

Antecedents of Relationship Quality from the  
Perspective of British and German Tour  
Operators and Cretan Hotels

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Antecedents of Relationship Quality from the  
Perspective of British and German Tour  
Operators and Cretan Hotels

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## **ABSTRACT**

There is limited research into the relationships between tour operators (TOs) and hoteliers from the contrasting perspectives of both sides of the dyad. Only a few studies in the tourism and marketing literature have examined the relationship quality (RQ) as a formative second-order variable, none of these have used the most common dimensions of trust, satisfaction and commitment. This study aims to model the complex antecedents of these RQ dimensions for relationships between British and German TOs and Cretan small-to-medium enterprise (SME) hoteliers; these relationships are explored from the perspectives of both business parties.

Data was collected in two stages, with an initial qualitative phase, followed by a subsequent quantitative phase. The study's qualitative component sought to identify those themes that are important predictors or dimensions of RQ for relationships between British and German TOs and Cretan small and medium-sized hotel organisations. In the first phase of the study, 26 interviews were conducted with various managers and business partners. Twelve were with British and German TOs, and 14 with Greek hoteliers. A thematic analysis revealed eleven key factors that influence RQ: information quality, trust, cooperation, relationship satisfaction, price, communication, customer satisfaction, service quality, commitment, customer relationship management, and mutual goals. The quantitative phase of this study then used those factors to develop two theoretical models of antecedents to RQ and its dimensions: one for Cretan hotel organisations and one for British and German TOs. These models were then tested on 252 SME hotel organisations and 144 British and German TOs in Crete using partial least squares structural equation modelling. The findings broadly support the hypothesised relationships proposed by the two RQ models but show genuine differences between the relationships when looking at essentially the same model from either the Hotelier or the TO perspective.

This study makes several significant contributions to the field. Firstly, in this research, a complex model identifying antecedents of the key dimensions of RQ is explored from both sides of the relationship between hoteliers and TOs. Secondly, the examination of RQ as a formative second-order variable alongside its antecedents, as mediated by the formative dimensions of trust, satisfaction, and commitment, is a significant contribution to the tourism and marketing literature. Finally, a model for understanding the relationship dynamics between

British and German TOs and Cretan SME hotel organisations is developed and tested, and this study furthers RQ theory both qualitatively, by identifying and adding new potential antecedents, and testing them quantitatively.

**Keywords:** Relationship Quality, Relationship Marketing, B2B, SMEs Hotels, Crete, Tour Operators, Structural Equation Modelling

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## LIST OF ABBREVIATIONS

AVE	Average Variance Extracted
B2B	Business to Business
B2C	Business to Consumers
BRQ	Brand Relationship Quality
CR	Composite Reliability
CRM	Customer Relationship Marketing
CRM	Customer Relationship Management
CRS	Central Reservation system
CSQ	Customer Service Questionnaire
CSR	Corporate Social Responsibility
DMOs	Destination Marketing Organisations
EU	European Union
GTO	Greek Tourism Organisation
GNE	Global New Entrants
GDSs	Global Distribution Systems
HTMT	Heterotrait-Monotrait Ratio of Correlations
ICT	Information and Communication Technology
LTO	Local Tourism Organization
MSR	Model of Service Relationship
NTO	National Tourism Organization
OTAs	Online Travel Agencies
PCD	Package Travel Directive
PLS	Partial Least Squares
RBV	Resource-Based View
RM	Relationship Marketing
RTO	Regional Tourism Organization
RQ	Relationship Quality
SEM	Structure Equation Modelling
SME	Small Medium Enterprises
SPSS	Statistical Package for the Social Sciences
TO	Tour Operator
UK	United Kingdom

US	United States
VRIN	Valuable, Rare, non-imitable and Non-substitutable
VRIO	Valuable, Rare, (non) Imitable and Organised
WTO	World Tourism Organisation



# **CHAPTER ONE: INTRODUCTION**

## **1.1 Introduction**

This study on the Greek tourism industry aims to better understand the relationship between tour operators (TOs) and hoteliers on Crete, by examining Relationship Quality as a multi-dimensional higher order construct. In particular, theory concerning collaboration, stakeholders, resource-based view (RBV) and relationship marketing (RM) is examined to support an exploration of the antecedents and dimensions of relationship quality (RQ).

This work first discusses previous research on RQ in the tourism industry and then explores the characteristics of and power dynamics between TOs and small-to-medium enterprise (SME) hotel organizations. It examines the concepts in theory (literature review) and discusses the control that TOs exercise over SME hotel organisations, as well as TO and hotelier characteristics, and explores the nature of these power dynamics. From this a theoretical model of relationship quality is developed and tested qualitatively and quantitatively.

This chapter discusses key background information, defines the problem statement and research objectives, describes the significance of the study, and outlines the structure of this PhD thesis.

## **1.2 Study Background and Motivation**

In the tourism industry, the traditional distribution channel has exerted a strong influence on the development of that sector (Song, Liu and Chen, 2013). For the purposes of this study, distribution channels are defined as operating structures, systems, and linkages of various combinations of organisations through which a producer of travel products describes, sells and confirms travel arrangements to the buyer. The traditional distribution channel involves the following relevant stakeholders: providers of accommodation, tour operators (TOs), travel agencies, transportation firms (e.g. airlines, bus and taxi companies), reservation systems providers, charter brokers and destination marketing organisations (DMOs) and other travel distribution specialists. All these actors contribute to the holiday product that tourists expect when purchasing a vacation package (Alao and Batabyal, 2013).

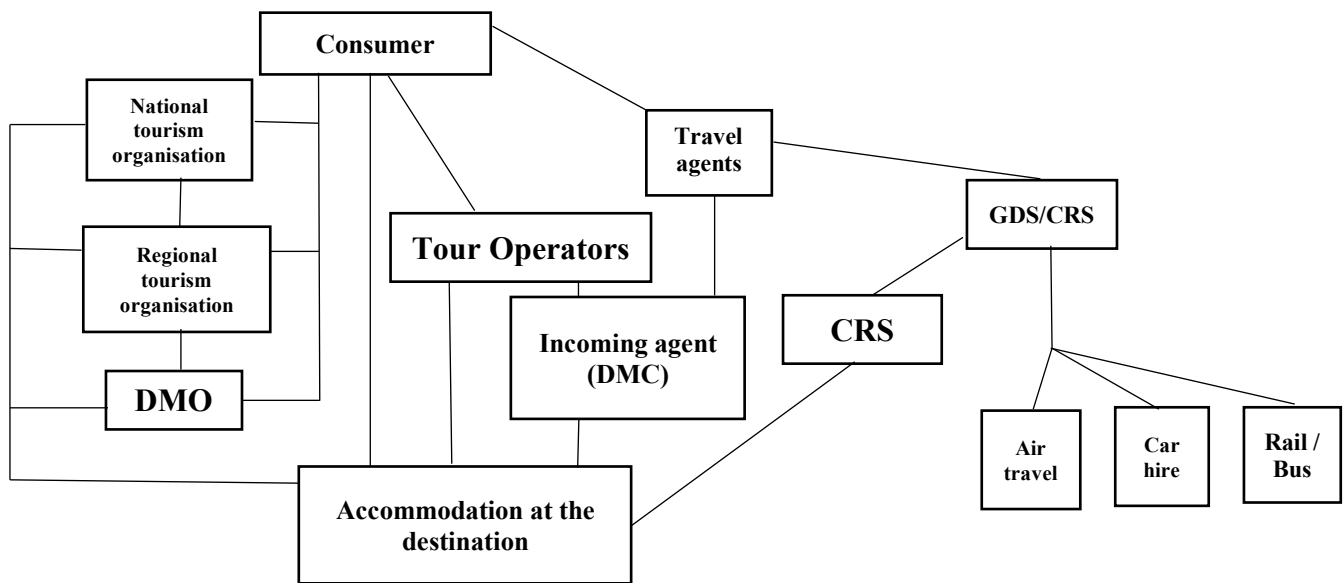
Package holidays and tours have played a critical role in triggering the phenomenon of mass tourism. The term “holiday package” refers to the purchase of a bundle of travel services, including transport and accommodation. Package or all-inclusive holidays are often standardised and offer only limited flexibility. When buying a holiday package, tourists expect to receive the promised services (Chand and Katou, 2012). Package holidays are very popular in many international destinations, with economic, social, cultural, and ecological factors influencing mass tourism. Overall tourism revenues in a destination can have significant implications in terms of jobs and economic growth (Major and McLeay, 2013).

The balance of power within tourism distribution channels can be understood as stemming from the relationship between supply and demand. Power levels shift when the balance between TOs and hoteliers changes, indicating that all stakeholders can assume a dominant position within the channel depending on where the relationship between supply and demand is balanced (Major and McLeay, 2013).

When it comes to tourism products, the main actors are hoteliers and TOs (Khuong, 2012). Both have a significant influence on the tourism supply chain - in fact, holiday packages would not even exist in their absence. Hoteliers and TOs create these holiday experiences and market them to travel agents, which ultimately sell them to tourists. TOs arrange the transport, accommodation, and leisure activities that comprise these holiday packages (Lee, Guillet and Law, 2013).

Additionally, TOs play a crucial role in the tourism industry, boosting demand and influencing tourists’ decision-making processes via advertisements and promotions. Tourists make their decisions on the basis of these materials (Alao and Batabyal, 2013). TOs are specialists in the areas of marketing, public relations, and management due to their ability to connect travellers with specific destinations. Likewise, TOs are experts when it comes to the distribution of tourism services, and they can thus achieve higher sales volumes than can single-service providers (Lee, Guillet and Law, 2013). Figure 1.1 presents traditional value channels.

**Figure 1.1 Traditional Value Channels**



(Source: Henriksson, 2005; Notes: GDS: global distribution system, CRS: central reservation system, DMC: destination management company, DMO: destination marketing organisation)

The relationship between hoteliers and TOs is frequently problematic for both sides. Hoteliers are at risk due to the high price elasticity of the tourism system, as TOs strongly pressure hoteliers to reduce prices, thus reducing profit margins. One of the main problems facing the tourism industry, and hoteliers in particular, pertains to the substantial amount of power wielded by TOs (Khuong, 2012). TOs have the ability to offer low-cost charters, and holiday packages can be marketed on the basis of their brand names. A TO distributes information about different destinations, building an image of that locale in customers' minds, a picture that persists even if they opt against utilizing the TO's knowledge and services. In the case of relations between European TOs and Mediterranean hoteliers, this relationship tends to be antagonistic, as each strives to maximise their financial benefit (Mohammad and Ammar, 2015).

When individuals use the services of a TO, they receive less external information. Moreover, the largest TO companies (e.g. Thomas Cook and TUI) have become vertically integrated in recent years, meaning that they own both transport and accommodation facilities and control travel agencies and reservation systems. Since TOs play a vital role in the tourism system, tourism companies are obliged to accept their conditions. Another obstacle facing hoteliers is

related to cash-flow problems, since TOs frequently delay payments. In extreme cases, TOs can become bankrupt, meaning that hoteliers are not paid at all. In addition, hoteliers are forced to negotiate with TOs months before the actual tourism season starts. At that early stage, they are completely uncertain regarding prices and the number of rooms they want to sell via TOs versus other channels (Gurcaylilar-Yenidogan, Yenidogan and Windsperger, 2011). Additionally, hoteliers attempt to sell rooms via different online channels, thus minimizing the number of rooms available for TOs. Many travellers prefer to book their holidays directly on the Internet, as this approach is simpler and often less expensive (Mohammad and Ammar, 2015). Generally, TOs and hoteliers experience unsatisfactory inter-organisational relationships (Major and McLeay, 2013). For example, each focuses on achieving its own goals rather than on adopting mutual goals in the best interests of both parties.

Today, it is widely known that the tourism industry plays a key role in the economies of many countries, including Greece. In particular, Crete has a special significance as an international destination (Andriotis, 2011). Currently, TOs are the main intermediaries in Crete's tourism system, and they market mass tourism products to international travellers (Lee et al., 2013).

Online distribution channels have played a growing role within the tourism industry, with many tourists booking their holidays through online travel agencies (OTAs) and direct advertising available on the Internet (Inversini and Masiero, 2014). Customers generally expect to pay less when purchasing products directly from the producer rather than through a retailer. While information and communication technologies (ICT) are indispensable for the commercialisation, distribution, promotion, and coordination of numerous tourism products, every level of the tourism industry would benefit from greater ICT penetration. The online channel has changed the structure of traditional distribution systems, and it is thus highly important, especially considering its sizeable capacity for expansion (Kracht and Wang, 2010). The ICT atmosphere has made new channels available to consumers and retailers, allowing companies to develop closer and more direct relationships with their customers.

The Internet has also had an effect on traditional distribution channels in developed countries and markets and can be viewed as a new online distribution channel in its own right (Tan and Dwyer, 2014; Kracht and Wang, 2010). New online players, such as Google, meta-search engines (e.g. Bing Travel and Kayak), online review sites (e.g. TripAdvisor), and social media platforms (e.g. Twitter) have decreased the power of traditional players (Xiang, Magnini and

Fesenmaier, 2015). Consumers' increased participation in the commercialisation of tourism products, which has occurred via online channels, has resulted in more personalized, efficient, and effective products and services. More recently, the industry has adapted to meet customers' needs and expectations whereby the customers can combine all the components of their trip.

The increasing growth of online tourism services can be seen as a resource for businesses, since it confers a competitive advantage on online operators. On the other hand, many destinations still primarily rely on the traditional model. Research on Mediterranean tourism destinations, such as Crete, has demonstrated that hoteliers are increasingly at the mercy of TOs based in Northern European countries (Lee et al., 2013; Mohammad and Ammar, 2015). In Crete, the tourism industry is still controlled by traditional TOs, partly because they control a sizeable number of charter airlines (Fountoulaki, Leue and Jung, 2015; Lee et al., 2013). Unfortunately, the majority of the accommodations on Crete do not have the resources and capabilities needed to participate in international markets, since these companies are small and medium-sized enterprises (SMEs) with a family character. While TOs of all sizes and types and from almost all European markets do business in Crete, those from the UK and Germany are the most common (Andriotis, 2011).

To better understand what makes business relationships successful, it is helpful to review various business theories and strategies, such as collaboration, stakeholders, the RBV, RM, and RQ. After reviewing these theories, it is clear that RQ is increasingly important for organisations seeking to retain loyal and satisfied partners in a highly competitive business environment (Alrubaiee and Al-Nazer, 2010). RQ usually results from RM efforts, and it is intrinsically long-term and interpersonal in nature (Ford, Gadde, Hakansson and Snehota, 2006).

In recent years, firms have capitalised on strong business-to-customer (B2C) and business-to-business (B2B) relationships, gaining information on how to best serve customers and suppliers and how to keep them from defecting to competitors (Rinallo, Borghini and Golfetto, 2010). However, only a limited amount of research has examined the role of key individuals in both inter-organisational relationships and B2B RQ (Paliwoda, 2011). Huntley (2006) theorized and showed empirically how strong RQ (modelled with the dimensions of Trust and Commitment) drives sales in B2B relationships. Vesel and Zabkar (2010) state that RQ is influenced by trust

and satisfaction, while Rauyruen and Miller (2007) add that trust, demand, integration, and profits also have a serious impact on B2B RQ.

As previously stated, RQ is a central component of RM, and it plays a critical role in fostering successful B2B relationships (Rafiq, Fulford and Lu, 2013). Since multiple companies can offer the same products and services, they must differentiate themselves. One way to gain competitive advantage is to develop high-quality long-term relationships with customers and suppliers that are resistant to changes in the competitive environment, such as those due to price movements or technology (Major and McLeay, 2013). However, Holmlund (1997) was among the first to research the concept and revealed that perceived RQ is the joint cognitive evaluation of business connections between two partners. RQ can be explained as a general assessment of relationship assets, and the extent to which it meets the needs and expectations of business partners has emerged as a vital research stream in which to investigate the value of B2B (Rauyruen and Miller, 2007). In the literature, several authors (Rafiq, Fulford and Lu, 2013; Ford et al., 2006; Alrubaiee and Al-Nazer, 2010; Walter, Muller, Helfert and Ritter, 2003) have discussed and tested the concept of RQ in various contexts, and these scholars have agreed that the definition of RQ differs between research projects. RQ was examined in terms of several different constructs pertaining to the establishment of long-term relationships, including trust (Ndubisi, 2007; Caceres and Paparoidamis, 2007), commitment (Lei and Mac, 2005), relationship satisfaction (Medina-Munoz et al., 2002; Anderson and Narus, 2004), satisfaction of B2B customers (Zhang and Feng, 2009; Chumpitaz and Paparoidamis, 2004), quality (Cronin, Brady and Hult, 2000), price (Monty and Skidmore, 2003; Vesel and Zabkar, 2010) and service quality (Sousa and Voss, 2012; Beck, Chapman and Palmatier, 2015).

