen to customers' desires, meet customer expectations and bolster the relational exchange.

2.2 The nature of Relationship Marketing

From the background presented in section above relationship marketing (RM) might be associated with long – term sustainable customer relationship development. Before the research goes deeper in describing RM, the meaning of “relationship” in business context is required on its own, which will be covered in next section.

The idea of relational marketing approach first shaped its definition in studies by Leonard Berry (1983, p. 25): "Relationship marketing is attracting, maintaining and—in multi-service organizations— enhancing customer relationships". Further Berry and Parasuraman (1991, p. 133) proposed that "relationship marketing concerns attracting, developing, and retaining customer relationships." However in marketing literature there is no generally accepted definition of RM. Although most definitions include similar terminology, there are differences in formulation. A comprehensive explanation of marketing from relational perspective by Grönroos (1997, p. 407) states that “marketing is the process of identifying and establishing, maintaining and enhancing, and when necessary also terminating relationships with customers and other stakeholders, at a profit, so objectives of all parties involved are met; and this is done by mutual exchange and fulfillment of promises”.

The relationship establishment is based on concept of promises. For example, a service provider gives a number of promises concerning service provided. The customer gives his/her response promises concerning personal commitments. The relationship is considered to be successful if both parties brought their promises to completion equally. Fulfilling promises connects the concept of promise exchange directly to a vigorous sustainable relationship development (Grönroos, 1991).

As the new definition of marketing mentions – maintaining customers requires establishing relational exchanges, which main characteristics are two – way trust, respect and commitment. With RM the customer takes central position in all strategic planning activities, where a company responds accordingly to his/her unspoken needs and preferences with an effort to keep customers satisfied during post purchase stage and transforming sales process into two – way dialogue (Vavra, 1995).

Relationship marketing has shifted marketing understanding from transaction oriented to process driven. RM viewed as a process includes the combination of transactional qualities related to consumer goods and relational qualities related to services, which intends to establish and maintain profitable exchanges for parties involved, recognizes customer lifetime value and the importance of customer retention. The differences between transactional and relational marketing are visualized in the table below (see Figure 2).

Figure 2: The shift to Relationship Marketing (source Christopher et al., 1991 in Little and Marandi, 2003, p. 26)

Transactional focus of marketing	Relational focus of marketing
Orientation to single scale	Orientation to customer retention
Discontinuous customer contact	Continuous customer contact
Focus on product/service features	Focus on customer value
Short – term scale	Long – term scale
Little emphasis on customer service	High customer service emphasis
Limited commitment to meeting customer expectations	High commitment to meeting customer expectations
Quality is concern of production staff	Quality is concern of all staff

The shift towards RM is driven by cultural and customer demand changes, powerful media technologies and is showing progressive rapidity in business industries. Incorporating RM into company’s strategy does not necessarily attribute immediate gratification. On contrary, there must be an understanding that knowledge is gained over long – term customer’s relationship duration in order to respond to customers’ desires appropriately and sustain those relationships profitably. Necessary to mention, when RM of a company is highly recognized and perceived by customers, appreciation of a service and satisfaction are likely to be induced (Palmatier *et al.*, 2009), which form a beneficial basis for long – lasting trust – based relationship establishment (Smith and Barclay, 1997).

2.3 Criticism of traditional marketing approaches

Due to tremendous growth of service industry and occurred gaps between expected and actual results of strategic marketing campaigns, the problem of unsophisticated marketing models has reached its actuality. By reason of service industry's characteristics such as intangibility there is a concern in rationality of traditional marketing theories and models.

As reported by Christopher *et al.* (1991) the need for more sophisticated viewpoints referring the issue of establishing meaningful relationships in service marketing has delivered the imperfections of traditional marketing approaches, hence bringing more attention towards studies of relational approach in marketing.

A marketing approach widely described in works by marketing scholars and practitioners known as marketing mix (Product, Price, Place, and Promotion) has been dominant for the past 50 years. However, in the late 1970s various academics introduced their criticisms of this theory. According to Grönroos (1997) marketing mix is a list of variables which has no validity to define marketing phenomena, but it rather cultivates straight forward thinking. Instead he suggests that marketing has to be viewed as a versatile social process which requires a more relational approach. When relationship based marketing is applied, as well as customer acquisition and retention is equally prioritized, new notions of analyzing customer data, planning and managing marketing may be required (Grönroos, 1999).

Referring to restrictions that marketing mix possesses, Gummesson (1987) states that marketing mix being applied elsewhere than consumer goods might develop destructivity since this approach does not identify uniqueness of marketing areas. Further Gummesson (1999) has proposed that marketing mix model sets a limit for marketing management being more supplier oriented rather than customer oriented and does not include, for example, complaint handling, design and production.

Marketing defined on the basis of marketing mix is viewed as selling the right product at the right price and place by means of the right promotion. Therefore a great number

of marketing academics suggested additional variations of 4 Ps (see Figure 3). Additional Ps were introduced due to the fact that Borden's original marketing mix model cannot possibly include relevant elements required by specific situation.

Figure 3: The proposed extension of 4 Ps of marketing mix (source Little and Marandi 2003)

5 Ps of marketing mix Judd (1987)	Product, Price, Promotion, People
6 Ps of marketing mix Kotler (1984)	Product, Price, Promotion, Place, Political power, Public opinion - formation
7 Ps of marketing mix Booms and Bitner (1981)	Product, Price, Promotion, Place, Participants, Physical evidence, Process
15 Ps of marketing mix Baumgartner (1991)	Product/service, Price, Promotion, Place, People, Politics, Public relations, Probe, Partition, Prioritise, Position, Profit, Plan, Performance, Positive implementations

Another marketing cornerstone which comes along with marketing mix is known as market segmentation. This process allows identifying customers with similar needs and offering a product or service which is able to satisfy their needs appropriately (Smith, 1956). The market segmentation was introduced during the industrial era, when mass consumption of basic necessities gave a demand for transaction oriented marketing, where marketers were competing for every segment being concerned about economies of scale rather than relationship building with customers. Consequently market segmentation, target marketing and cross – selling became unspoken form of marketing and sales operations. However in contemporary world such marketing approaches take companies afield from their existing and potential customers and cost of customer acquisition increases. The classical segmentation concept can no longer be applied when customers are willing to be treated as individuals. Since the relationship marketing is based on the idea of establishing relationships with individualized customers, traditional market segmentation approach is less helpful (Grönroos, 1999).

Booming competition, affinity in core services and decreasing number of loyal customers are leading companies to create better ways to gain competitive advantage. Competing on a core service level offering a basic benefit for which the service is purchased and experienced is no more efficient in today's marketplace. According to Kotler's *et al.* (2001) generally accepted levels of product or service marketing, which are the core product/service, the actual product/service and augmented product/service; marketers have to compete on the third level providing unique customer experience. Barnes (1994) states that competitive advantage cannot be obtained at the core service level and organization's profitability is tightly connected with existing customers' satisfaction. Augmented features of a service, which are impossible to duplicate, can be reached by establishing sustainable, trust based connections with customers and relationship marketing supply a vehicle to achieve service augmentation; thus restaurant management has to place its focus on intangible attributes of a service to differentiate from competitors.

2.4 Relationship in business context

In business and RM context the term "relationship" refers to "voluntary repeat business between a supplier and a customer where the behavior is planned, cooperative, intended to continue for mutual benefit and is perceived by both parties as a relationship" (Little and Marandi, 2003, p. 23). The process under which transaction episodes or entire transaction is conducted, but buyer and seller do not know each other, does not create a relationship. In fact repeat purchases due to lack of alternatives, monopoly or one – way loyalty programs are impossible to define as RM (*ibid.*).

Two criteria are obligatory in order to describe an exchange as a relationship (Barnes and Howlett, 1998):

- both parties acknowledge an exchange situation to be a relationship and is perceived as existing one;
- relationship surpasses occasional repetition and is given a special status.

It has been known that in order to achieve one's goal the time, effort and hard work are required. The same prerequisites are necessary for relationships to be created and maintained successfully. The qualities of successful relationship have not been studied; how-

ever the qualities and overall factors for relationship to succeed, including behavioral and organizational characteristics are presented below (Powers and Reagan, 2007; Athanasopoulou, 2009; Bantham, 2010). The researcher makes an assumption if those qualities are achieved, the relationship is considered to be successful:

- Meeting the customer's specific expectations and keeping him/her satisfied.
Petrof (1998, p. 80) has noted "[...] When it is a question of getting value for their money, most customers have little loyalty. No relationship is going to keep them coming if they are not satisfied". Regarding intangible nature of services and the fact that the service is experienced simultaneously with its production, partners must be satisfied with value creation and relationship performance as well (Powers and Reagan, 2007). Additionally, this quality includes providing positive relationship environment by handling customer complaints productively.
- Shared values and goals.
According to RM definitions mentioned in previous section, marketing management is associated with value co - creation wherein the customer and a company are benefited. Therefore understanding customer's value and willing him/her to meet the goal they are aiming for has to correspond to the ones a company has. Powers and Reagan (2007) have concluded that mutual relationship goals are significant factor for successful relationship.
- Communication.
This quality plays a vital role in customer attraction and retention. Accordingly, the statement presented by Duncan and Moriarty (1998, p. 3) supports an unspoken opinion that "relationships are impossible without communication". More specifically, communication has to be valuable, informative, direct and ethical in terms of advertising. Communication of valuable information and marketing intelligence lead to commitment and trust development in the relationship (Morgan and Hunt, 1999).
- Empathy and Professional Intimacy.
Empathy refers to being able to understand other party's desires, preferences and needs as well as to perceive the situation from customer's perspective (Yau *et al.*, 2000). Relationship uniqueness depends on getting "personal" with relationship member and forming social bonds with professional intimacy factor being

present. Professional intimacy is described as openness to each other and trust sustainability via mutual revelation and belonging (Jamieson, 1999).

- Trust and Commitment.

A degree of psychological connection with a company, e.g. commitment, and trust are associated with probability of relationship long – term existence (Moorman, Deshpande and Zaltman, 1993). These two elements are the foundation of relationship stability.

- Long – term duration.

Being focused on relationships to be long – term orientated, leads to mutual relationship maintenance. Lack of long – term orientation is increasing a likelihood of party’s hesitation or unwillingness to engage in the relationship (Ivens, 2004).

- Flexibility.

Company has to be able to adapt to changes that are produced by media and Internet technologies to meet customers’ expectations properly and maintain competitive advantage. As Hewitt (2000) remarks, managers should be aware of upcoming changes, recognize them and avoid any change denial.

Simply stated, the qualities above lead towards beneficial relationships and in order to develop and implement relationship marketing successfully those qualities should be taken into account. Relationship qualities must be followed at all relationship levels which will contribute to sustainability development within the relationship.

2.5 The three levels of relationships

Marketing literature states that relationship bonds such as financial, social and structural are paramount in relational exchange between buyer and seller (Arantola, 2002) and are defined as “psychological, emotional, economic, or physical attachments in a relationship that are fostered by association and interaction and serve to bind parties together under relational exchange” (Smith, 1998, p. 78). According to Berry (1995) marketing relationships are developed at three levels. Relationship levels are briefly introduced below in order to provide comprehensive link between relational bonds and relationship marketing, so relational exchanges could be managed and sustainably maintained.

2.5.1 Financial level

At primary level or financial level relationship marketing is referred to retention marketing due to the fact that service provider applies financial impetus to encourage customer loyalty, for instance, a restaurant providing free or discounted services to its guests implementing loyalty schemes (Berry and Parasuraman, 1991; Berry, 1995). Customers are motivated to enter the relationships with service provider with an aim to save money (Peltier and Westfall, 2000). However, non – monetary savings such as time are also considered to be financial bonds (Lin *et al.*, 2003). Nevertheless at financial level company's competitive advantage is uncertain, because pricing policy can be easily followed by competitors.

2.5.2 Social level

Secondary or social level represents personalized and customized bonding between service provider and customer. Berry and Parasuraman (1991) and Berry (1995) propose social bonding as intermediate relationship level, where pricing impetus is no longer dominant, but is interrelated with developing long lasting friendship with the customer. Regarding customer relational mode, customer relationship management programs can be adapted to satisfy their needs properly (Sheth and Parvatiyar, 1995). As an example of social bonds is a restaurant enhancing customer communication on a regular basis. Previous studies (Mattila, 2001; Kim and Ok, 2009) contend that social benefits are associated with true loyalty programs and allow customers to be emotionally attached to service companies, such as restaurants and hotels.

2.5.3 Structural level

Tertiary or structural level refers to augmenting customer relationship by providing structural solutions to the problems appeared (Sheth and Parvatiyar, 2000; Lin *et al.*, 2003). Structural bonding is recognized to be the highest relationship marketing level due to company's ability to fortify customer relationship with additional structural bonds together with conditions of financial and social levels being present (Berry and Parasuraman, 1991, Berry, 1995). For example, a restaurant served a dinner for the group of ten people, where one additional guest was vegetarian and had not been men-

tioned in the reservation. Immediate problem solving skills fostered structural bonds with all customers from the group.