Based on the above discussion, the focus of this study is on the critical exploration of the relationship between TOs and hoteliers as the two key stakeholders of the tourism supply channel. Relations between TOs and hoteliers influence the whole tourism supply channel (Chand and Katou, 2012), and this is especially so with regard to Mediterranean tourism destinations, such as Crete, Greece, where the tourism industry still depends on the traditional tourism distribution mode (Mohammad and Ammar, 2015). However, due to increased direct online intermediates, establishing a sustainable relationship between hoteliers and tourism intermediaries has become a crucial issue for the future of the traditional TOs (Gurcaylilar-Yenidogan et al., 2011). This underscores the importance of establishing successful alliances between hotels and TOs in order to ensure business success and the sustained competitiveness

of both partners. The troubled relationship between hotels and TOs has not gone unnoticed. Despite their long history, hoteliers and TOs today have not yet developed a very satisfactory cooperative relationship (Mohammad and Ammar, 2015). To date, previous research on the relationship between TOs and hoteliers has been limited (Bastakis, Buhalis and Butler, 2004; Mohammad and Ammar, 2015; Medina-Munoz et al., 2003; Gurcaylilar-Yenidogan et al., 2011). Therefore, this study furthers the research on the relationship between TOs and hoteliers to investigate different aspects of major business theories such as collaboration, RBV, and stakeholder theory, with a special focus on RQ. Moreover, the analysis is rooted in the context of RQ and its antecedents in order to enable a richer understanding of such an important relationship, and to provide practical implementations that can assist to establish satisfactory and successful alliances.

### **1.3 Significance of the Study**

The RQ as a construct has been recognised as significant in B2B marketing (Jiang et al., 2016; Rauyruen and Miller, 2007; Ulaga and Eggert, 2006; Chu and Wang, 2012). It is recognised as a higher-order construct, which can be defined in reference to many different potential first-order dimensions (Naudé and Buttle, 2000; Jiang et al., 2016). The most commonly used first-order dimensions in 3 and 4\* journals are trust, satisfaction, and commitment (Itani et al., 2019; Akrouf and Nagy, 2018; Skarmeas and Robson, 2008). This research explores the antecedents of RQ dimensions, distinguishing the antecedents from RQ dimensions in the developed theoretical models from the perspective of both TOs and hoteliers, allowing the relationship to be examined under equivalent models from both sides of the dyad. In addition, this model evaluates the RQ using a formative model, which is arguably the correct approach but has only been seen in the tourism and hospitality literature once and then only regarding the relationship between employees and customers (Castellanos-Verdugo et al., 2009).

Strong and lasting relationships are considered an essential component in the RQ concept. Lasting relationships can be described as a continuing series of exchanges that are connected (Hajili, 2014). Moreover, RQ comprises all marketing activities directed towards beginning, building, and maintaining successful relational exchanges. Building successful marketing relationships is essential for organisations and has many benefits. In addition, RQ is as crucial in preserving and enhancing the intangible asset goodwill as the management of key assets is. Understanding an individual customer's needs becomes easier when long-term relationships

exist and are used to ascertain longitudinal information about business partners' general and specific needs (Chu and Wang, 2012; Skarmeas et al., 2018).

This research represents an attempt to better define and understand the antecedents to B2B RQ between TOs and hoteliers. This study employs two distinct approaches to examine the relationship between TOs and hoteliers by exploring the nature, determinants, and dimensions of B2B RQ within a hospitality and tourism context. It specifically develops and tests two B2B RQ models—one for TOs and the other for SME hoteliers—to identify the themes influencing RQ between British and German TOs and Cretan SME hoteliers.

This study also offers guidelines for practitioners (i.e. tourism companies, such as TOs, hoteliers, and airlines) to follow to create high-quality business collaborations. This study provides evidence of a novel strategic perspective suggesting that TOs and hoteliers should emphasise certain factors to develop effective RM and RQ strategies and sustainable collaborations. However, because this study examines only a single industry in a single country, caution should be exercised in generalising these findings to other tourism destinations.

## **1.4 Research Objectives**

The main aim of this study is to critically explore RQ and its antecedents in the relationships between TOs and hoteliers.

The current research is designed to fulfil the following objectives:

### **First objective: to critically review business relationship theories related to the tourism industry with an emphasis on TOs and hotels**

The first objective is met by yielding theoretical background information on collaborations, stakeholders, and RBV. The critical review of the different business theories is especially focused within the tourism and hospitality industry. The literature review also examines the role of tourism distribution channels and tourism supply channels.



### **Second objective: discussion on the effects of RM and RQ on B2B relationships**

To achieve the second objective, the literature review explains RM and RQ within the B2B context. Additionally, RQ models and their constructs are identified on the basis of this assessment. The resultant concepts and application are consequently used to structure the research and to develop the data collection.

### **Third objective: to identify the key factors influencing RQ between TOs and hoteliers**

To achieve the third objective semi-structured interviews shed light on key RQ factors with an effect on TO-hotelier collaborations. Interviews were conducted with British and German TOs, while data from interviews with Cretan hoteliers realise the third aim. All interviews were conducted on the island of Crete.

### **Fourth Objective: To test and develop RQ models describing relations between British and German TOs and Cretan SME hotel organisations**

To achieve the fourth objective, a quantitative approach is employed, with a questionnaire collecting numeric data from British and German TOs and Greek hotel managers. These questionnaires are designed to reflect the key components of the models. SmartPLS 2.0 software is utilized to analyse these key themes, shedding light on the influence of various factors.

### **Fifth objective: To draw conclusions and make recommendations concerning successful business relationships between British and German TOs and Cretan SME hotel organisations**

The fifth and final objective of this thesis is to provide a business framework for successful long-term collaboration between British and German TOs on one hand and Cretan hoteliers on the other by comparing and contrasting the aforementioned business relationship models and antecedents of RQ. Several noteworthy findings arise in this study, for example no link is established between Cooperation and RQ via the dimensions of Trust, Satisfaction and Commitment for TOs, but a significant relationship between Cooperation and RQ via Satisfaction and Commitment is identified for hoteliers.

This study examines the different significant antecedents of the dimensions of RQ in that exist for TO's and Hoteliers and enables both Hoteliers and TOs to gain insights into what is likely to drive or influence perceived RQ for their relationship partners.

## **1.5 Structure of the Thesis**

This thesis is divided into nine chapters: 1. Introduction; 2. Business frameworks, such as those addressing collaborations, stakeholders, strategic management, the RBV, RQ, and RM; 3. Tourism distribution channels; 4. The Cretan tourism industry; 5. Research methodology; 6. Analysis of interview data; 7. Analysis of the questionnaire data; 8. Discussion and 9. Conclusion, limitations and recommendations for future research. Each chapter is explained below, and Figure 1.2 provides a graphical overview of the contents of the thesis.

### **Chapter One: Introduction**

This chapter presents the theoretical background and justification for this study. It also contains the research objectives and describes the structure of the study.

### **Chapter Two: Relationship Quality**

This chapter reviews the literature on business theories (e.g. collaborations, stakeholders, and the RBV), focusing on the critical concepts of RM and RQ and their contribution to B2B relationships. Secondly, the existing literature on RQ in the hospitality and tourism industry is discussed. It reviews conceptualizations of RQ and their connection to the study's objectives. Finally, this chapter examines key themes related to RQ within the hospitality and tourism industry.

### **Chapter Three: Tourism Distribution Channels**

The third chapter reviews the current status of TO-hotelier relations. It opens by discussing traditional distribution channel and online tourism distribution channels for the European market. Finally, the chapter describes the primary tourism industry stakeholders.

#### **Chapter Four: Crete's Tourism Industry**

The fourth chapter contains a background analysis of Crete and the SME hotel sector. Next, it examines the current status of Crete's the economy, which is divided into an agricultural sector and a service sector. Finally, the chapter identifies and describes the British and German market and the emerging tourism market.

#### **Chapter Five: Research Methodology**

This chapter presents the philosophical and methodological approaches employed by the current study. In addition, it offers a detailed account of the research process and the methodology used to examine the two RQ models. In particular, the chapter covers major methodological choices related to the study, as well as its research design.

#### **Chapter Six: Analysis of the Interview Data**

This chapter contains an analysis of the twenty-six semi-structured interviews with Cretan hotel managers and TOs managers. First, it presents the response rate and respondent profiles. Second, it explores key RQ themes with emphasis on the effects on the relationship between TOs and hoteliers.

#### **Chapter Seven: Analysis of the Questionnaire Data**

Chapter seven presents a quantitative analysis of the theorized models using the responses from 252 Cretan hoteliers and 144 TOs. SmartPLS 2.0 software was employed to analyse both models simultaneously. The hypotheses developed in previous chapters are tested and either accepted or rejected.

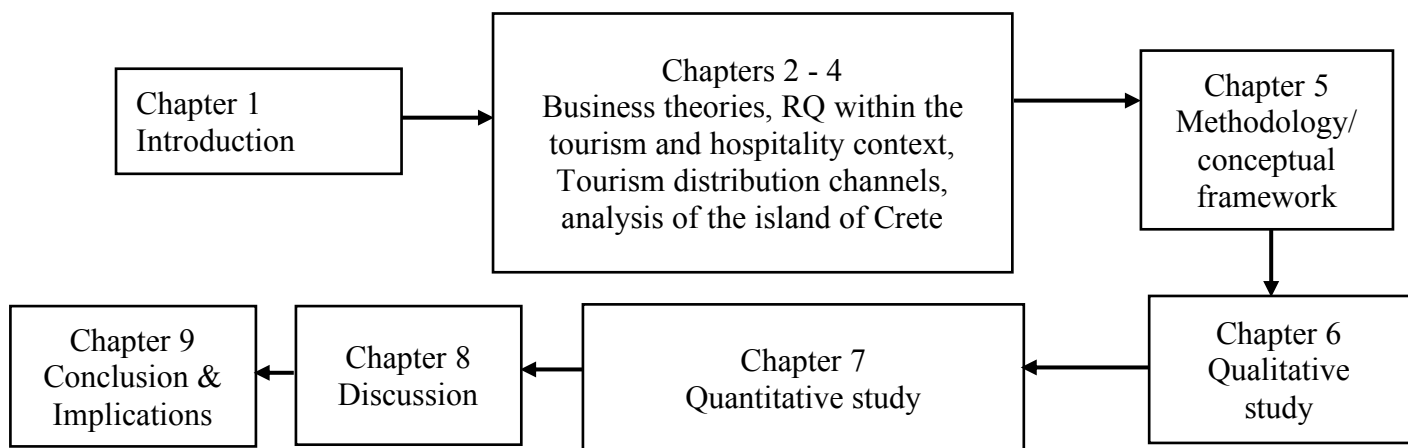
#### **Chapter Eight: Discussion and Implications**

This chapter examines the study's findings, relating them to its principal research aims, as well as to theory. It begins with a critical discussion of the qualitative and quantitative analysis, and it concludes by comparing the two models.

## Chapter Nine: Conclusions, Limitations, and Recommendations

This chapter provides a concluding discussion, addressing the study's theoretical and managerial implications. It also offers recommendations for practitioners regarding how to align marketing goals and strategies to enhance B2B RQ within the tourism and hospitality industry. The limitations of the study are addressed, and suggestions for further research are also presented.

**Figure 1.2 Thesis Structure**



### 1.6 Chapter Summary

This introduction presented this study of RQ between TOs and hoteliers. Specifically, it provided the necessary background information and defined the research problem, objectives, and the significance of the study. This chapter also outlined the thesis' remaining chapters. The next chapter discusses the study's theoretical framework, including the variables comprising it.

## CHAPTER TWO: RELATIONSHIP QUALITY

### 2.1 Introduction

This chapter introduces and discusses a range of business theories addressing collaborations, stakeholders, the RBV, RM, and RQ. The chapter examines the importance of successful business relationships, examining various theories with the goal of creating theoretical links between the first and second research objectives.

After reviewing these business theories, academic and practice-oriented definitions of RM and RQ are compared. Additionally, different scholars' approaches to RM and RQ in both a business-to-business (B2B) and a business-to-customer (B2C) context are explored. The following section reviews the origins and evolution of RQ within the tourism and hospitality industry. The chapter ends by synthesising key RQ themes.

### 2.2 Collaboration Theory

Collaboration plays a critical role in scientific creativity. Inter-organisational collaboration has been linked to a range of important outcomes for participating organisations (Jamal and Stronza, 2009). Scholars have put forth various definitions of collaboration. Gray termed collaboration 'a process of joint decision-making among key stakeholders of a problem domain about the future of that domain' (1989:11). Lawrence, Philips, and Hardy defined 'collaboration as an inter-organisational relationship that relies on neither market nor hierarchical mechanisms of control but is instead negotiated in an on-going communicative process' (1999: 481). This definition highlights the fact that collaboration is not mediated through market mechanisms, and so cooperation depends on an alternative to price structures, and—crucially—hierarchies, which are associated with members' willingness to submit to both direction and monitoring from their superiors. In contrast, collaboration involves the negotiation of roles and responsibilities in a context lacking a legitimate and recognised authority capable of managing the situation.

More recently, Mattessich, Murray-Close, and Monsey defined collaboration as 'a mutually beneficial and well-defined relationship entered into by two or more organisations to achieve common goals' (2001:39). Collaboration brings independent organisations together to fulfil a

common mission requiring comprehensive planning and communication on multiple levels (Ansell and Gash, 2008). In the relevant literature, a number of authors have drawn on general theories of inter-organisational collaboration to explain how stakeholders can work together to solve problems (Jamal and Stronza, 2009; Wang and Fesenmaier, 2007; Oc and Bashshur, 2013). For instance, Patel, Pettitt and Wilson (2012) found seven factors associated with the development and maintenance of collaborative interaction. Gray (1989) has suggested that collaboration occurs when the problem at hand is complex, so that a single organisation cannot solve it on its own. It is a process in which those parties with a stake in the problem actively seek a mutually determined solution, with stakeholders retaining their decision-making independence despite agreeing to abide by shared rules.

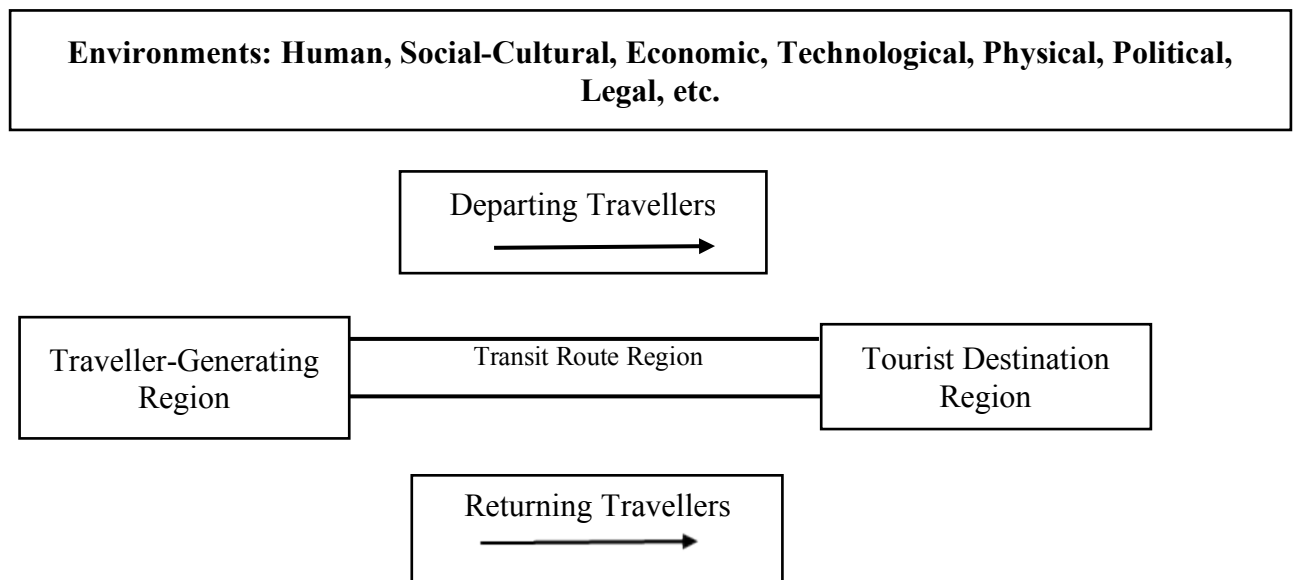
Graci (2013) used collaboration theory to explore multi-stakeholder partnerships in sustainable tourism on the island of Gili Traan, Indonesia. Several studies on destination marketing have focused on how inter-organisational relationships among individual providers build integrated tourism offerings and on how this cooperation affects tourism behaviour (Buhalis, 2000). Furthermore, collaboration has also been studied in contexts such as leadership, followership, teamwork, shared leadership, networks, social exchange, partnership, and stakeholders (March and Wilkinson, 2009).