Relational bonding is accepted to be a cornerstone for customer loyalty (Parasuraman, 1991; Berry 1995). Sheth and Parvatiyar (1995) support this view adding that any relationship resulting in customer value creation will be followed by bonds creation between customer and the company leading to relationship strength and increased customer loyalty. Consequently, in cases of strong, trustworthy bonds customers' commitment will be higher in the relationship and likelihood of choosing competitors' offers will be minimal. For instance, Bove and Johnson (2000) advocate that the amount and features of relational benefits offered by a restaurant significantly affect the strength of customer relationship with a restaurant.

As has been noted in previous section, relationship marketing is expected to have successful results from specific aspects of the relationship. Moreover, Spekman *et al.* (2000, p. 43) maintains that trust and commitment are "*sine qua non*" of relationship and without them being existent, no relationship will be build. Since Morgan and Hunt (1994, p.24) recognize trust "as central to all relational exchanges" and this thesis spotlights trust as a marketing tool, trust will be discussed in the next subsections, whereas other relational factors are beyond the scope.

2.6 The concept of trust in service marketing

Active research and expanding interest generates increased importance of trust defining it as a paramount element of any business relationship (Corbitt *et al.*, 2003). Trust is defined as "a willingness to rely on an exchange partner in whom one has confidence" by Moorman *et al.* (1992). This definition goes parallel with the one made by Morgan and Hunt (1994, p. 23), who conceptualize "trust as existing when one party has confidence in an exchange partner's reliability and integrity".

In contemporary world human beings cannot or are not willing to rely only on their selves. Society is time and consumption – oriented, therefore people must trust others, especially businesses to rely on goods and services needed for well – being and surviv-

al. There is direct dependence between trust and relationship value perception by the customer – as customer's trust towards company develops, so does the value perception (Gounaris, 2005). Trust together with credibility and security decreases customers losses and is given a value on its own (Salnes, 1998).

Any prosperous relationship is to some extent dependent upon the level of trust between parties involved. As marketing is process driven and its activities are about satisfying customers, developing and managing relationships with them by fulfilling promises, then trust is core principle in relationships between customers and a company (Arnott, 2007).

The idea of trust as a significant and fundamental factor of successful service relationships was presented by Parasuraman *et al.* (1985). They proposed every customer should be able to rely on service provider, experience safety in their confidential operations and interactions. According to the study by Schoenbachler and Gordon (2002) customers' trust in the company affects their willingness to provide personal information and therefore customers allow company to use this information in order to create strong relationship. Researchers have indicated that trust in the company is influenced by such factors as company's reputation and dependability meaning that reputation and customers' perception of the company is evaluated while trust in the company is developing. In another study Yoon (2002) maintains that trust developed by personally positive customer experience will encourage greater service purchase. As the study by Gounaris (2005) suggests, customer's trust results from superior service quality offerings and productive bonding strategy, which leads to emotional commitment to the service provider.

With the commitment – trust theory being introduced by Morgan and Hunt (1994), numerous studies focused on trust development and identified trust “ingredients” or dimensions. Summarizing the conceptual approaches by marketing academics, the researcher will provide comprehensive understanding about trust development process by describing trust dimensions in the next section in order for marketers to comprehend the importance of each dimension for relationship performance.

2.7 Dimensions of trust

Considering the development of trust within the relationship provides capabilities to focus on customer personalization rather than mass marketing and customer retention instead of customer acquisition. The objective of trust development is to “own” the customer by building trust – based relationship, which leads to increased variety of services being sold. Although trust development results in significant benefits for the service company, it is incredibly difficult for customers to motivate emotional linkages so vital for the relationship. Therefore this section describes cognitive and affective dimensions of trust for marketers to stimulate customer emotional bonding with service provider and gain an insight on relationship management.

2.7.1 Cognitive trust

In the context of service management cognitive trust is labeled to be a customer’s confidence in service provider and willingness to rely on its competence and reliability (Johnson and Grayson, 2005). Cognitive trust is knowledge – driven and arises from partner’s capabilities and reputation within the exact or reported relationship; more specifically it is learning process from customer perspective about the service provider (Castaldo, 2007). According to reputation effects, initial interactions provide an opportunity to strengthen or weaken prior perceptions; therefore cognitive trust may become dominant in one or several interactions. It is possible to propose that a trustor trusts cognitively due to knowledge developed from trustee’s characteristics such as competence and reliability. Cognitive trust can be understood as rational element of trust generated from knowledge received, for example, from other customers’ assessment of performed service quality or company’s expertise. In this case traditional or online word – of – mouth becomes a significant source for cognitive trust formation.

2.7.2 Word – of – mouth

It has been proven that traditional and online based word – of – mouth (WOM) is major influential tool on consumer buying decisions and their purchase choices. Recently a

survey made by AC Neilson (2007) discovered that 90 percent of respondents from USA admitted their buying decision regarding service or product purchase being largely affected by friend's experiences and recommendations. It is found that, in comparison with other promotion channels, WOM is from 20 to 30 times more efficient in attracting customers (Trusov, Bucklin and Pauwels, 2009). Many potential customers will tend to observe or obtain information describing the experiences of others before they consider the decision to purchase a service or a product.

Word – of – mouth is named to be independently communicated information between customer and a friend, colleague or others (Ulmanen, 2011). The crucial element in all definitions is that word – of – mouth is expressed by people free from commercial interest (ibid). Moreover, Cheong and Morrison (2008) discovered that word – of – mouth is more trustworthy source of information than the ones produced by marketers or companies.

As technologies innovate, great opportunities for web – based word – of – mouth are created. Online customer reviews allow customers to collect information related to products and services from people they are not acquainted with, from geographically dissipated groups of people, who share their positive, negative or neutral experience and feelings about services and products consumed (Ratchford, Talukdar and Lee, 2001).

Electronic word – of – mouth (eWOM) refers to any positive or negative statements communicated by potential, actual or former customer with regards to a service, a product or a company being free to access via the Internet (Henning – Thureau *et al.* 2004). Bae and Lee (2011) have found that online reviews are considered by customers as a tool to reduce risks, therefore online reviews shape their attitude towards a service or a product and influence their purchasing decision. According to the research made among customers by Sitchman (2007), trust in service provider was found to have significant impact on WOM and purchase intentions, whereas Walsh *et al.* (2009) discovered trust to independently contribute to corporate reputation and anticipate customer loyalty and WOM.

Development of cognitive trust might be associated with and dependent on company's reputation that nowadays can be discovered by making couple clicks. The ways of WOM's influence on corporate reputation and consequently on trust in service provider will be examined and analyzed in the empirical part of this thesis.

2.7.3 Affective trust

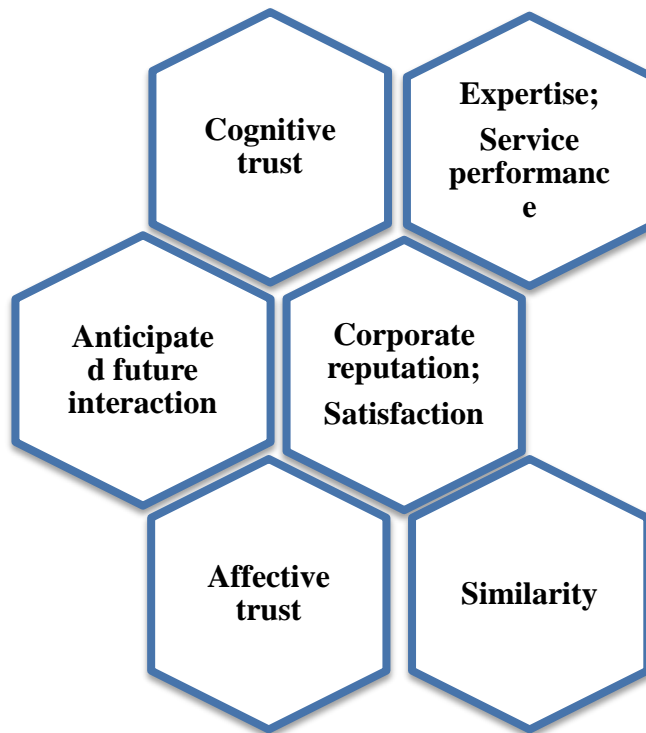
Affective trust is defined as emotional bond between relationship members and is based on feelings produced by demonstrated level of concern and care (Castaldo, 2007). In this regard affective trust includes emotional based investment in relational exchanges (Costigan *et al.* 1997). Security feelings and relational strength drive affective trust. Reputation also has influence on affective trust, but it is confined more to personal interactions and experiences with service provider rather than cognitive trust. Emotions are essentials of affective trust and reliance on service provider. As emotional connectivity deepens, trust may develop upon available knowledge. Affective trust is based on idea that emotional bonding develops between trustor and trustee and it forms the basis for overall trust. Previous studies (Mattila, 2001; Kim and Ok, 2009) maintain that emotionally bonded customers develop affective trust and commitment to a restaurant and positively reciprocate by not choosing alternative restaurants.

The researcher anticipates that perceived reputation of the company as well as satisfaction gained from previous interactions sufficiently influence both trust dimensions. Satisfaction with past interactions produces a positive perception of exchange process and reinforces confidence that relationship partner will continue to fulfill promises in the future (Ganesan, 1994). The presence of mutual goals and values signifies similarity between the customer and service provider. Accordingly, when elements of similarity are detected, affective trust develops and results in emotional attitude towards service provider.

Concluding previous researches, cognitive trust is a fundamental element of affective trust and should exist before affective trust arises. Necessary to note, cognitive trust has been modeled as positive prerequisite of affective trust. As Figure 4 illustrates below

(see Figure 4) antecedents for affective and cognitive trust should be followed to develop cognitive trust as premium for affective trust and maintain strong base for future interactions.

Figure 4: Trust dimensions and antecedents of future interaction (adapted from Hanzaee and Norouzi, 2012)



2.8 Stimulus to enter the relationship

Previous sections have described the nature of relationship marketing emphasizing the need for it in customer service business segment. The researcher provided theoretical evidence for trust importance as a marketing tool as well as spotlighted antecedents of trust to implement RM successfully. In this section the researcher tends to indicate customer's and company's motivation to get involved in relationship. Knowledge about customer's stimulus to enter the relationship contributes to behavior comprehension, consequently increased customer satisfaction and development of trust – based relationships.

2.8.1 Customer's perspective

Various academics have explored the question why do customers engage in relational exchange with a company. In “commitment – trust” theory Morgan and Hunt (1994) suggest that relationship outcomes are key motivators to get involved in relational exchange. Furthermore, customers are willing trustworthy relationships, because trust reduces various relational risks and is associated with partner's competence, reliability and integrity. Finally, Morgan and Hunt state that another motivator for entering the relationship is shared values, which means that customers are looking for companies having similar agreements on what is important or unimportant, proper or improper and significant or insignificant.

Moreover, Sheth and Parvatiyar (1995, p. 256) propose “greater efficiency achievement in decision making” as motivation for engagement in the relationship, because it minimizes the task to process information and contributes to cognitive constancy in customer's decisions. This view is consistent with the fact that customers seek trustworthiness in relational exchanges.

Another determinative motivator for entering relationship marketing is noted by Bagozzi (1995, p. 273), who maintains that customers are motivated because they “see the relationship as a mean for goal fulfillment [...], people have goals to acquire a product or use a service, and a relationship becomes instrumental in goal achievement”. Customer's goal can be a satisfaction from delicious dinner served in the restaurant, therefore relationship provides a vehicle for one's satisfaction.

According to Vargo and Lusch (2004, p. 15) logic, customer's stimulus is “the goal to customize offerings, to recognize that the consumer is always a co – producer, and to strive to maximize consumer involvement in customization to better fit his or her needs”. Basically, customers are entering the relationship, because relational exchanges contribute to more customized services that are personalized to customer's wishes, tastes, preferences and needs.

Simply stated, customers are motivated to engage in relationship with service provider regarding three main stimuli. Firstly, customers feel the need to enter the relationship due to expected positive outcomes that this relationship might bring. The trust – based relationship provides safety from relational risks for the customer. The acknowledgment of having mutual values provides additional motivation to enter the relationship. Secondly, “greater efficiency” serves as motivational factor, and plays sufficient role in customer’s decision making process, therefore customers are eager to enter the relationship, where they have an opportunity to reduce efforts to process information, while choosing service provider to purchase a service from. Finally, relationship is perceived as an instrument to reach customer’s goals, while experiencing the service and allows customers to participate in co – production of a service.

2.8.2 Company’s perspective

Due to increasing competition in market – based industries, company is motivated to enter the relationship, when such relational exchanges enable company to better participate in competition. Necessary to note that relationship marketing is associated with strategic choice for the company. It is suggested that in order to achieve competitive advantage, which is followed by superior financial performance and benefits, company should identify, establish and nourish a relationship portfolio (Hunt and Derozier, 2004).