Issues of collaboration and partnership have become key research areas in the tourism literature over the past two decades (Ritchie and Crouch, 2003; Getz and Timur, 2005). These topics have been linked to sustainable tourism, tourism development, and destination management (Bramwell, 2011), as well as to questions of integration and participation (Mitchell and Reid, 2001).

Collaboration in tourism destination management is reflected in direct communication between different stakeholders. Such open communication has the advantage of leading to cooperation, exchange of knowledge and decision-making assistance regarding goals and actions (Zapata and Hall, 2012; Waayers, Lee, and Newsome, 2011). Moreover, to ensure business success, sustainable tourism must draw on a variety of industries and sectors including different government departments, public and private sector companies alongside community groups. In contrast, Bornhorst, Ritchie, and Sheehan (2010) took a different approach, suggesting that in the tourism sector, destination planning could be limited to gathering opinions from public-sector stakeholders. This second option is the best choice when there is limited communication

between stakeholders. Tourism collaborations are becoming increasingly important within destination-management approaches in which partners work together to develop more sustainable forms of tourism (Zapata and Hall, 2012). Tourism researchers have often described the tourism industry as highly interdependent, with a diversity of relationships among the constituent organisations. Figure 2.1 clearly illustrates the key characteristics of the tourism industry system. Specifically, it points out all of the parties—including tourists—comprising that system and tourism products. It also indicates some of the facilities and activities that are part of this system (Zapata and Hall, 2012).

**Figure 2.1 The Tourism System**



(Source: Williams and Jantararat, 1998)

Zapata and Hall (2012) have stated that in the tourism industry, systems' coordination must be closely managed in order to succeed. Collaboration theory is becoming a central element of managing tourism developments among organisations, bringing changes to both short-term and long-term strategic approaches to destination planning and management. Collaboration theory relies on cooperation and a trusting relationship with other stakeholders and network partners (Zapata and Hall, 2012).

The tourism industry is complex due to the competitive business environment, to successfully collaborate, tourism partners must carefully consider implementation issues. To overcome

potential problems that can arise from different actions, it is necessary to include diverse stakeholders from the destination in question, and so collaborative processes must be implemented. In their absence, tourist managers face a lack of organisation and coordination. Hence, collaborative processes are a means of responding to the challenges of tourism development, and they hold out a dynamic approach to resolving them. This puts tourism planners in a position in which they can consider interdependencies between stakeholders when making decisions (Bramwell, 2011).

To achieve a successful collaboration between partners within the tourism industry, it is necessary to understand members' past experiences and business relationships. It is also necessary to understand the needs of the business partners to recognise the individual, collective benefits, costs and motives associated with cooperation. Moreover, evaluations of anticipated long-term relationships and initiatives must take place on an on-going basis. Environmental conditions, which are shaped by the collaborative process, also affect these dynamics (Getz and Timur, 2005).

On the other hand, co-marketing alliances face problems regarding the development and promotion of tourism destination products (Graci, 2013). Organisations must jointly take action to achieve results; individual firms cannot succeed on their own. Many researchers have mentioned that in the tourism industry, relationships between providers are essential for guaranteeing high-quality service and satisfactory overall experiences. Organisations should also facilitate improvements to capabilities and skills. For instance, they should promote learning and exchange, cooperative business activities, and community benefits (Oc and Bashshur, 2013).

The development of strategic collaborations between SMEs is particularly critical in small-scale destinations. Patel et al. (2012) identified commitment, flexibility, and trust as major themes for successful collaboration. In networks, trust between partners serves as the basis for their interaction. Another significant factor is opportunism. Specifically, opportunism may yield a stronger network in the short-term while reducing the quality of relationships in the long-term. Tourism usually involves complex and sensitive stakeholder networks in which a leading DMO generally plays a coordinating role. The need for coordination has an effect on the network, since the greater the extent of a firm's control, the less effective and innovative is the network (March and Wilkinson, 2009). As regards the study of collaboration theory, an



enduring problem is the lack of a common approach to describing rational relationships, such as collaborations, partnerships, and alliances (Jamal and Stronza, 2009). A main limitation of collaboration theory is that it focuses on a single focal organisation, such as a firm or a government department, rather than on the system uniting multiple organisations.

Today, organisations struggle to find time for long-term strategic decision-making and planning. Achieving and maintaining a collaborative advantage is a core goal of business partnerships, such as those between TOs and hoteliers. Therefore, this study reviews inter-organisational collaboration theories, identifying some crucial differences between the dominant theoretical perspectives on inter-organisational collaboration within the tourism and hospitality industry. In the other words, individual business approaches have different implications when applied to business relationships and networks.

### **2.3 Stakeholder Theory**

Relational aspects, and stakeholder theory in particular, can shed light on the interactions between TOs and hoteliers within the tourism and hospitality industry (Pavlovich, 2003). The stakeholder approach is a concept related to management, especially the management of relationships and collaborations. The theory underlying this approach examines firms or organisations through their relationships with different individuals and groups, such as employees, customers, suppliers, governments, and community members (Boesso and Michelin, 2010). A stakeholder is commonly defined as ‘any group or individual who can affect or is affected by the achievement of the organisation’s objectives’ (Freeman, 1984:32). Stakeholder theory suggests that businesses exist to create as much value as possible for their stakeholders. To achieve sustainable success, executives must ensure the alignment of stakeholders’ interests. Finding innovative means to keep these interests aligned is ultimately more important than the simpler task of balancing the interests of various stakeholder group. Hence, by focusing on stakeholders, executives will also maximise value for shareholders and other financiers (Presenza and Cipollina, 2010; Sisodia, Wolfe and Sheth, 2007; Mitchell and Cohen, 2006).

As pointed out by several authors (e.g., Sisodia et al. 2007; Mitchell et al., 1997), the stakeholder analysis salience model forms an important component of the stakeholder theory, which indicates the priority and level of attention that firms assign to particular stakeholders.

The central idea of this model is that firms should prioritize more discrete stakeholders, which includes actively communicating with them. Smaller or less salient stakeholders are less critical in terms of a firm's need to negotiate and communicate with them. This model only considers those stakeholders with power, urgency, and legitimacy, and it excludes all other actors.

A stakeholder's salience is determined via an assessment of its attributes of power, legitimacy, and urgency for the firm. "Power" is defined as the ownership of resources that are important for achieving desired effects, while "legitimacy" refers to the social recognition of collaborations, as well as to society's expectations for them. Finally, urgency pertains to claims that are very time sensitive. The model identifies eight stakeholder types: dormant, latent, demanding, dominant, dangerous, dependent, definite, and non-stakeholders. Figure 2.2 presents three interconnected 'circles', representing the different stakeholder attributes and the eight types of stakeholder.

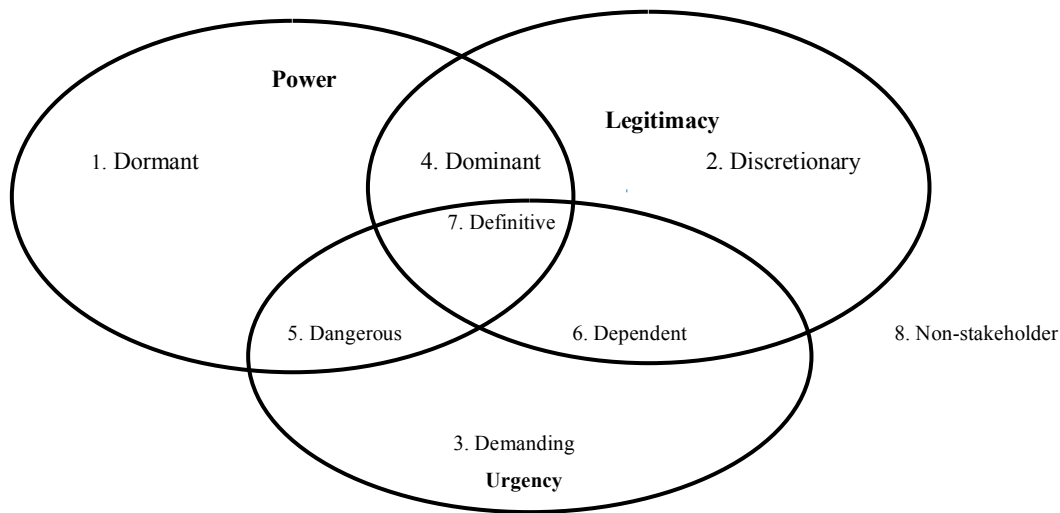
Each circle represents each of the three key stakeholder attributes (i.e., power, urgency, and legitimacy), and their overlaps (or exclusion) create the eight above-mentioned types of stakeholders. Dormant stakeholders have the power to impose their will on others, but they are neither legitimate nor urgent for the firm to consider. Thus, these stakeholders are not particularly significant for the firm. While the company does not need to communicate with such stakeholders, practitioners should be aware of their existence (Mitchell et al., 1997; Lewis, 2006).

Discretionary stakeholders possess legitimate claims but have no power to influence the organisation. Moreover, their claims are not urgent ones. For instance, recipients of corporate charity initiatives fall into this category. Demanding stakeholders have highly pressing claims, but they lack legitimacy and power. Due to the pressing nature of their needs, however, firms should address these entities. These actors are usually in close geographical proximity to the firm, and they can influence other stakeholders if their requirements go unsatisfied (Zsolnai, 2006). Dominant stakeholders are characterised by a dangerous mix of power and urgency. Stakeholders in this group have a high degree of power and legitimacy, but their demands are less time sensitive. Nevertheless, their authority and legitimacy permit them to exercise a strong influence on the organisation (Getz, 2005). This type includes employees, customers, owners, and significant investors in the organisation. Definitive stakeholders represent the most critical areas of the model—the nexus of power, legitimacy, and urgency—which means that firms

should prioritize communication with this group. Employees, customers, and shareholders are examples of dominant and definitive stakeholders. Communication aimed at employees should address corporate events, and an intranet can simplify this task. A firm can send messages to customers through advertising and promotional campaigns. Finally, for shareholders, financial reports, investor briefings, and the annual meeting are all relevant means of communication (Friedman and Miles, 2002). Dependent stakeholders are legitimate and have urgent claims, but they lack power. Many organisations often directly communicate with members of the local community—an example of a dependent stakeholder—in which they operate. Organisations also respond to dangerous stakeholders if their actions affect other actors, including the company's own employees (Mitchell et al., 1997; Lewis, 2006).

Entities and individuals that are not stakeholders have no power, legitimacy, or urgency. Thus, firms do not need to invest their time in communicating with these groups. Organisations typically do not communicate on an on-going basis with latent stakeholder groups, including dormant, demanding, and discretionary stakeholders (Sisodia et al., 2007; Presenza and Cipollina, 2010). “Legitimacy” refers to the extent to which a group is able to affect the organisation's decision-making, which in turn depends on the group's ability to compel the organisation to respect its interests (Zsolnai, 2006). Legitimacy concerns the extent to which a stakeholder is affected by the organisation's decision-making process. In turn, that factor has to do with the degree to which the organisation is compelled to include that group's interests in its decision-making. “Salience” pertains to whether the interests of all stakeholder groups receive equal treatment in the organisation's decision-making procedures. According to Mitchell et al. (1997), those stakeholder groups that lack salience will be accorded a lower priority in the organisation's decision-making process as compared to groups characterised by a higher level of salience. If a group is salient, it may even be treated a legitimate stakeholder within in the organisation's decision-making process. According to stakeholder theory, inter-organisational collaboration is a manifestation of a firm's attempts to determine and incorporate the interests of its corporate stakeholder groups (e.g., suppliers and clients) into its decision-making procedures. This study focused on definite and dominant stakeholders, which are, as mentioned above, the factions on which organisations should centre most of their attention. These entities can influence the relationship between TOs and SME hoteliers.

**Figure 2.2 Stakeholder Salience**

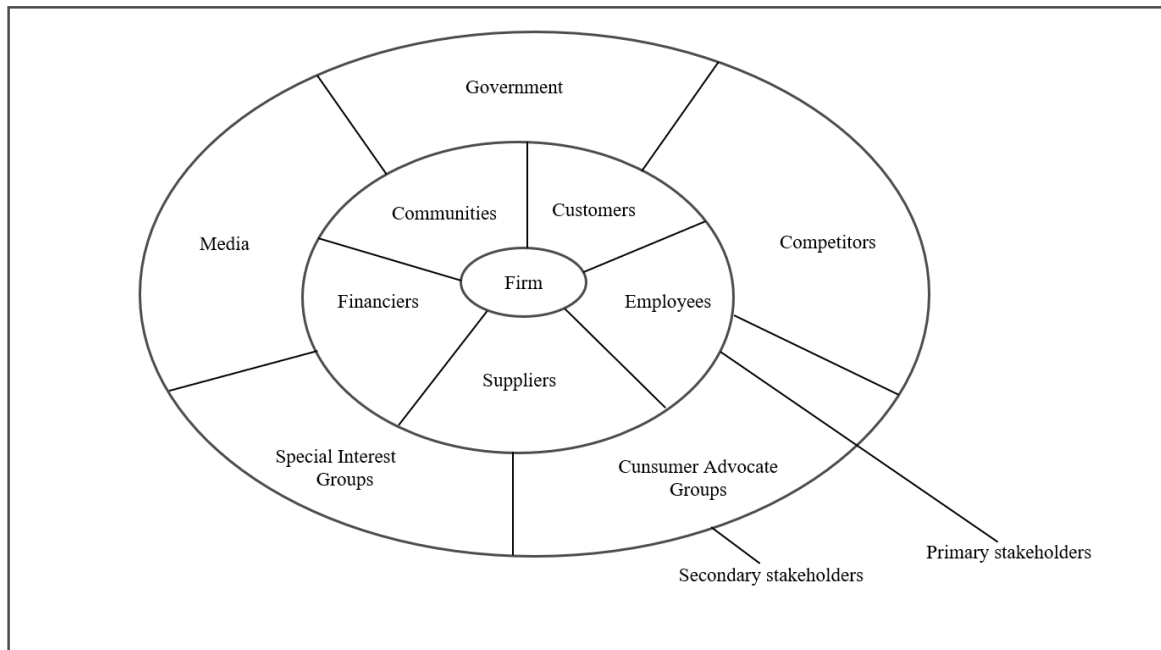


(Source: Mitchell et al., 1997)

Stakeholder theory has been applied as a business and management tool (Franch, Martini and Buffa, 2010; Byrd and Gustke, 2011). In that context, the theory considers how customers, suppliers, employees, financiers (e.g. stockholders, bondholders, and banks), communities, and managers all interact to jointly create and trade value. Understanding a business means being aware of how these relationships function and change over time, and it is up to a firm's leaders to manage these relations. Executives must also manage the distribution of that value (Freeman, Harrison and Wicks, 2007).

Figure 2.3 (below) contains a representation of a firm and its stakeholders, according to Freeman et al. (2007). It distinguishes between primary stakeholders, which have the greatest influence on the firm, and secondary stakeholders, which do not have direct relationships with the organisation but can affect its relations with primary stakeholders. Business usually consider primary stakeholders, such as customers, employees, suppliers, financiers, and communities. The identities of primary and secondary stakeholders differ depending on the nature and activities of the firm in question (Freeman et al., 2007; Atorough and Martin, 2012).