Being a strategic choice, relationship becomes a resource for company to achieve competitive advantage and contributes to company’s competitiveness by enabling company to produce valuable market offerings more effectively. For example, company involves into relationship with individual customers, when such relationship results in better service customization to the needs and preferences of those individual customers.

2.9 Benefits and challenges of relationship marketing

2.9.1 Benefits from customer perspective

As stated in previous section, beneficial outcomes of a relationship are stimulating customers to enter the relationship with service provider. Therefore the researcher describes following benefits of relationship marketing from customer's point of view.

One advantageous benefit that results from relationship marketing is possibility for customers to experience personalized services that match their needs. This is particularly important, because customers get greater satisfaction, when they purchase the service, which is exactly right for them. Specifically, relationship marketing allows anticipation of customer's wants. Marketers may have knowledge about other customer experience, tastes and interests, which is not available for an individual customer; therefore restaurant marketers are able to use the knowledge to anticipate what kind of service or additional feature may be created to meet the demand of an individual.

Moreover, being involved in relationship with a company implementing relationship marketing allows customers to practice better communication by receiving relevant information, which empowers them to make effective purchase decisions. Relevant communication and up – to – date information about the service enables customers to minimize time costs, and increase their savings in many cases.

Confidence benefits including perceived trust of a restaurant and low risk enable customers to practice less anxiety with service provider, thereby enhance trust on provider's integrity and reliability (Gwinner *et al.*, 1998). Confidence benefits are advocated to be significant relational benefit and are followed by social and special treatment benefits, which are given to regular or selected customers (*ibid*). Special treatment benefit is viewed as part of service package which is offered only to valued customer (Reynolds and Beatty, 1999). Consequently, customers feel appreciated, important and privileged (Lewis, 2004).

2.9.2 Challenges from company's perspective

Recognition of relationship marketing importance and RM strategy implementation further generates challenging cornerstones for a company. Therefore in order to apply RM beneficially for company and its customers, marketers have to understand the challenging aspects of relationship marketing.

As discussed earlier, the widely used marketing mix approach does not allow companies adjusting their offerings and market performance for more customers of today's marketplace. With marketing mix approach marketers learned to design marketing around variables being predetermined for them, which, in turn, can be applied in the situation with anonymous customers (Grönroos, 1999). Referring to Cristian Grönroos pointing out a viewpoint that "in relationship marketing the firm cannot predetermine a set of marketing variables" (ibid; p. 329), because those variables vary from case to case and depend upon a nature of potential or existing relationship. Furthermore, to achieve desired marketing by value creation and mutual satisfaction, a company must use all possible resources and activities, regardless from where those activities should take their origin in the company.

Another challenging aspect for a company is to create an entire system of taking care about its customers. The complaint handling has to be viewed from long – term relationship perspective, so the customers will be *truly served* (ibid, 1999). A company cannot rely exceptionally on core service, "it must develop such resources as personnel, technology, [...], customer itself as a resource and create a governing system that manages these resources during on – going relationship in such manner that a satisfactory total service offering emerges over time" (Grönroos, 1999; p. 330). In order to achieve relationship oriented organizational environment, marketing has to be developed extensively within the company, where customer front line employees perform in relationship oriented manner.

Regarding the fact that every department of the company is operating to complete organizational goals, the relationship marketing cannot be planned only in marketing department, separately from other departments. All activities and departments, which are

able to produce an impact on relationship marketing, must be integrated (Grönroos, 1999). Relationship orientation must be imported in plans organization – wide and relationship marketing cannot be planted in traditional marketing planning (Grönroos, 1999; p. 332).

The success of relationship marketing is dependent upon company's ability to individualize customer base. "Choice of customers to serve and decisions about how to serve them must be based on individual customer information" (Grönroos, 1999; p. 333). Consequently, more detailed and personalized information database must be designed, for example, customer information files. The challenge for a company in this case is company's capacity to install customer databases, update them appropriately and manage directly from the information collected through continuous interactions between front line employees and customers.

Conceptually, the most significant challenge for a company is to create a comprehension of relationship marketing for its employees and management departments as well as to implement relational culture in its business and operations. In other words, to provide efficient environment for relationship marketing makes it possible for a company to perform the actual marketing more valuably for the company itself and for sustainable relationships with customers.

This section marks the end of theoretical part which has an aim to provide a clear understanding of relationship marketing and its usefulness in contemporary business and consumer markets as well as to link relationship marketing with trust – based relationship development. Upcoming chapters will discuss methodology and content analysis applied to empirically support the theory, particularly the impact of restaurant's online reputation, which is an antecedent for cognitive trust, on customer relationship management and development.

3 EMPIRICAL PART

3.1 Content analysis

3.1.1 Customer reviews

Across the entire sample of 35 reviews, the length of average review was approximately 50 words. Not surprisingly, reviews about positive or negative restaurant experience tend to be longer than neutral ones, because the reviewer is willing to express his or her thoughts and experience more clearly in order to share every detail. Most of the reviews were fairly positive 27 out of 35 reviews. The analysis additionally revealed the extent of TripAdvisor reviewers' experience, in average each of them has posted 113 different reviews, 41 restaurant reviews and has 3rd level of contribution according to the site. Therefore the researcher makes an assumption that reviews can be "trusted".

Reviews were grouped in three categories by the researcher regarding the ratings in each review. The reviews with "Excellent" and "very good" service rating were categorized as positive, "Average" ratings were categorized as neutral and finally "Poor" and "Terrible" rated service reviews were categorized as negative. Therefore total amount of positive reviews is 27, neutral reviews are 5 and negative reviews amounted in 3.

Referring to the content of reviews the researcher noticed a tendency of mentioned attributes in the review. Generally these attributes represented two domains: tangible and intangible. Tangible attributes refer to physical environment of the restaurant (interior), whereas intangible attributes include service quality and price fairness. These attributes are significant measures of restaurant total service quality, because they serve as positive predictors of perceived value, restaurant image, customer satisfaction, behavioral and emotional intentions.

3.1.2 Price fairness

The concept of price might be reviewed as objective and subjective (perceived) prices. Price objectivity represents the monetary value of a service (Dodds *et al.*, 1991). In oth-

er words the price list set by the restaurant for its services. Perceived price represents individual price impression based on price assessment of service quality (Oh, 2000). Price fairness results from customers' perception of the price for an offer as right versus wrong (Campbell, 2007). A great part of reviews remarked that prices in the restaurant are objective, describing price experience as "reasonable", "affordable" and "real value for money". However, two customers indicated that prices were high for the service they purchased. For example, one customer was dissatisfied with the bill of 39 euros for pizza and pasta he ordered. From the review content it was possible to understand that the price he paid was incredibly high for the food quality he experienced. Specifically, the objective price did not match the perceived price, which signified price unfairness of a particular offer and led customer to feel cheated. Moreover, perceived price indicates service quality reliably; hence the price concept perceived by a customer as fair enhances relationship quality between the restaurant and the customer and results in customer loyalty (Meng and Elliott, 2008). On the contrary, if customers experience price as absurd, they become dissatisfied and relationship with the restaurant fail to develop (Franciosi *et al.*, 1995), as it happened in aforementioned example.

3.1.3 Food quality

Obviously, food quality is perceived as a core product in the restaurant and dining experience is significantly affected by it. As Mattila (2001) has empirically found, food quality provides most contribution to loyalty and restaurant revisit intentions. According to extracted positive customer reviews, food quality in the restaurant is high and was described with strong adjectives as "amazing", "absolutely delicious" and "qualitative". Total food quality was achieved by artful and creative presentation of a dish, which was noticed and evaluated by the customers. The variety of food was remarked by customers and contributes to quality perception since the restaurant offers breakfast and brunch buffets. Drinks' offering is also included in food quality perception. Customers have pointed out good drink menu and wine carte. There was a review mentioning that the lunch customers ordered "could not be eaten". This finding signifies that failure in food quality results in high level of customer dissatisfaction with the service. Food quality is innately related to basic needs, for example hunger, that customers come to satisfy in the restaurant; therefore food quality failure leads to core service failure (Yang and Mat-

tila, 2012) and there is a likelihood of customer relationship disruption with the restaurant.

3.1.4 Service quality

Customers detect supremacy and uniqueness of the restaurant through its service quality, which develops according to interactions with restaurant's employees. Service performed was reviewed as "impeccable", restaurant staff was mostly described as "attentive" and "friendly". One review highlighted high communication skills of the personnel, more specifically the customer emphasized that workers "like to talk with the guests, give tips to Riga and the surrounding area and talk about their country" (Appendix 2). Customers appreciate small talks with personnel as they represent empathy and professional intimacy between customers and restaurant. Moreover, communication with guests in a friendly manner grants customer satisfaction with service quality. Service quality increases satisfaction with, commitment to and trust in service provider (Bove and Johnson, 2000). One customer review described a situation, when the restaurant had many German tourists coming for a dinner, whereas the customer was planning to have a romantic evening (Appendix 2). Due to the fact that the staff was occupied with the group of tourists, the customer experienced lack of attention and described the staff as "over - stretched". According to Kim *et al.* (2006) statement that service quality is a critical factor for relationship between customers and the restaurant, staff responsiveness, friendliness, knowledge and quick serving are the criteria for superior service quality. Andaleeb and Conway (2006) state that customer satisfaction is more affected by service quality rather than food quality or atmosphere in full – service restaurants. The analysis has shown that a complete dining experience is influenced by interactions with restaurant staff; hence service quality is considered essential in customer relationship sustainable development.

3.1.5 Physical environment

Restaurant's atmosphere intends to embellish customer emotions and service experience. The extracted customer reviews have demonstrated that customers observe restaurant as upscale and more sophisticated when physical environment is appropriate. Ele-

gant dining equipment, attractive interior and exterior, comfortable table arrangement, dignified lightning and background music affect customers' feelings, behavior and attitude towards the restaurant. The analyzed reviews have remarked location of the restaurant and its elegance. Interior was described as sophisticated and reflected the history of the building (Appendix 2). One reviewer mentioned a disadvantage of terrace placement on the street and arrangement of cocktail tables, meaning that there are only two of them inside, which is uncomfortable, if a customer is willing to enjoy few drinks without ordering a meal (Appendix 2). This finding contributes to researcher's agreement with prior studies (Kim *et al.*, 2009) about significant influence of physical surroundings on customer experience. Physical environment is seen as important component of total service quality due to the fact that attractive and unique atmosphere is noticeable and contributes to restaurant's differentiation and image superiority.

Having analyzed the text mining of the reviews, the researcher has found that customers are mostly enjoying the dining experience at the restaurant. The content of positive reviews has shown that customers are delighted with food and service quality, price fairness and restaurant's environment. Customer service should be equally balanced between communication and genuine attention to the restaurant's customers, because they appreciate it, the feeling of being welcome provides revisit intentions. While food quality remains the core product, the total experience is important, which begins with entering the restaurant and ends when customer leaves. The restaurant has to keep customer needs at a priority level of every dining experience.

Customer reviews describing satisfaction with total experience displayed revisit intentions and recommendations to potential customers to experience the service. Customers were mentioning that they were influenced by the reviews of former customers to visit the restaurant. Therefore this finding proves the theory, specifically the fact that online reviews shape customer attitude and affect their service purchase decision. Moreover, restaurant management has to respond privately or publicly to customer reviews, regardless of the content, because it demonstrates care and ensures that action has been undertaken to improve customer experience. Customers are forming their intentions faster based on online word – of – mouth and this emphasizes the need for the restaurant to manage its online reputation by dealing with customer reviews in positive and profes-

sional way, which results in cognitive trust development. Active reading and responding to customer reviews provides an insight on how restaurant resonates with customers, an ability to develop constant relationship with customers, as well as ideas for service improvement.

Negative customer reviews revealed the reason of dissatisfaction which was poor food quality and long attendance time for the customers to get served. In every case restaurant employees have to interact with customers and inform them about conditions why their order is taking more time to be prepared. Employees are responsible for hospitality level at the restaurant, therefore, in order to prevent failure in performance, they have to undertake actions and demonstrate problem solving skills. Customers appreciate communication, consequently a polite question, if customers enjoy their meal, will increase perceived service quality and reveal the chance of poor food quality, which in turn can be substituted with another meal served.

The total sample of valid customer reviews amounted in 35. The anticipated reason for that is customers' unwillingness to share their experience in case of satisfaction. The researcher noticed that numerous reviews were posted by foreign customers and hotel guests who experience the restaurant's service during their stay at the hotel. Only 12 reviews were posted by local customers. There is a significant amount of customers and people in general who have the mentality of not posting reviews online unless they are truly dissatisfied with the service provided by the restaurant. Unfortunately, this tendency leads to biased reviews and restaurant's online reputation.

3.1.6 The interview

The interview analysis demonstrated four main themes: restaurant's own identity, importance of service and food quality, customer – oriented personnel and corporate relationships. The researcher will discuss main themes more detailed in the section below.