**Figure 2.3 Stakeholder Model: Primary and Secondary Stakeholders**



(Source: Freeman et al., 2007)

Several authors (such as Saftic, Tezak and Luk, 2011; Franch et al., 2010) have applied stakeholder theory within the tourism destination context. In the tourism industry, stakeholders are divided into primary and secondary stakeholders. As illustrated in Figure 2.4, the primary stakeholders that were identified were local government, national tourism agencies, DMOs, accommodation and attraction providers, transport companies, TOs, community leaders, a national tourism marketing agency, an airline operator, and an airport. Community groups, university and research institutes, and cultural groups were among the secondary stakeholders that were identified (Saftic et al., 2011). The tourism industry involves multiple stakeholders, with the responsibility for the competitiveness of the tourism destination shared by suppliers, government agencies, market intermediaries, DMOs, the general public, and tourists. Stakeholders from the public and private sector and local communities play critical roles in the development and execution of sustainable tourism partnerships. Stakeholder identification and involvement are critical for achieving successful community partnerships and tourism collaborations (Sisodia et al., 2007).

**Figure 2.4 Stakeholders within Tourism Destinations**

Stakeholder type	Stakeholder
<b>Primary</b>	Local government organisations DMOs Hotels Restaurants Residents Tourism attraction operators Convention centres Transportation companies Airports Tourists
<b>Secondary</b>	Chamber of commerce Community groups Gas stations Event planners Media Retail operators Universities

(Source: Saftic, Tezak and Luk, 2011)

Identifying key actors in the stakeholders network (i.e. employees, suppliers, financiers, communities, trade unions, political groups, trade associations, competitors, and customers) assists organisations in finding the balance between business partners, and it also allows them to consider issues related to dialogue and transparency, so as to achieve mutual benefits (Magas, 2010).

According to McWilliams and Siegel (2011), one primary limitation of stakeholder theory pertains to its restricted utility within contextualised analyses of stakeholder relationships. They sought to overcome this obstacle by introducing the concept of a stakeholder network, and they also stressed the potential interdependence of two or more categories of stakeholders (Kraaijenbrink, Spender and Groen, 2010). Models and conceptual frameworks based on stakeholder theory have been increasingly applied in studies on tourism management. While a wide variety of subjects have been investigated (Bornhost, Ritchie and Sheehan, 2010), many studies have focused on identifying the stakeholders located in a particular destination (Byrd, 2007).

These analyses enable researchers to map the stakeholders within a tourism destination, describe the nature of their collaborative relationships, and identify the most strategically significant partners (Saftic et al., 2011). Additionally, stakeholders pointed out that quality of products and services are also of interest when applying stakeholder theory within the tourism industry. Maintaining the quality of products and services is essential for ensuring competitiveness in the tourism industry (Kraaijenbrink et al., 2010).

Scholars have also developed other approaches to managing stakeholder relationships and have thus created different models, which have been employed with the tourism and hospitality industry. However, including all stakeholders within a planning process is quite challenging (Gray, 1989). For example, certain stakeholders with national, regional, or local interests might dominate the process, especially when it comes to broader issues, like sustainable development (Zapata and Hall, 2012). Business partners might struggle to find an appropriate balance between stakeholders whose concerns are focused on economic versus environmental conditions (Lorraine and Brijesh, 2010). Vogt et al. (2016) have emphasised that collaborative processes in the tourism arena have not exemplified a healthy balance among stakeholders. When stakeholder interests are in conflict, executives must find a solution, taking into account the needs of a broad range of stakeholders and the ways in which they could potentially create more value for each other (Harrison, Bosse and Phillips, 2010). If trade-offs must be made, as sometimes it is the case, then executives must determine the correct balance and seek to improve situation for all sides (Freeman et al., 2007; Yodsuwan and Butcher, 2012).

This study focuses on the collaboration between two key stakeholders within the tourism system, namely, TOs and hoteliers. These two actors must connect and collaborate in a healthy and balanced manner to create value and a meaningful network within the tourism system. Collaborations with stakeholders represent a source of opportunity and competitive advantage for these partners, as they help all members to react to changes within the business environment.

## **2.4 Resource-Based View**

The RBV is a theory that views resources as the key to a firm's superior performance. If a resource is *valuable*, *rare*, *(in)imitable*, and *organised* (VRIO), it enables a firm to gain and sustain a competitive advantage (Kraaijenbrink et al., 2010). Supporters of this view argue that

an organisation's internal environment, rather than the larger competitive environment, should be considered the source of competitive advantage.

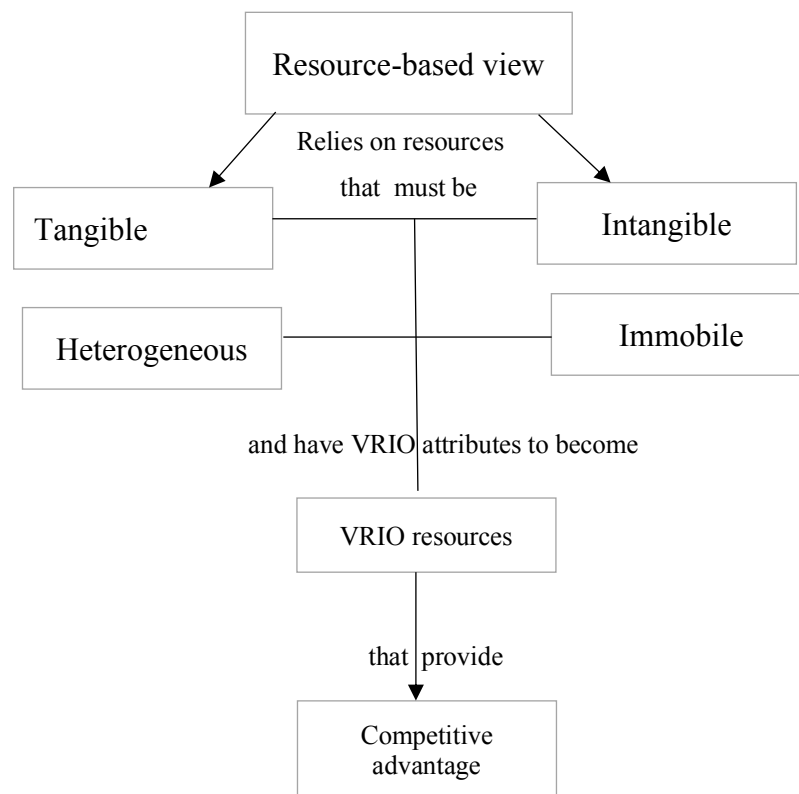
According to proponents of the RBV, it is feasible for firms to exploit external opportunities using existing resources at every opportunity. In the RBV model, resources are the most essential factor helping firms to achieve a high organisational performance. According to this business theory, there are two different types of resources, tangible ones and intangible ones (Paulraj, 2011; O'Shannassy, 2008).

Tangible assets are physical objects, such as land, building, machinery, and equipment. Such assets can be easily purchased in the market, so they can yield little advantage in the long run, because rivals can acquire identical assets, resources include skills, capabilities, and other unique resources that organisations possess. If businesses had the same amount and mix of resources, they could not employ different competitive strategies. The RBV assumes, first, that companies achieve a competitive advantage by using their individual bundles of resources. The second assumption pertains to immobile resources, which do not move from company to company, at least in the short-term. Due to this immobility, companies cannot replicate rivals' resources or implement identical strategies.

Intangible resources, such as brand equity, processes and knowledge, are usually immobile. For a firm, having heterogeneous and immobile resources plays a central role in realising a competitive advantage. Rothaermel (2012) developed a framework for determining whether resources are *v*aluable, *r*are, *n*on-*i*mitable, and *n*on-substitutable (VRIN) (O'Shannassy, 2008). Figure 2.5 presents the RBV model, emphasising its key elements.



**Figure 2.5 RBV Model**



(Source: Rothaermel, 2012)

The RBV has been used in numerous hospitality and tourism studies (Kirsten and Rogerson, 2002; Phillips, 1996), with researchers defining the strategies and themes essential for developing sustainable business relationships. According to Osarenkhoe (2008) if TOs wish to remain leaders within the tourism industry, they must encourage employees to treat customers in a manner that promotes loyalty. Piccoli et al. (2003) have stressed that within the tourism industry, Customer Relationship Management (CRM) permits firms to gain a competitive advantage. This is attributable to the fact that concurrent production and consumption gives service firms an opportunity to foster customer relationships. Kandampully and Hu (2007) cited the Ritz-Carlton as an example, pointing to the significance of customer service and CRM within the RBV. The Ritz-Carlton's commitment has resulted in opportunities to enhance its standard of service, creating a consistent, superior service image for guests, thus reinforcing their loyalty to the hotel. This development is mainly attributable to the firm's utilisation of its employees' ingenuity in creating positive relationships with guests. Thus, within the hotel industry, a CRM strategy lead can to a competitive advantage (Ambrosini, Bowman and Collier, 2009).

The differences between firms make composing a homogeneous sample a difficult task (Osarenkhoe, 2008). The RBV does not include any external themes, such as the demand side of the market. Rather, it focuses on firms' internal organisation. The theory does not consider the customer perspective and has a limited ability in terms of making reliable predictions (Paulraj 2011; Hitt, 2011). Generally, the RBV is useful for providing a structure for strategizing, and it is especially helpful in assisting managers in understanding different types of resources and how to evaluate them to obtain a sustained strategic advantage (Osarenkhoe, 2008).

Tourism is traditionally highly complex and difficult to manage. The entrance of new players and intermediaries has resulted in increased global competition within the tourism industry. Tourists are becoming more exacting in their choices and are displaying preferences for a variety of options in terms of how to book their holidays (e.g., via websites or alternative providers, such as Airbnb). RM and the RBV offer considerable potential in helping firms to achieve a competitive advantage. TOs and hoteliers can create a competitive advantage by developing a successful relationship, resulting in a strong position within the tourism industry. Cretan SME hoteliers are limited in terms of their resources for acquiring knowledge of foreign markets, even though such information is required to remain competitive. Therefore, small businesses use their managerial competences to gain knowledge of foreign partners, such as TOs, by forging strong and close relationships. This in turn enables Cretan hoteliers to develop a competitive advantage in foreign markets.

The theories reviewed in the previous section of this study all have strong roots in the broader management literature. Resource-based theory centres on the idea that organisations require sufficient power to successfully leverage these resources. Irrespective of the nature of the resources concerned, businesses operating in a particular context rarely have comprehensive access to all of them in the amounts and qualities that they desire. Managing resource dependency may thus be regarded as a central component of corporate and organisational strategy (Kraaijenbrink et al., 2010). From the perspective of developing inter-organisational collaborative relationships, business partners often present challenges to participants, especially when there is a real or perceived conflict between the interests of individual participants in the collaboration and the interests of the whole. Therefore, researchers (Zapata and Hall, 2012; Waayers et al., 2011) have argued that theories of tourism collaboration must incorporate an understanding of power relations to explain why organisations' efforts do or do

not succeed. However, many scholars (Presenza and Cipollina, 2010; Sisodia et al., 2007) have suggested that the stakeholders involved in a collaborative effort need to perceive the distribution of the wealth and value that it creates as both fair and balanced. RM is characterised by organisations' acceptance of their mutual dependence and reciprocal relations (Gaur, Madan and Xu, 2009).

Relational exchange theory, or RM, seeks to help organisations working within a particular problem domain to develop joint management structures for addressing shared challenges. These structures are essentially social and interpersonal, involving two-way interactions between key personnel from each of the participating organisations. Businesses that closely collaborate are linked to each other and form a kind of network. Even though self-interest may still be underlying motivation compelling most firms to enter into collaborative arrangements, under some conditions, organisations may see alliances as the best way to serve their own interests (Alrubaiee and Al-Nazer, 2010). The next section explores how the concept of RM, which originated in the expansive B2C literature, now informs the B2B literature.

## **2.5 A Relationship Marketing Approach**

### ***Definition***

The study of RM is a relatively new theoretical field, and so broad consensus has not yet been reached about the exact definition of that concept (Raza and Rehman, 2012). Four major definitions exist. Berry and Parasuraman (1991:73) have stated that 'RM concerns attracting, developing, and retaining customer relationships'. This first definition is more limited in scope, since it deals with relationships with customers. In contrast, the others are broader in that they include other actors. Sheth (1994: 73) defined RM as 'the understanding, expectation, and management of the on-going collaborative business relationships between suppliers and customers', referring explicitly to suppliers and customers. Gronroos (1996:11) offered a wider definition of RM, indicating that its goal is 'to identify and establish, maintain and enhance relationships with customers and other stakeholders, at a profit, so that objectives of all parties involved are met, and this is done by a mutual exchange and fulfilment of promises'. A more recent definition of RM, that of Gummesson (2002:3) went even further and did not refer to any particular type of actor, instead focusing on the role of networks, positing that 'RM is marketing based on interaction within networks of relationships.' RM's definitions have been

described in chronological order, thus illustrating that the initial conceptions of RM were more focused on customers, whereas more recent ones have been broader in scope.

The RM literature has indicated that maintaining a successful long-term relationship with customers helps a firm to develop a portfolio of satisfied and loyal customers. In consequence, the firm's economic and competitive position improves, as does the efficiency and effectiveness of its strategic actions (Yang and Peterson, 2004).

RM encourages companies to build long-term relationships with their stakeholders, including customers, suppliers and distributors. According to the literature, RM boosts a company's performance (Junaid, Abbas and Ahsan, 2015). According to RM theory, effective RM stems from a number of specific features of cooperative relationships that describe successful relational exchanges (Vesel and Zabkar, 2010). Bojei and Alwie (2010) considered RM to be a key competency, enabling it to build and manage mutually beneficial customer-company relationships through the development of commitment, satisfaction, and trust. Firms must plan their marketing strategies to provide more value to customers, encouraging both customer retention and customer loyalty (Junaid et al., 2015). The key aim of many successful service companies is to target, gain, and retain valuable customers. Over time, loyal customers increase a firm's profitability (Rauyruen and Miller, 2007). There are a number of other advantages associated with RM, including a heightened financial performance and competitive advantage, as well as higher degrees of customer satisfaction (Macintosh, 2007). Specifically, both the expansion of the traditional marketing mix into the area of service delivery and the focus on quality management have been encouraged by the increased recognition that customers are not targets but are instead assets to be nurtured and developed (Rauyruen and Miller, 2007). This revision challenges traditional concepts of customers' purchasing behaviour, which were founded on a simplistic stimulus-response approach. It has therefore been suggested that RM can become a strategy for dealing with actively participating consumers. Kuoni, the Swiss-based long-haul travel specialist, was one of the first tourism companies to adopt such an approach. Their custom-made holidays, which rely on a complex booking system using sophisticated technology, are a solution for customers who desire an interactive and personalized approach to booking their holidays. This strategy has provided a clear market advantage. In essence, Kuoni engages in direct dialogue with its customers (Jin, Choi and Goh, 2011).

Several authors (Alrubaiee and Al-Nazer, 2010; Gaur et al., 2009; Gronroos, 2004) have suggested that the RM approach should address the interdependencies of stakeholders in destinations, as well as the management of tourism growth, in accordance with the concept of sustainable development. Additionally, the RM approach considers the close interactions between suppliers and competitors regarding value creation, with these relationships characterised by cooperation and collaboration, which are founded on mutuality and symmetry (Gaur et al., 2009; Chu, Lee and Chao, 2012). In the absence of symmetry, none of these relational benefits will emerge.

The literature has differentiated between transaction marketing and RM, there is general agreement that the two approaches are significantly different (Rauyruen and Miller, 2007). Thus, a company can adopt a more transaction-oriented marketing approach or a more relationship-based approach. Jin et al. (2011) stated that when it is an appropriate option, RM can be extremely successful. In other cases, however, it can be costly and ineffective. Depending on its suitability, transaction marketing can form the foundations of a company's strategy (Gronroos, 2004). As some authors (Rauyruen and Miller, 2007; Alrubaiee and Al-Nazer, 2010) have asserted, the particular market and the perceptions of buyers and sellers—including their perceptions of the interactions that can influence their market position—are of critical importance.

Morgan and Hunt's (1994) definition has merit insofar as it addresses the distinction between transactional marketing and RM. Indeed, the process of creating value is different in each case. Transactional marketing is the process of planning and executing the conception, pricing, promotion, and distribution of goods, ideas, and services to create exchanges that satisfy individual and organisational goals. While in transactional marketing, the aim is to deliver value to the customer, when a relationship perspective is adopted, the customer tends to be involved in the process of value creation (Morgan and Hunt, 1994).