According to the respondent, hotel restaurant is more challenging business, because the restaurant is perceived by customers as a part of hotel, therefore due to various stereo-

types the flow of local customers is inconsistent. In order to overcome this inconsistency, the restaurant should have own identity independently from the hotel. As stated in the interview (Appendix 3), the restaurant should demonstrate own style being a separated unit, however the service quality has to be equal to the hotel service. Customers, who are staying at the hotel, expect to experience restaurant service identical to the hotel's service quality. Whereas regular customers tend to visit the restaurant, which is apart from the hotel image, therefore own identity is essential. Local customers do not book a stay in hotel; they visit the restaurant itself, experience the service through its identity expressed in physical environment, location and food. Moreover, expressive restaurant identity is a company's strength in customer attraction and retention.

As mentioned above, the restaurant is identified by its core products – the service and food. Especially on today's market, impeccable service and food quality bring competitive advantage to the restaurant. Analysis revealed that restaurant service is more valuable for its identity development rather than food quality. The service is delivered by front line employees; therefore the personnel are a crucial predictor of customer retention, loyalty and repurchase intentions. Interactive nature of service delivery requires high communication and attention skills from restaurant personnel. In order to create social bonding with restaurant customers, the personnel have to possess friendly attitude towards the customers and immaculate level of hospitality. Customers are coming to the restaurant not only to satisfy their basic needs, but to gratify their specific wants such as attention and social demands. Interactive personnel are a key tool to create relationships on a social level and therefore develop affective customer trust, which will benefit restaurant profitability and service quality.

Interview content analysis presented a finding that customer – minded personnel is an antecedent of positive restaurant reputation both in traditional and electronic word – of – mouth. More often the nature of customer reviews is dependent on personnel performance. Nowadays people and their decisions are influenced by restaurant's online reputation and information in general, which is easily accessible. That is why restaurant management has to care about its employees, whereas the personnel will take care of customers and produce positive feedback, which creates strong, trustworthy reputation and predicts development of cognitive customer trust.

Analysis revealed that establishment of corporate relationships facilitates the balance of restaurant's revenue regardless of tourist flow in the hotel. Corporate organizations have their business clients to please, whereas the restaurant has the atmosphere and services required for their need satisfaction. Having conducted relationship agreements, the restaurant provides the service and corporate organization brings its clientele to the restaurant. The priorities of the restaurant and corporate client are at the heart of relationship, which will assist in achievement of business objectives.

To conclude, content analysis disclosed the significance of traditional and digital communication included in service delivery process and provided ideas for relationship management plan that will be presented in the next section. The plan will be focused on management of restaurant's communication as tool for trust development.

3.2 Relationship management plan

The relationship management plan is conducted in order to describe the way personnel has to deal with customers to create trust – based relationships by means of communication. The plan is a key component of this thesis, which provides comprehensive platform for trust development as a marketing tool and restaurant's brand image through improved internal and digital communication.

3.2.1 Internal communication

Premium service delivery is based on prosperous corporate environment, which can be achieved greatly by high level of internal communication and establishment of customer – oriented performance.

Personnel perform in customer – oriented manner, if there are goals and encouragement offered continuously, meaning that hospitality culture must be built on daily operations basis. Primarily, management department has to sustain maintenance of front line employees responsible for qualitative service delivery. Managers have to understand that

constant leadership and inspiration are important to enable personnel to focus on customers and performance improvement. There has been a belief that printed guideline with service concerns on the bulletin board for employees is an effective tool to communicate service expectations. To great extent single missives are not sufficient for service goals enforcement. Furthermore, brief discussion of service issues on a meeting does not lead to immediate problem solution. Premium service has to be cultivated within the restaurant and hotel by means of daily coaching and internal communication.

Therefore relationship management plan suggests a combination of elements advantageous for internal communication improvement which are as following:

- Interactive workshops

Managers have to rethink the concept of personnel meetings and shift their understanding of training from once – a – year affair to every day coaching. The workshops have to be scheduled weekly, because workshop regularity reinforces outstanding practices and addresses service issues enabling employees to voice their thoughts and be heard by management department.

- Transparency

Transparency between holders of management positions at the restaurant and its personnel should be increased by sharing financial data, company goals and reasons for undertaken management decisions. Increased transparency develops internal trust and engagement demonstrating that management considers employees as valuable team members.

- Implementation of communication platforms

Mobile communication platform for companies such as *Beekeeper* allows flexible and effective communication between managers and employees. The platform enables to segment important notifications or announcements and forward them to targeted employee group or individual staff member as well as facilitates

personnel engagement in restaurant's daily activities. Mobile communication platform provides possibility to reach every employee by personal message, e – mail or sending a notification. Such platforms allow employees to communicate effectively between each other and get involved in other departments' activities.

Internal communication has to be viewed as a profit origin rather than cost center, because it is a tool for superior service quality achievement and customer trust development, respectively.

3.2.2 Digital communication

The case study of restaurant X has revealed that the restaurant does not have individual webpage except the section on Opera Hotel & Spa official site. This finding is critical for customer relationship establishment due to global digitalization and wide use of Internet among actual and potential restaurant's customers.

The management has to consider investment in restaurant's webpage and mobile application development, because approximately 90 per cent of internet users' access internet to reach restaurants and great amount of customers make a decision based on their research. If the restaurant does not have presence on the web, it becomes invisible for customers and non – availability is harmful for customer acquisition. The webpage increases customer awareness of the restaurant and curiosity to experience its services and food offerings.

The website provides basic information that is crucial for customer attraction such as hours of operations, location and directions, visualized form of menu and table reservation options. Customers are using restaurant's webpage in order to maintain connection. The website enables customers to give feedback with their suggestions and reviews which are undoubtedly vital for relationship maintenance. Restaurant's presence on the web empowers to reach loyal customers by keeping them informed about special deals or events organized. Additionally, the website is restaurant's business card which intro-

duces the service to the customers allowing them to become acquainted with the restaurant, its ambiance and online a la carte.

Restaurants with optimized webpages and mobile application versions have higher likelihood of receiving visits by local customers, because mobile maps are instantly initiating nearby customers to enter the restaurant. Online presence embraces customers that cannot be easily reached with advertising and traditional marketing, because search engines provide promotion required for constant customer flow.

According to aforementioned need for restaurant's personal webpage independently from the hotel, digital communication is viewed to be significant in restaurant's reputation establishment and cognitive customer trust development. Digital network communications are empowering force for restaurateurs to achieve differentiation, create customer loyalty and decrease staff turnover.