To summarise, two key aspects should be borne in mind. First, it is not a question of choosing either RM or transactional marketing, as the two approaches are not mutually exclusive. The transactional marketing approach views the customers solely as a vehicle for sales, while RM establishes a relationship with the person behind the sale. Secondly, RM should only be used when market conditions and company need indicate that it would be an appropriate fit. Some

of the basic differences between the traditional marketing approach, which focuses on transactions, and a more consumer relations-centred approach are presented in Table 2.1.

**Table 2.1: Differences between Transactional Marketing and Relationship Marketing**

<b>TRANSACTIONAL MARKETING</b>	<b>RELATIONSHIP MARKETING</b>
Short-term orientation towards sales as the final product	Long-term orientation towards consumers, with sales only the beginning of the process
'I' orientation	'We' orientation
Focus on sales projections	Focus on keeping consumers and repeating sales
Stresses beliefs, persuasion to buy	Stresses creation of mutually beneficial relationships
Need to reach sales goals, manipulation	Achieve trust in services
Stresses the role of conflict in transactions	Emphasises partnership and cooperation aimed at minimizing lacks; long-term relationships with consumers, strategic partners, joint ventures, and sellers
Anonymous consumers are attracted through carefully planned events	Individual consumer profile is known, permitting continuous progress

(Source: Gwakwa, 2018)

To better understand the wider RM context, it is helpful to outline what is known as the 'six markets framework' (Payne, Ballantyne and Christopher, 2005). This framework, which is provided below in Figure 2.6, provides a structure that allows managers to complete a diagnostic review of key market domains and stakeholders. Based on the results, they can identify critical constituents within market domains of vital strategic importance. Apart from existing and potential customers, those markets are as follows: referral markets, supplier markets, employee recruitment markets, influence markets, and internal markets. Below, each of these is considered in turn.

**Figure 2.6 The Six Markets Model (Payne, Ballantyne and Christopher, 2005)**



The six-market framework was developed by Payne et al. (2005) as an instrument for helping managers to identify and develop a relationship plan for each stakeholder market and group. Customer markets—which are composed of buyers, intermediaries, and final customers—are at the centre of the model, emphasising that businesses can only optimise relationships with customers if they understand and manage relationships with other relevant stakeholders.

Each member of the supply chain can then be further classified according to the most relevant segmentation approach. In particular, the remaining five markets (described below) have a supporting role.

Referral markets comprise two main categories: customer and non-customer referral sources. The customer category includes advocacy referrals and customer-based developments. The wide range of non-customer referrals can be further divided into general referrals, reciprocal referrals, incentive-based referrals, and staff referrals (Lindgreen, 2004). The range of constituent groups of the referral market, including unions, the industry press, regulatory bodies, financial analysts, competitors, the government, and customer groups, is also of significance. Recruitment markets include all potential employees and the channels used to access them. Supplier and alliance markets include the suppliers with which a firm does business and other organisations with which it shares capabilities and knowledge. Finally, internal markets include the organisation and its employees (Payne et al, 2005).

At the core of the current study is the suppliers and alliance market. Hoteliers and TOs are partners working together in the same industry. It must be stressed that their relationship has an influence on traditional supply system, and that they need to develop strategic alliances and maintain positive long-term relationships to resolve conflicts of interest.

## **2.6 Relationship Marketing in a B2C Context**

The last 30 years have seen some significant improvements in terms of RM. For much of that period, RM was relegated to a backseat role in marketing. However, its role in trade and commerce has dramatically increased since the 1980s. Today, RM is essential for most marketers. For many businesses, it has been proven to be a key factor in achieving commercial success (Cater, Zabkar and Cater, 2011).

Aspects of RM are also known by other names, such as relational marketing, customer relationship management, database marketing, direct marketing, one-to-one marketing, micromarketing, and Customer Relationship Management. Relationships are at the core of all these forms of marketing and serve to create and retain customers. Adjei and Clark (2010) claimed that RM is a philosophy of doing business, a strategic orientation that focuses on keeping and improving current customers rather than on gaining new ones. In customer markets, RM refers to attracting, maintaining, and enhancing customer relationships to meet the objectives of both parties involved (Telci, Maden and Kantur, 2011). The key factor underlying all RM perspectives and definitions is the focus on cooperative relationships between businesses and customers (Chiu et al., 2014). However, some authors (Pels, Moller and Saren, 2009; Lancaster and Massingham, 2011; Gordon, Pires and Stanton, 2008) have also highlighted that the concept is complex and that no definitive set of rules clarifies when an RM approach is appropriate. Additionally, researchers have conducted RM studies, further developing the concept (Gronroos and Ravald, 2011; Lovelock and Wirtz, 2010). According to Gronroos and Helle (2010), the aim of RM is to build long-term, mutually satisfying relationships with key parties, such as customers, suppliers, and distributors, to earn and retain their long-term preference, resulting in economic, technological, and social ties among these actors. Frow and Payne (2009) claimed that RM generates stronger customer relationships, which, in turn, enhances performance outcomes for sells, leading to improvements in terms of sales, market share, and profit.



Nowadays, the main task of a tourism firm is undoubtedly to deliver superior value to customers. One way that these firms can achieve this goal is by maintaining quality relationships with their customers (Lindgreen, 2004) and supply chain partners (Gronroos and Helle, 2010). In fact, it is well-known that managing these relationships is critical for achieving corporate success (Payne et al., 2005). Therefore, further exploration of the concept of RQ within a B2B context is needed. Researchers must explore whether considering the relationship from a buyer perspective rather than from a seller perspective results in the identification of different key factors.

## **2.7 Relationship Marketing in a B2B Context**

While the previous section discussed RM concepts within a B2C context, this one explores the B2B literature, more clearly defining the role of RM within that arena. For many marketers and academics, B2B relationships are the true domain of strategic management. Many recent studies have thus focused on the B2B marketing environment (Shaalán et al., 2013; Whyatt and Koschek, 2010; Kucukkancabas, Akyol and Ataman, 2009; Izquierdo, Cillan and Gutierrez, 2005). Moreover, RM has been considered in numerous industries and novel contexts. However, some researchers have applied B2C dimensions to B2B RM. For instance, Raza and Rehman (2012) regarded customer satisfaction and customer commitment as key elements of RM. Recently, Johns (2012) considered the application of RM in a service context, analysing the adoption of the traditional business theory in a new context. Moreover, a comparison between the Western theory of RM and Chinese business values provided a deeper understanding of the interconnection between personal relationships and business relationships within a B2B context (Shaalán et al. 2013). Each piece of research has identified different variables that are important for RM as it relates to B2B. For instance, Sin, Tse, Yau, Chow and Lee (2005) defined six RM themes, namely, empathy, bonding, communication, information exchange, shared value, reciprocity, and trust. Murphy, Laczniak and Wood (2007) mentioned three factors that guarantee RM success: establishment, maintenance, and reinforcement. Lin and Lu (2010) stated that RM has six components: commitment, trust, empathy, orientation, experience, and satisfaction. However, studies have indicated that communication is the most critical factor helping firms to establish and maintain strong relationships.

Developing an RM approach for B2B trade is vital in order for business activities to be effective (Rinallo et al., 2010; Yen and Bames, 2011; Ramani and Kumar, 2008). Leonidou et al. (2011)

stated that RM is the first step within a firm's internationalisation process, stressing that it constitutes a popular form of foreign market engagement and involves minimal business risk. Typically, RM strategies are designed to gather information to both assist businesses in identifying and retaining their best customers and maximise customers' value and profitability (Ashley et al., 2011). RM has also focused on relationships, networks, and interactions (Claycomb and Frankwick, 2010) and involves attracting, maintaining, and enhancing customer relationships (Ashley et al., 2011). According to Cantu et al. (2013), marketing is defined as a management process that maximises returns to shareholders by developing relationships with valued customers and creating a competitive advantage. Certainly, marketing can be seen as a series of network relationship interactions (Lin and Lu, 2010). Thus, firms can develop their capabilities through their network relationships with other actors (Gopalakrishna, Roster and Sridhar, 2010). Some of the basic challenges facing B2B marketers involve selecting business partners for future relationships and creating a competitive advantage in complex and dynamic business networks. The management of this interaction process is particularly relevant in industrial marketing and B2B situations, because firms establish buyer-seller relationships that are close, complex, and long-term (Geigenmuller, 2010; Blythe, 2009). A key problem about customer relationship management pertains to companies' inability to insert themselves within stakeholders' networks (Paliwoda, 2011).

### **2.7.1 Differences between the B2B and B2C Environments**

Relationships are generally described as either B2B or B2C (Payne and Frow, 2013). Developing relationships with customers is an essential component of both the B2B and B2C domains. Several authors (Kumar and Reinartz, 2012; Saini, Grewal and Johnson, 2010) have agreed that the B2B market features higher transaction volumes than does the B2C market. For example, in CRM, technology leads to higher performance gains in B2B relationships than in B2C relationships.

In B2C relationships, customers tend to be less loyal and are therefore more likely to switch (Saini et al., 2010). Conversely, B2B relationships are characterised by higher levels of loyalty, due to the stronger need for reliable trading partners. Since pure and discrete transactions are rare in B2B contexts, the key driver is not only the product or service but also the customer relationship dynamic (Davis, Golicic and Marquardt, 2008).

B2B markets include a large number of transactions and are usually more complex than B2C markets (Kumar and Reinartz, 2012). For instance, the B2B sales cycle tends to be longer, with evaluative and sales processes lengthier and more complex than consumer purchases. Moreover, B2B purchasing decisions are based on the business value added. In particular, B2B buyers are sophisticated, understand the product, and want to purchase them to help their business partners to remain profitable and competitive. In contrast, B2C sales feature a short purchasing period, which usually lasts anywhere from a few minutes to a few days, with simple sales often completed immediately. Consumers make buying decisions based on status, security, comfort, and quality, whereas business buyers make decisions in the hopes of increasing their profitability, reducing costs, and enhancing productivity (Davis et al., 2008; Payne and Frow, 2013).

## **2.8 Relationship Quality as a Measure of Relationship Marketing**

### ***Definition***

There is no consensus on a definition for RQ. However, scholars generally agree that RQ is a higher-order construct comprising several different, although related dimensions (Vesel and Zabkar, 2010; Han and Sung, 2008; Chu and Wang, 2012). Holmund's definition is considered to be the one that most accurately reflects the nature of RQ. It states that 'RQ is the cognitive evaluation of business interactions by key individuals in the dyad, comparatively with potential alternative interactions' (2008:293). However, various authors have arrived at disparate definitions of RQ. Thus, scholars are not in unanimous agreement regarding RQ's dimensions and the nature of the relationships among them (Skarmeas and Shabbir, 2011; Sharma, 2019).

According to Huntley (2006) RQ is a higher-order construct that consists of numerous positive relationship outcomes reflecting both the overall power of the relationship and the extent to which partners' needs and expectations are satisfied. RQ has become a pillar of RM, becoming an increasingly important means of measuring successful business relationships. Myhal, Kang, and Murphy (2008) indicated that RQ differs across business entities. The greater the RQ among business entities, the more successful their mutual exchanges. Alrubaiee and Al-Nazer (2010) emphasised that as RQ is at the heart of RM, noting that it is also at the centre of marketing services.

The fundamental principles upon which RM is based are mutual value creation, trust, and commitment. The greater the level of customer satisfaction with the relationship, the higher is the likelihood that the customer will be loyal to the company providing that service or product. The objective of RM is to achieve high levels of customer satisfaction through collaboration (Myhal et al., 2008).

There is general agreement in the RM literature that the quality of the relationship between the parties involved is an important determinant of the permanence and intensity of the relationship and the consequent success of the RM practices. Although academics may recognise the importance of RM (Ford, Gadde, Hakansson and Snehota, 2003), there is little empirical evidence regarding the nature and extent of the overall impact of RM practices on RQ outcomes.

Owing to the increased interest in RM, researchers have made efforts to measure RQ (Rauyruen and Miller, 2007; Han and Sung, 2008; Akrouf and Nagy, 2018; Cater and Cater, 2010). The concept of RQ has arisen from theory and research in the field of RM (Abdullah, Putit and Teo, 2014; Hoppner, Griffith and White, 2015), in which the ultimate goal is to strengthen already-strong relationships and to convert indifferent customers into loyal ones (Huntley, 2006). Previous research on RQ (Lages, Lages, Lages, 2005) has discussed and tested it in various research contexts, and the definitions and operationalisations of RQ differ between research projects. However, as noted above, these authors agree that it is a higher-order construct consisting of several distinct but related components or dimensions. These components include opportunism (Vesel and Zabkar, 2010), a customer orientation (Sharma, 2019), conflict (Skarmeas and Robson, 2008), trust (Chu and Wang, 2012), satisfaction (Skarmeas and Shabbir, 2011), commitment (Vesel and Zabkar, 2010), and perceived quality (Hennig-Thurau et al., 2001).

Numerous studies have empirically tested RQ, as well as its antecedents and outcomes, in various research contexts, using a wide range of mediating variables. Trust and commitment are two highly common and important variables describing RQ in B2B relationships (Skarmeas and Shabbir, 2011). Some researchers (Cater and Cater, 2010) have argued that trust and commitment are critical rational themes (Chu and Wang, 2012). Han and Sung (2008) included commitment and conflict in their conceptualisation of RQ, while Sharma, (2019) add perceived service quality. Chung and Shin (2010) defined the concept in terms of opportunism, customer

orientation, and the ethical profile. Chu and Wang (2012) stressed that in addition to trust and commitment, relationship satisfaction is a key RQ indicator. Similarly, Rauyruen and Miller (2007) examined four RQ determinants in a B2B environment, namely, trust, satisfaction, commitment, and service quality. These authors have also developed several scales to measure trust, commitment, satisfaction, and perceived quality.

Table 2.2 describes how various tourism industry studies have defined RQ concerning different dimensions. One of the first research studies in hospitality by Bowen and Shoemaker (1998) developed a model of service relationships in the hotel industry. This study tested how customer loyalty is influenced by various dimensions, such as natural opportunistic behaviour, fair costs, benefits, understood values, reactive opportunistic behaviour, and product use. The authors found that hotels build trust with their guests through regular services and accurate and truthful communication and by meeting guest requests.

Kim and Cha (2002) found that a hotel's investment in RM efforts, such as customer orientation, rational orientation, and service providers, benefits the RQ between hotel employees and customers. Moreover, Kim and Cha (2002) examined the antecedents and consequences of RQ in the hotel industry. The empirical results of this study have helped hotel managers to develop and implement effective RM strategies.

Similarly, Tsaur, Yung and Lin (2006) examined the rational behaviour model between wholesale and retail travel agencies. They showed that RQ positively influences retailer loyalty and wholesaler market share and that the rational behaviour of wholesalers influences the RQ between travel wholesalers and retailers.

Meng and Elliot (2008) examined the relative influence of each predictor of RQ. They identified strategies that luxury restaurants can use to enhance customer satisfaction and trust.

Another study developed and tested a model to identify the relationship between golf travellers and to gain insight into different RQ dimensions, including quality, value, equity, and satisfaction. The model also examined the effect of service evaluation on customer behavioural intentions, such as word-of-mouth and revisiting a destination (Hutchinson, Lai, and Wang, 2009). The findings indicated that, for golf travellers, service quality has a significant influence on equity but not on value and satisfaction.

Yen, Liu, and Tuan (2009) found that, on a leisure farm, RQ may moderate the future behavioural intentions of patrons, such as intent to revisit and willingness to recommend.

Castellanos-Verdugo et al. (2009) examined RQ in the hotel industry and found that customer retention plays an important role in the business strategy. When the service provider practices customer-oriented behaviour, which is the ability to help the customers, this results in higher customer satisfaction, positive employee performance, strong emotional commitment by customers to the firms, and increased customer retention in the case of high-interaction services.

Additionally, Cheng, Chen, and Chang (2008) investigated RQ in the airline industry from the customer perspective. They showed that the main factors contributing to airline RQ in order of their significance are customer orientation, domain expertise, service recovery performance, and interpersonal relationships, whereas information technology has no significant influence.

Xie and Hueng (2012) applied the brand relationship quality (BRQ) framework to the hotel industry. They explored the effects of BRQ on hotel the behavioural interactions of consumers after service failures in high-class hotels. Moreover, Lo, Im, Chen, and Qu (2017) examined how membership in a consumer loyalty programme affected member satisfaction towards programme benefits and how hotel customer management relationship initiatives affected its BRQ.

Lee, Kim, Lee, and Li (2012) examined the role of corporate social responsibility (CSR) on customers. They showed that not all dimensions of CRS have an equal effect on RQ.

Additionally, O'Mahony, Sophonsiri, and Turner (2013) explored the differences in relationship development antecedents between Thai and Australian resort guests in Thailand using the key mediating variable model. They found that RQ has a strong positive effect on Australian and Thai guest loyalty.

Fun, Chiun, Songan, and Nair (2014) conducted a significant study using a preliminary conceptual framework to examine the relationship between sustainable rural tourism, local community involvement, and the RQ dimensions of trust, commitment, and satisfaction. Similarly, Nogueira and Pinho (2014) examined how national park tourism policies are developed for stakeholders considering the RQ parameters of trust, commitment, and cooperation. In addition, this study combined key strategic management theories.

Additionally, Hudson, Roth, Madden, and Hudson (2015) demonstrated that social media has a significant influence on consumer emotional attachment to festival bands. They also found that social media-based relationships lead to desired outcomes, such as positive word-of-mouth.

In the Malaysian hotel industry, Rahman and Kamarulzaman (2015) examined the influence of RQ on customer loyalty. Moreover, RQ was identified as an important predictor of customer loyalty, and perceived value is likely to influence this loyalty. Chiang (2016) found that the experiential value of hotel guests influences both their brand loyalty and behavioural loyalty.

Additionally, in the hospitality and restaurant industry, Itani, Kassar, and Loureiro (2019) used the theory of engagement and RM literature to investigate factors that drive customers. They proposed that customer-perceived value and RQ are antecedents of customer engagement.

In the travel industry, Rajaobelina (2018) examined the influence of RQ on customer experience in multi-channel environments (e.g. in-store or online). The findings indicate that the think and feel dimensions are key factors that positively influence RQ.

Prayag, Hosany, Taheri, and Ekiz (2019) studied the mediating effects of RQ on relationships between six antecedents and loyalty and the moderating effects of gender on these relationships. In the travel industry, Su, Swanson, and Chen (2016) examined how the RQ constructs of overall customer satisfaction and customer-company identification are mediating variables between Chinese tourist perceptions of lodging service quality and their repurchase intentions.

**Table 2.2: Relationship Quality in the Tourism Literature**

<b>Authors</b>	<b>Focus</b>	<b>Dimensions</b>
Bowen and Shoemaker (1998)	Loyalty: strategic commitment and trust in hotel service relationships	Commitment; trust; natural opportunistic behaviour; fair costs; benefits; understood values; reactive opportunistic behaviour; product use; voluntary partnership; expectations
Meng and Elliot (2008)	Loyalty relationship outcomes in luxury restaurants	Communication; relationship benefits; price fairness; loyalty; commitment; word-of-mouth; RQ

Hutchinson, Lai and Wang (2009)	RQ, value, equity, satisfaction, and behavioural intentions among golf travellers	Service quality; value; satisfaction; equity; word-of-mouth; intention to revisit; search for alternatives
Castellanos-Verdugo, de los Ángeles Oviedo-García, Roldán, and Veerapermal (2009)	The employee-customer RQ: Antecedents and consequences in the hotel industry	Customer orientation; relational orientation; mutual disclosure; service providers' attributes; share of purchases; relationship continuity; word of mouth
Cheng, Chen and Chang (2008)	Airline RQ: An examination of Taiwanese passenger	Customer orientation; domain expertise; interpersonal relationships; service recovery; information technology
Lee, Kim, Lee and Li (2012)	The impact of CSR on RQ and relationship outcome: A perspective of service employees	Economic CSR; legal CSR; ethical CSR; philanthropic CSR; organisational trust; organisational commitment; turnover intention
O'Mahony, Sophonsiri and Turner (2013)	The impact of the antecedents of relationship development on Thai and Australia resort hotels guests	Termination costs; relationship benefits; shared values; communication; opportunistic behaviours; commitment; trust; acquiescence; propensity to; cooperation; functional; uncertainty
Lo, Im, Chen and Qu (2017)	Building brand RQ among hotel loyalty program members	Commitment; trust; communication; satisfaction; employee's customer orientation; delivery of loyalty programs; hotel stay-related benefits; marketing resources; non-hotel stay-related benefits; shares of purchase; brand RQ, satisfaction; trust; word of mouth



Jin, Weber and Bauer (2012)	RQ between exhibitors and organisers: A perspective from Mainland China's exhibition industry	Trust; commitment; communication; service quality; relationship satisfaction
Xie and Heung (2012)	The effects of brand RQ on responses to service failure of hotel consumer	Love/passion; self-connection; behavioral interdependence; intimacy; partner quality; personal commitment; attributions of controllability; negative emotional responses; behavioral intentions
Fun, Chiun, Songan and Nair (2014)	The impact of local communities' involvement and RQ on sustainable rural tourism in rural areas, Sarawak; The moderating impact of self-efficacy	Trust; commitment; satisfaction
Nogueira and Pinho (2014)	Examining tourism stakeholder networks and RQ in Peneda Geres National Park	Trust; commitment; cooperation
Rahman and Kamarulzaman (2015)	The Influence of RQ on customer loyalty in the context of outsourcing relationships in a Malaysian hotel	Customer loyalty; emotional value; image; RQ; service benefit social value; value for money
Hudson, Roth, Madden and Hudson (2015)	The effect of social media on emotions, brand RQ and word of mouth: An empirical study of music festival attendees	Social media interaction; emotional attachment; brand relationship quality; word of mouth
Ka and Lai (2015)	The cross-impact of network externalities on RQ in exhibition sector	Business network size; service quality; exhibitor satisfaction; exhibitor trust; exhibitor commitment; exhibitor loyalty
Chiang (2016)	Modelling tourists' experience value, brand relationships, and the consequences of loyalty in luxury hotels	Satisfaction; Trust, loyalty; Experiential value

Su, Swanson and Chen (2016)	The effects of perceived service quality on repurchase intentions subjective well-being of Chinese tourists: The mediating role of RQ	Perceived service quality; overall customer satisfaction; customer-company identification; repurchase intentions; subjective well-being
Rajaobelina (2018)	The impact of customer experience on RQ with travel agencies in a Multichannel Environment	Customer experience: think; feel; act; sense; relate
Itani, Kassar and Loureiro (2019)	Value get, value give: The relationships among perceived value, RQ, customer engagement and value consciousness	Customer perceived value; customer value consciousness; satisfaction; trust; commitment; customer engagement; customer purchases; customer referrals; customer social influence; customer knowledge sharing
Prayag, Hosany, Taheri and Ekiz (2019)	Antecedents and outcomes of relationship in casual dining restaurant: The mediating effects of RQ and Moderating effects of gender	Physical environment; food quality; customer orientation; communication; relationship benefits; price fairness; customer loyalty; gender moderates

To illustrate the development of RQ models for the relationship between TOs and hoteliers for the current study, the previously mentioned RQ models and studies are explained, along with the update, insertion and deletion of their dimensions following the examination and validation of these models in different contexts. The aim of explaining these RQ models within the context of the current study is to help to build an evaluation model for use in the current study for the purpose of pointing out the relational features in RQ in the hospitality and tourism context.

## 2.9 Relationship Quality in a B2B Context

This factor is the primary goal of RQ (Sheth and Parvatiyar, 2002; Lages et al., 2005; Huntley, 2006). Commitment is essential for retaining such relationships, as RQ theories have broadly noted. For all businesses, it is crucial to develop loyal clients (Eakuru and Mat, 2008). In the

B2B context, interest is thus growing in identifying the effects of customer loyalty and satisfaction (Fullerton, 2005). In order to establish a competitive advantage, businesses focused on a customer centric RQ strategy must develop long-term relationships with customers. To achieve this goal, firms require service experience strategies targeted at individual clients' needs. In applying RQ strategies, differentiating among clients according to their values and needs is essential, as offerings can be customised on that basis. Thus, such firms concentrate on customer retention and their loyalty advantages (Afsharipour, 2009; Spreng, Shi and Page, 2009; Li, 2012; Dixon-Woods, Agarwal, Jones, Young and Sutton, 2005; Berry and Parasuraman, 1991).

In a B2B exchange environment, relationship managers, who participate in dyadic person-to-person interactions with their counterparts in firms, are not only responsible for managing relationships with clients, but also for offering exclusive services of contact personnel, given their additional responsibility of being the 'face' of the corporation (Perrien and Ricard, 1995). In addition, in service environments, person-to-person interaction is even more critical, given that it works as a proxy for a more objective measure of performance, due to the absence of a physical item of transaction (Haytko, 2004). The importance of person-to-person interaction in a B2B exchange environment is further highlighted because interpersonal relationships between boundary-spanning individuals play an important role in shaping the business connection and driving the processes and outcomes of interaction among firms (Haytko, 2004; Hutt et al., 2000).

In terms of B2B collaboration, partners can establish either formal or informal relationships, with the distinction pertaining to the nature of organisations and processes involved. A formal relationship between businesses is the official structure of the organisation, including teamwork and professional communication (Rosso and Tencati, 2009). The informal working relationships that develop in businesses strongly contribute to the work culture (Haytko, 2004). Normally, in informal relationships, partners communicate openly, which can often lead to long-term relationship. Moreover, such informal relationships help firms to handle stressful problems and issues, while for partners with common interests, they make accomplishing shared business goals a simple task (Rosso and Tencati, 2009). Additionally, in many cases, more informal structures first emerge when the formal structure faces problems. Normally, large companies establish formal relationships. However, smaller businesses have more of an

informal structure, because they have fewer resources. Thus, partners must accept more tasks and responsibilities to maintain such relationships.

Indeed, the relational component is deemed very important in B2B relationships. This is because person-to-person interaction and social bonds contribute to the governance of business relationships by complementing the boundaries established by legal documents (Hutt et al., 2000). Thus, social utility joins economic utility, providing a conducive framework for economic change (Kong, 2008), and reducing both economic and social uncertainty (Haytko, 2004).

### **2.9.1 Relationship Quality in the Tourism Industry**

For many years, collaboration has been a key element of RQ and RM within the tourism industry. Airlines, hotels, TOs, travel agencies, and local authorities have engaged in numerous forms of successful collaborations. Alliances and partnership are examples of means of working together to achieve mutual goals (Fyall and Garrod, 2005). Tourism and hospitality studies have addressed and examined the constructs of RM and RQ independently. Moreover, numerous RQ analyses have focused on service organisations, such as those found in the banking, insurance, retail, and healthcare industries, as well among professional associations and hotels (Rahman and Kamarulzaman, 2012). The causal relationships among travel motivation, relationship satisfaction, service quality, customer satisfaction, and destination loyalty have been empirically investigated (Hutchinson, Lai and Wang, 2009; Rahman and Kamarulzaman, 2015). In the context of tourism RM and RQ can be defined as a process of mutual decision-making with the goals of managing and solving the problems of key stakeholders. This collaborative imperative is particularly essential in the tourism industry, since the value chain is central to intermediaries' creation of products (Fyall, Callod and Edwards, 2003). While a vast amount of literature exists on the topic of RQ, few studies have tested conceptual RQ models in the hotel industry. However, Kim, Lee and Yoo (2006) examined RQ within the luxury hotel industry. Likewise, Kim, Han and Lee (2001) proposed three predictors of RQ that represent the RM activities in the hotel industry, namely, guest confidence, guest contact, and communication. Kim and Cha (2002) suggested four determinations of RQ: customer orientation, relational orientation, mutual disclosure, and service provider attributes. Meanwhile, Sui and Baloglu (2003) examined the role of emotional commitment in RQ as it relates to casino patrons. They claimed that predictors and outcomes

of commitment should be investigated across different hospitality operations, with the goal of generating strategic insights. Several RQ models (Kim and Cha, 2002) focus on the hospitality industry. In that sector, RM consists of a specific set of marketing activities designed to attract, maintain and improve relationships with customers for mutual benefit (Caceres and Paparoidamis, 2007). Customer retention plays an important role in RM strategies.

Applying this concept to the hospitality industry, Kim and Cha (2002) defined perceived hotel attributes as the importance that travellers assigned to various services and facilities in terms of their ability to promote customer satisfaction during a hotel stay. Relatedly, numerous studies have examined travellers' needs and desires. A review of the hospitality industry literature suggests that hotel attributes, such as cleanliness, location, room price, safety, quality of services, and reputation, play a significant role in travellers' evaluations of hotel performance and quality (Hoppner et al., 2015). Frontline staff members who interact with regular guests are expected to learn their names, habits, and preferences. For example, the Marriott hotel chain treats its guests in a personalised manner and has built an informational database of guest preferences, tracking variables such as their preferences regarding bed types and smoking versus non-smoking rooms (Kim and Cha, 2002).

Due to the steady growth of the service economy, much of the RQ literature has focused on building customer relationships (Wong and Sohal, 2006). Within the tourism and hospitality industry, managing relationship-building is critical, due to the intangible nature of services and the subjectivity involved in evaluating their value. Individuals are more likely to form relationships with service firms than with organisations that provide a tangible good, and the personal one-to-one contact that takes place in a service setting is very conducive to formation of relationships between customers and firms (Kim, Han and Lee, 2001; Ou et al. , 2011). One service industry that has recently recognised the importance of establishing long-term relationships with its customers is the tourism and hospitality industry. Many hospitality businesses have adopted RQ in an attempt to establish one-to-one relationships with customers. Meanwhile, many studies on the topic have been conducted in the restaurant industry (Kim et al., 2006; Meng and Elliott, 2008). Restaurants managers are recognising that repeat customers are much more valuable than one-time-only customers (Mattila, 2006; Raza and Rehman, 2012). Accordingly, casual dining restaurants, such as T.G.I. Friday's, Californian Café Bar and Grill, and Bennigan's, are putting more staff and marketing resources into frequent diner programs. The purpose of frequent-diner programs is to build brand loyalty and encourage

repeat business. Restaurant marketers have updated the concept by providing premiums, such as t-shirts, mugs, hats, clocks, pens, and other souvenirs, to keep patrons returning. In the restaurant industry, attractive facilities, exceptional food, a superb presentation, and positive interactions between customers and service providers are potential mechanisms through which restaurants can generate true customer loyalty (Lee, Chu and Chao, 2011; Yen and Horng, 2010). In the hospitality industry, quality is largely dependent on the performance of employees and the relationships established with customers, suppliers, and the management (Kotler and Armstrong, 2009).

## **2.10 The Application of Relationship Quality Models in the Tourism Industry and Conceptual Models**

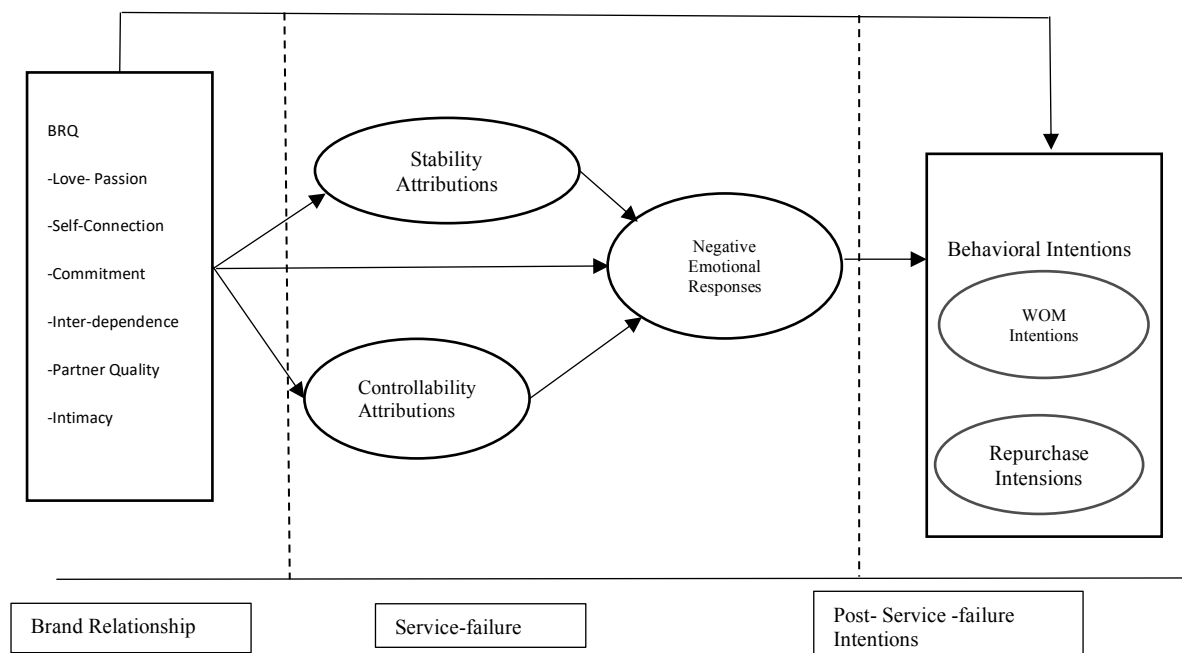
To gain a more complete understanding of the RQ literature, an overview is presented below of some of the better-known RQ models applicable to the tourism and hospitality industry. Reviewing past studies is important, since previous research within RQ B2B environments is relevant to the present study. Thus, the findings of those studies have implications for this analysis of the dynamic relationship between British and German TOs and SME hoteliers in Crete. By examining these models in different contexts, an evaluation model for RQ in the tourism industry was developed.