3.2.3 Corporate relations

The restaurant offers a great variety of cuisines, hospitality and service quality as well as elegant physical environment. Moreover, the restaurant has perfect location in the city center which enables restaurant's availability for business clients during lunch breaks and special meetings. Establishment of corporate relations between the restaurant and local businesses provides a possibility to increase revenues and clientele base. Business clients are the ones who visit restaurants to impress own clients, therefore the amount of money spent on dining is higher than by local customers, for instance. Corporate relations have to be considered as profit center and sustained by sales manager.

The sales manager at the restaurant has to use abovementioned restaurant's strengths to encourage local companies to organize their dining and meetings at restaurant X. As restaurant's manager has stated, restaurant X uses cross – campaign as promotion channels, therefore the connection with local companies has already been built. Transformation of these connections into yearly contract agreements is the only action that should be undertaken by sales manager. Designing two – way dialogue with business

clients provides additional restaurant promotion with increased positive WOM, which will attract local customers.

3.2.4 Value proposition

Relationship management plan presented above shifts previous value proposition towards more sophisticated one. The plan transforms X restaurant in the restaurant which takes care of its customer from the moment he or she enters the doors for the first time. Having implemented the management plan, restaurant X becomes the place where customers can be sure about receiving impeccable service, because its roots are taken from the environment truly hearted with hospitality.

4 DISCUSSION

In the light of critical revision of previous literature on the topic of RM and empirical analysis made for this thesis, there were clues indicating that objectives this study aimed to meet were cornerstones of entire customer relationship development and management. This thesis was able to spotlight objectivity and complexity of trust establishment within customer relationship. It is noteworthy to mention that RM provides impeccable asset for the service companies and industries in general, because personalized business performance leads towards long – term profitability and competitive presence on the market.

The study discovered the gap between RM applications and trust development as a marketing tool. This is to say, while RM encourages company to connect with its customers and sustain profitable relationships, the process of two – way trust development is supposed to be a fundamental part of those relationships. There was no clear evidence in theory about customer trust development process. The researcher assumes the reason is that this process is characterized by confidentiality and uniqueness being dependent upon various individual factors; therefore straight forward scheme cannot exist.

Within the scope of this thesis theoretical framework has provided the evidence that trust is a vital relational factor and encompasses two dimensions: cognitive trust and affective trust. Cognitive trust entitles the ability to rely on service provider based on knowledge gained about it by means of social networks and word – of – mouth. Whereas affective trust is developed through interactions and social bonding related to emotional connections with service provider. The crucial role in cognitive trust building is associated with company's online and offline reputation, which means that the service company should be present digitally in order not to fail in customer trust development cognitively. Digital communication forms the ground to start interaction with customers beforehand and increases the level of customer involvement.

As can be ascertained from the content analysis of customer reviews there are four attributes of affective trust: service quality, food quality, physical environment and price fairness. While restaurant's ambiance, food and price ranges are meeting customer de-

mands, service quality was an issue that requires management. The interview with General Manager at the hotel in Helsinki posed a statement that service is highly dependent on front – line employees’ performance, their attitude and hospitality skills. Restaurant’s employees are the key elements of service quality; consequently they are taking part in affective trust development. Entire corporate culture and appropriate internal communication are the variables that affect customer satisfaction and affective trust creation. As mentioned earlier, customer – minded performance is fundamental in RM strategies.

The thesis accomplishes its main aim to design relationship management plan for restaurant X, which is based on theoretical and empirical findings. In theory it is stated that affective trust is related to emotions, whereas cognitive trust is a rational variable. Therefore, in correlation with empirical findings, the relationship management presents digital communication as a prerequisite for cognitive trust and internal communication as the one for affective customer trust. The plan introduces aspects for restaurant’s management to consider in order to build overall customer trust, which is expected to change local customer acquisition process and develop strong relationships.

On a personal level this case study is an experience for researcher that enabled to underline associations between customer trust and its development for the use in restaurant marketing. The study is useful in providing concrete evidences for customer trust to be critical element in buyer – seller relationships. Implementing relationship marketing that prolongs customer lifetime value is not an option anymore, but a necessity for businesses.

The limitation of this research is in covering only “buyer partnerships” among all ten discrete forms of relationship marketing, since the research underlines relationship between service company and its customers. The research sets a limit by looking at trust as a main relational factor in establishing and developing meaningful connections between company and customer.

4.1 Implications for future research

Further research is recommended to be made in the field of return on relationship marketing investment to discover whether engagement in relationship marketing leads to monetary benefits as it is claimed. The study displays the need for further research to discover the investment level customers are willing to commit to trust development towards service suppliers. Finally, further research in hospitality industry can provide answers to why local customers are treating hotel restaurants suspiciously.

Since it is more an exploratory study, it raises more questions than answers regarding insights into B-to-C relationships. Therefore as Iacobucci and Hibbard (1999) posited the concepts of trust and cooperation become meaningful if and only if there is interdependence between the exchange partners, further research is needed to determine if there is an effect of this two-way interaction on customer perceptions of trust in a B-to-C environment.

4.2 Concluding remarks

The results provide recommendations for case restaurant to constantly follow customers' feedback and adapt rapidly to changing trends in restaurant business environment in order to keep customers loyal and attracted. This thesis accomplishes its research aim and successfully answers research questions stated earlier. Relationship management plan covers three aspects for customer relationship improvement which are internal communication, digital communication and establishment of corporate relations.

The researcher suggests that in order to develop affective customer trust, the restaurant has to improve internal communication by increasing transparency between management department and employees, implementing internal communication platforms and constantly organize interactive workshops. According to Bamporiki (2010) effective internal communication ensures customer satisfaction and therefore becomes ultimate vehicle for trust development. Additionally, digital communication channels need to be established to guarantee customers' involvement and help to develop cognitive custom-

er trust that stimulates overall trust creation. Restaurant management has to consider engagement into corporate relations with local companies which will lead to broadening business clientele and customer flow balance throughout the year. The combination of those three aspects shifts restaurant's value proposition becoming preeminent and increasing customer lifetime value.

Finally, restaurant's management department has to be aware that RM cannot be applied in all situations and with every customer. The company has to involve in relationships which are profitable for the business and with customers who are willing to invest in such relationships. As Grönroos (Grönroos, 1997 in Little and Marandi, 2003) has stated customer relational mode should be taken into account and there can be situations when marketing strategy with transactional nature is more suitable.

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APPENDIX 1

Due to confidentiality reasons Appendix 1 has been removed from published version of this thesis.

APPENDIX 2

Due to confidentiality reasons Appendix 2 has been removed from published version of this thesis.

APPENDIX 3

Due to confidentiality reasons Appendix 3 has been removed from published version of this thesis.