### **2.10.1 Brand Relationship Quality Models on Service Failure within the Hotel Industry**

Hospitality brands are very likely to be legitimate active relationship partners, and their services are generally recognised as excellent examples of highly intangible and complex offerings. A service provider's unique attributes are also significant within the hospitality and tourism industry. Hospitality brands are very likely to be a legitimate active relationship partner. To better understand the applicability of BRQ to the relationship between the hotel industry and consumers, Xie and Heung (2012) developed a model (see Figure 2.7) that prioritizes the customer's preferences and simultaneously improves both the quality of the hotel's service failures and customer satisfaction levels. Their work has shown that BRQ is a measure of the strength and depth of the relationship that a consumer forms with a brand. The study tested the RQ dimensions of love and passion, self-connection, commitment, interdependence, partner quality and intimacy. BRQ is likely to affect the causal attribution

(thinking), emotional responses (feeling), and behavioural intentions (acting) of consumers. This study has suggested that hotel consumers' negative emotions are influenced by their attribution, especially controllability attribution, which implies that hotel organisations must first understand the complex post-service failure behaviours of their consumers prior to carrying out any corresponding recovery strategies. When hotel consumers consider a service failure to be out of a hotel's control, the hotel should put more effort into recovering from the failure. A hotel's service quality plays a key role in determining customer satisfaction levels (Lovelock and Wright, 2002; Hammervoll and Toften, 2010; Kim and Cha, 2002). Furthermore, service quality and customer loyalty are essential for creating and maintaining a competitive advantage.

**Figure 2.7 Relationship Quality Model (Xie and Heung, 2012: 738)**



### 2.10.2 Cooperation, Adaptation and Atmosphere as dimensions of Business-to-Business Relationship Quality

There are different types of relationships in various B2B and B2C markets, making it important to identify industry-specific features of certain RQ models. Some authors (Woo and Ennew, 2004; Rafiq, Fulford and Lu, 2013) have indicated that the quality of the B2B environment plays a vital role in the success of the market in question. Specifically, these researchers have found that the quality of B2B relationships is crucial for succeeding in the market and that

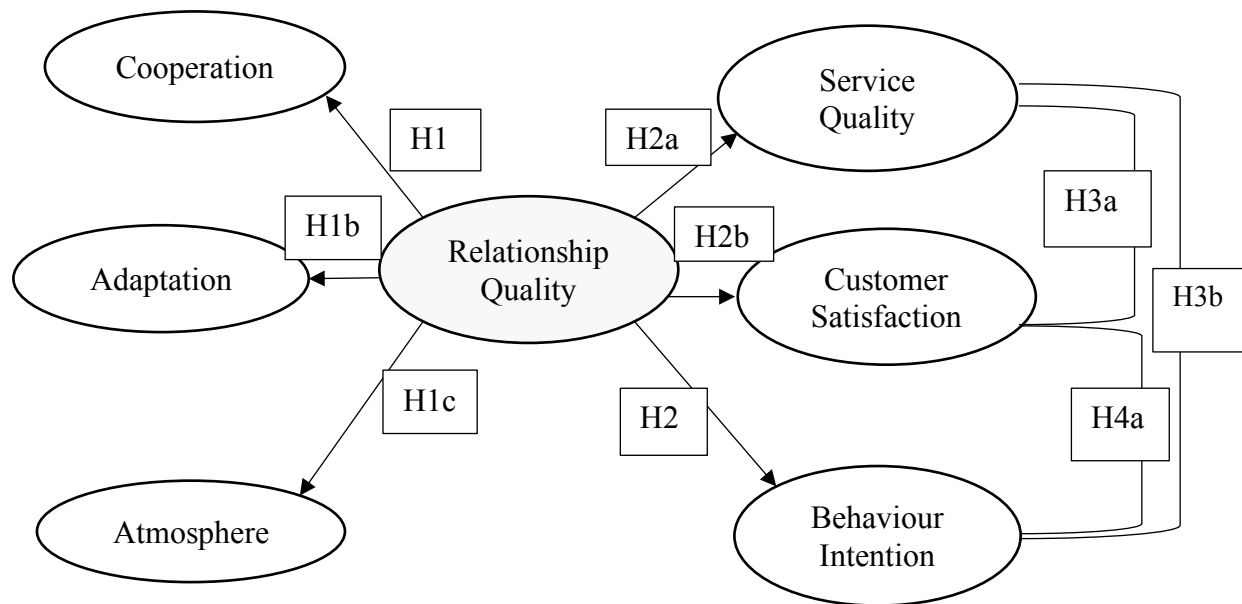
retaining customers over the long run increases profits. Furthermore, Woo and Ennew (2004) considered customer commitment to be an indicator of loyalty. They claimed that trust in a brand has a direct effect on customer commitment and so can indirectly affect the price tolerance level (Qin, Zhao and Yi, 2009). Based on this evidence, we can infer that trust leads to increased customer loyalty (Eakuru and Mat, 2008).

Suppliers adapt to the needs of specific customers, while customers adapt to the capabilities of specific suppliers. Therefore, adaptation is a key theme in RQ and RM theory, and businesses seeking to develop long-term relationships must keep it mind. Many researchers that have examined RQ have also stressed that cooperation is essential. Additionally, concerning the behavioural intentions within B2B relationships, Woo and Ennew (2004) noted that general evaluations and short-term partnerships are not sufficient for its conceptualisation. Rather, long-term relationship behaviour is significant within RQ settings (Curtis 2009; Woo and Ennew, 2004).

For instance, Woo and Ennew (2004) argued that RQ depends on factors such as cooperation, adaptation, atmosphere, service quality, customer satisfaction, and behavioural intention (see Figure 2.8). In Woo and Ennew (2004) study, the consulting engineering industry of Hong Kong was chosen to explore the relationships among the constructs hypothesised in the conceptual model. Therefore, cooperation and adaptation are likely to play a greater role throughout the construction period. The perceived risk and the amount involved in a construction period. The service delivery process can span across a long period time, several years for a tunnel project. The evaluation of professional service quality of a consulting engineer is made periodically, formally by the client team to make sure the service delivered is up to the standard stipulated in the contract. Therefore, members in the project team should be well placed to assess the RQ and the service quality of the consulting engineers. However, they added that in order to advance conceptualisations of RQ, researchers should understand the term rather broadly, focusing on identifying the constructs that comprise RQ.



**Figure 2.8 Conceptual Model (Woo and Ennew, 2004:1261)**



### 2.10.3 Airline Relationship Quality Model

Cheng et al. (2008) have suggested that airlines face a very specific problem that may influence their relationships with customers (see Figure 2.9). Namely, mistakes can occur at several stages during service delivery, meaning that the industry is particularly prone to service failures. Repeat mistakes could cause customers to experience service disappointments. It is specifically the response to a service failure (service recovery) that could give airlines a competitive advantage, as an organisation’s response to a service failure can either restore customer satisfaction and reinforce loyalty, or aggravate the situation by driving the customer to a competitor (Zhang and Feng, 2009). Therefore, it is important for organisations to recognise how clients respond to service failures and how service recovery influences their relationship with the organisation. The commitment of the staff may turn the interactions into impressive experiences for clients and thereby increase their satisfaction and trust (Cheng et al., 2008; Halimi et al., 2011).

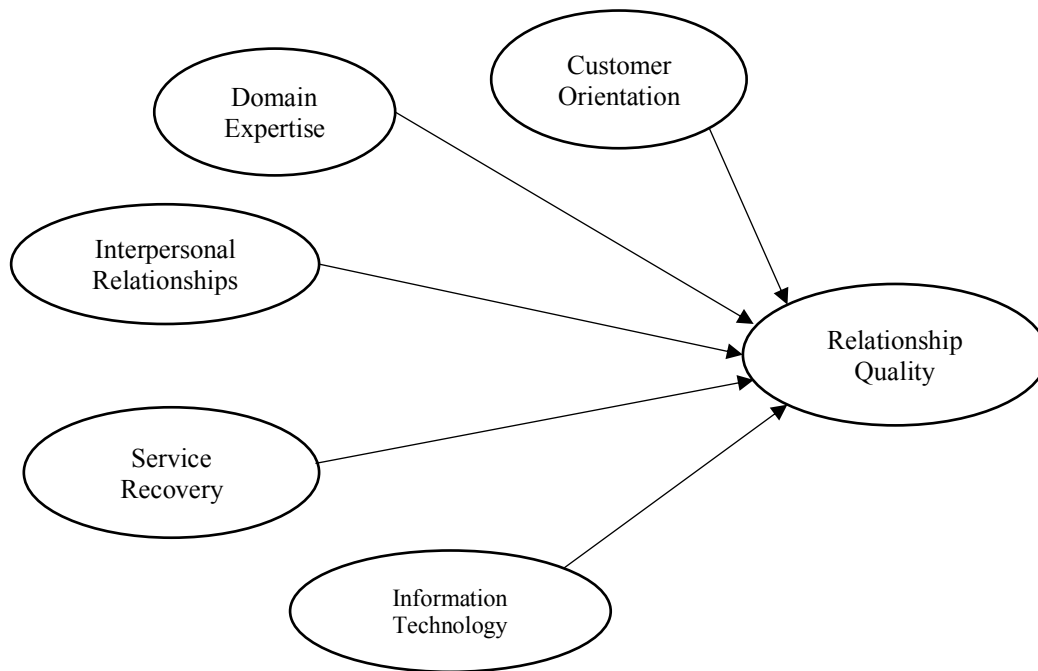
Airlines have adopted computerised reservation systems, as well as global distribution systems (GDSs) and CRM initiatives, resulting in efficiency improvements and higher-quality services. As a further consequence, airlines are able to more effectively satisfy market needs and expectations (Schegg et al., 2013). Customer relationship management helps the airline

industry to connect with customers more directly, and it thus supports the delivery of more personalised services. For instance, self-service kiosk systems at airports can speed the check-in process (Law and Jogaratnam, 2005). Thus, CRM has a direct impact on customer satisfaction. Additionally, in the airline industry, information technology enables firms to gain knowledge regarding customer preferences. It thus allows firms to offer more personalised services, which can increase both service quality and customer satisfaction (Mattila, 2006; Buhalis and Law, 2008).

On the basis of the model presented in Figure 2.9, Cheng et al. (2008) proposed that customers are influenced by four variables: (1) service providers' characteristics, including their customer orientation and domain expertise; (2) interpersonal relationships connected to customers' personal relationships with airline staff; (3) service recovery performance; and finally, (4) information technology.

The findings show that in order of importance, customer orientation, domain expertise, service recovery performance and interpersonal relationships are the major factors contributing to airline RQ, whereas information technology has no significant effect (Halimi et al., 2011). In this study reveals that RQ can be regarded as compound construct comprising customer's trust in a service provider and satisfaction with the provider. High quality of a relationship implies that a customer is satisfied with previous performance of a provider and can rely on the provider's future performance. Trust is regarded as the main precondition to successful relationships (Cheng et al., 2008). According to Morgan and Hunt (1994) trust implies confidence in an exchange partner's reliability and integrity.

**Figure 2.9 Proposed Airline RQ Model (Cheng, Chen and Chang, 2008:495)**



#### **2.10.4 Relationship Quality in International Marketing Channels within a B2B Context**

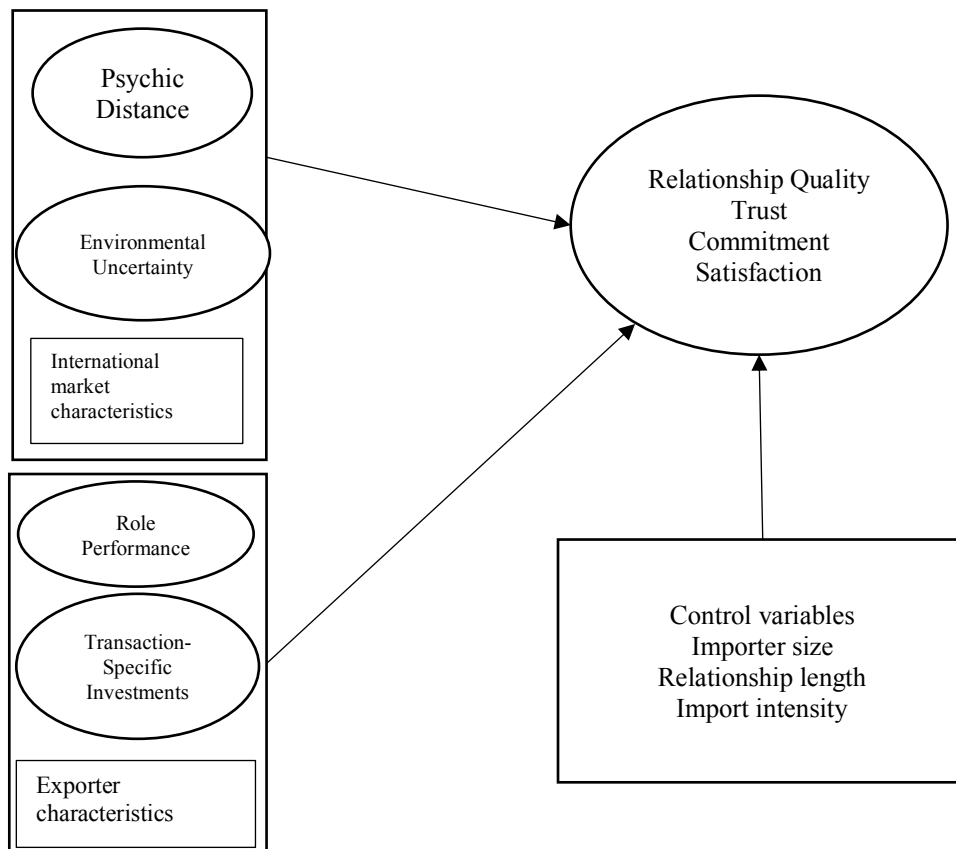
A model by Skarmeas, Katsikeas, Spyropoulou, and Salehi-Sangari (2008) defines a range of determinants, with each combination of values reflecting a certain type of industrial buying behaviour (see Figure 2.10). Trust, Satisfaction and Commitment are the first order dimensions of RQ is being explored.

However, this model exhibits a high level of complexity. Skarmeas et al.'s (2008) model tested four RM dimensions within a B2B industry, and these are psychic distance, the performance, environmental uncertainty, and transaction-specific investments. According to RQ theory, psychic distance interrupts the flow of communication and social interaction between partners (Hammervoll and Toften, 2010). Environmental exchanges also have an influence on RQ. Specifically, Skarmeas et al. (2008) suggested that B2B relationships have an internal role, while a larger set of environmental factors, which can differ by country, characterise sellers and buyers' interactions and are also of importance. Another key factor that influences B2B relationships is transaction-specific investments. Skarmeas et al. (2008) revealed that an exporter's investments in an importing distributor tended to enhance the latter's perceptions of

RQ. In turn, such investments made the exporters more competitive in the B2B market. Another factor is the role of performance, which pertains to how successful an exporting firm is in carrying out its channel roles relative to the industry average. It reflects the level of dependence in channel relationships, since as the source organisation's role of performance increases, the target organisation's dependence on the source increases in turn because the attractiveness of alternative partners available to the target firm also increases. This is likely to cultivate satisfaction within overseas supply relationships. When the importing firm realises that its foreign partner constitutes a reliable, continuous, and consistent source of supply, it is likely to trust it (Skarmeas et al., 2008). In both this model and the previously described ones, trust is conceptualised as the foundation of any B2B relationship. Also, commitment has a central role within buyer-seller relationship models (Gilliland and Bello, 2002; Ndubisi, 2007; Alrubaiee and Al-Nazer, 2010).

Studies have demonstrated that promoting positive relationships with customers is one of the more important duties of a distribution channel. Such channels help firms to retain customers, collect information, generate new ideas from customers, and organise functional planning. It also creates a significant situation for superior manufacturers (Skarmeas et al., 2008). In contrast, many firms rely on partnerships to penetrate overseas markets, due to the belief that that approach is simpler (Skarmeas, et al., 2008) and less expensive (Lages, Silva and Styles, 2009). Nevertheless, international relationships are complex and inherently risky. Thus, building and managing strong relationships between firms is of the utmost importance for exporters.

**Figure 2.10 Conceptual Model (Skarmeas et al., 2008)**



### **2.10.5 Relationship Quality Model for B2B Relationships in the Manufacturing Industry**

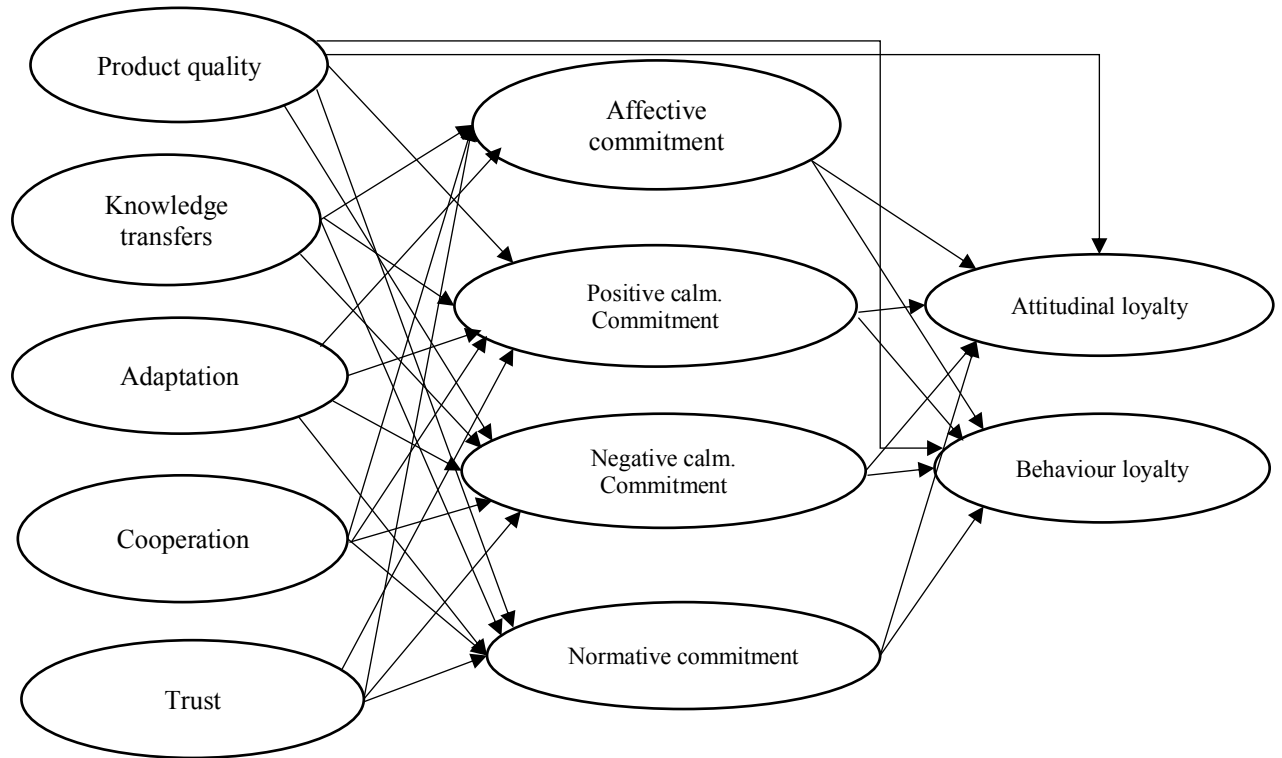
Cater and Cater (2010) stated that building long-term relationships with customers is the essence of B2B marketing (See Figure 2.11). B2B relationships provide opportunities for companies to create competitive advantages and achieve superior results (Yen and Bames, 2011). Cater and Cater (2010) have shown that product quality affects positive and negative calculative commitment. The social dimensions of RQ, such as Cooperation and Trust, have a much greater influence on commitment than do the technical dimensions, such as knowledge transfers and adaptation. Cooperation and trust positively influence effective and normative commitment, and greater trust benefits positive calculative commitment, while, on the technical side, only adaptation has a significant link normative commitment. Cater and Cater (2010) stated that shared values, Trust and affective Commitment are fundamental conditions for value-based Commitment. If the business partners agree on how they should behave in the

relationship, the rules and objectives that apply lead to the emergence of mutual trust, which in turn emotionally motivates both parties to continue the business relationship.

Loyalty is related to commitment but is distinct from it (Alrubaiee and Al-Nazer, 2010). Commitment refers to one's motivation to continue a relationship, as well as to one's attitude towards the relations. In contrast, loyalty is a mixture of attitude and behaviour, and it frequently defined as repeat patronage and referral behaviour (Macintosh, 2007). Hence, commitment is clearly crucial to the development of buyer-seller relationship models indicating how SME firms can gain a greater competitive ability in foreign markets. Building trust is also necessary for service providers (Sanchez-Franco, Ramos and Velicia, 2009).

Cater and Cater (2010) found that cognitive factors—such as product quality and the influential role of behaviour—also help to explain why firms establish and continue B2B relationships. Some researchers have distinguished between behavioural and attitudinal loyalties, and their results have demonstrated that Trust and the Commitment are closely related to loyalty and RQ (Chung and Shin, 2010; Lei and Mac, 2005). Using the previous model, researchers tested adaptation, cooperation, and trust, as is common within RQ theory. However, this model differs from the previous models discussed, and identified two new themes: product quality and knowledge transfers. As regards B2B relationships, suppliers offering superior quality products can 'tie' their customers to them. They create these bonds when similar quality products are not available from alternative suppliers or when the costs of switching would be prohibitively high. Therefore, as many other researchers have stressed, B2B relationships not only depend on Trust and Cooperation but also on product quality and sourcing, with these latter factors motivating suppliers to remain in the relationship. Moreover, the transfer of knowledge between suppliers is also critical in B2B relationships, as it permits suppliers to improve their products. Specifically, they are able to cooperate and learn from each other without needing to invest in other resources. In addition, mutual disclosure is also vital within the hotel industry, and it influences relationships. Cater and Cater (2010) further illustrated that social factors, such as Trust and Cooperation, have more of an influence on suppliers' Commitment than do the transfer of knowledge and adaptation.

**Figure 2.11 Conceptual Model of the Antecedents and Consequences of Customer Commitment in B2B Relationships in the Manufacturing Industry (Cater and Cater, 2010:1322)**



A large body of research has been devoted to the study of RQ in different B2B and B2C contexts, providing useful insights and theoretical and managerial implications. Above all, researchers have focused on various antecedents and consequences of RQ. However, comparing RQ studies and their findings is not simple. The same constructs are used interchangeably as antecedent, elements, and effects of RQ. Moreover, the directional links between RQ and other relationship concepts are sometimes unclear. For the most part, researchers have acknowledged this dilemma (Cater and Cater, 2010; Skarmas et al., 2008; Meng and Elliott, 2008; Cheng et al., 2008; Kim et al., 2006; Woo and Ennew, 2004; Kim and Cha, 2002). Furthermore, RQ still lacks a formal, established definition and has received remarkably little attention considering its significance as a key element in marketing relationships.

Some of the RQ studies (Cater and Cater, 2010; Woo and Ennew, 2004) have addressed factors such as commitment, product quality, trust, atmosphere, cooperation, adaptation, service quality, and communication in business relationships. Other studies on service in the hospitality

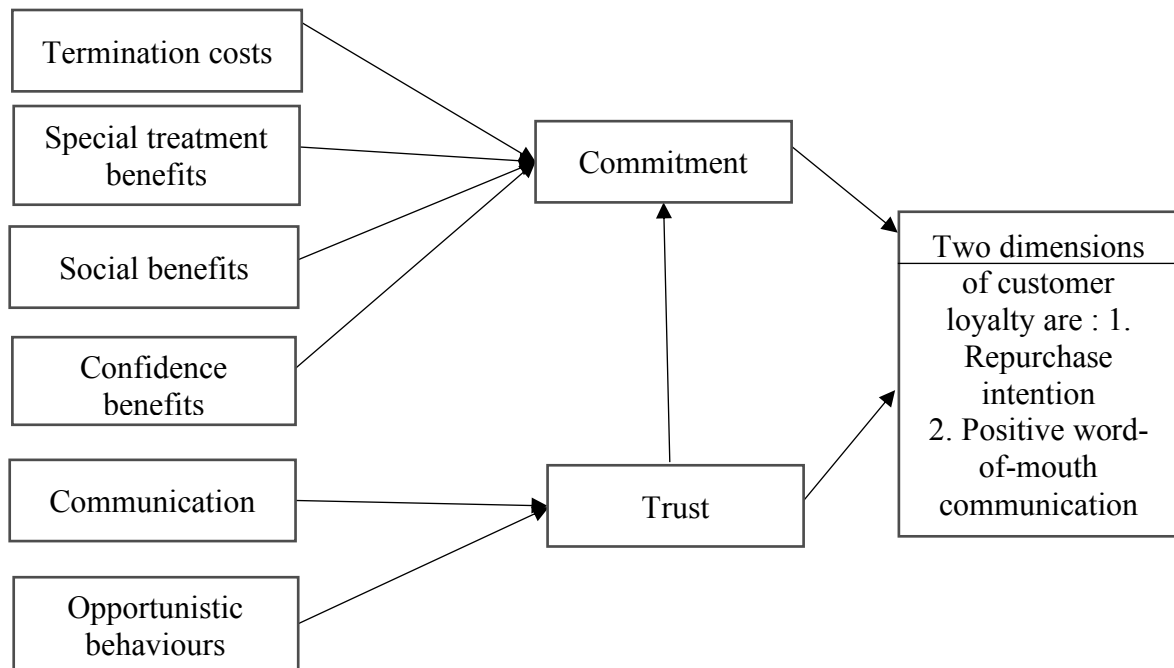
management field (Meng and Elliot, 2008; Cheng, et al., 2008; Kim et al., 2006; Kim and Cha, 2002) have shared this focus on what may be described as the soft relationship element. Despite this, limited attention has been paid to questions of quality within business relationships in the hospitality industry.

### **2.10.6 The Antecedents of Relationship Development for Resort Hotel Guests**

A study by O'Mahony et al. (2013) contrasted the antecedents of business relationship development between Thai and Australian resort guests in Thailand. This research (see Figure 2.12) has found that RQ characterized by trust and commitment has a strong positive impact on Australian and Thai customers' loyalty, and both groups use similar factors to evaluate their long-term loyalty intentions. Moreover, it was evident that the weights attached to each of these themes were culturally dependent. This study has provided guidelines to resort operators in Thailand to manage guest relationships and develop service standards that address the customers' cultural needs. Communication and opportunistic behaviour indicate that effective, culturally appropriate communication between resort operators and their customers could prevent customers from feeling that service delivery staff engage in opportunistic behaviour. Thus, when working with international customers, both service quality and relationship development are significant, as each cultural group evaluates service delivery differently (Morgan and Hunt, 1994).



**Figure 2.12 The Key Mediating Variable Model of Relationship Marketing (O' Mahony, Sophonsiri and Turner, 2013: 215)**

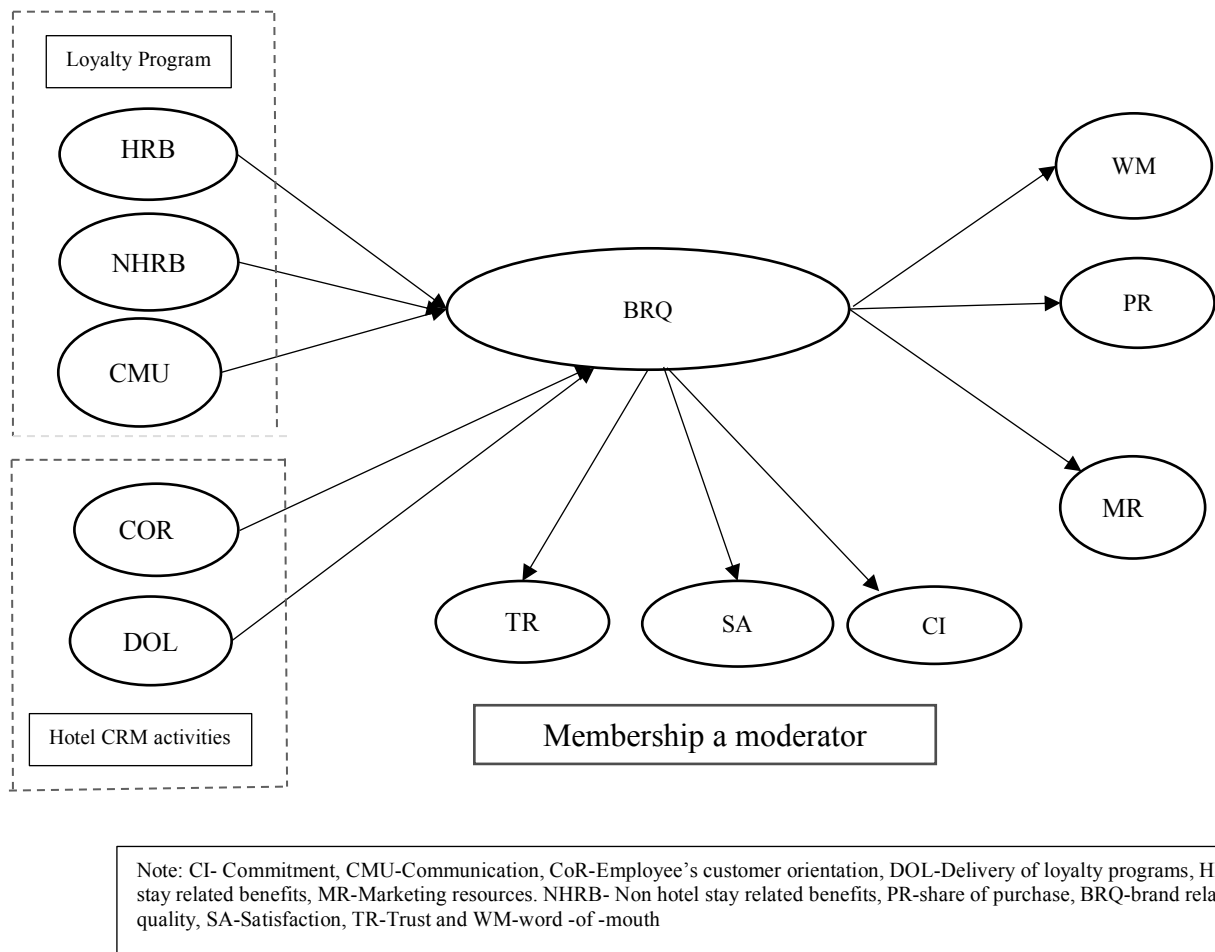


### 2.10.7 Building Brand Relationship Quality Among Hotel Loyalty

The Lo et al. (2017) study investigates the moderating effect of membership level on the hypothesised relationships was investigated. BRQ was confirmed to be a higher order with construct of three dimensions: trust, satisfaction and commitment (see Figure 2.13). The BRQ most strongly influences members' word-of-mouth followed by shares of purchase. Additionally, employee's customer orientation, membership communication and hotel stay-related benefits determine the loyalty program members' BRQ.

Lo et al. (2017) performed one of the few studies that have investigated the effectiveness of hotel loyalty programs from the perspective of active members and considered the moderating effect on the relationships among BRQ. This study attempted to operationalise BRQ as a second-order construct with trust, satisfaction and commitment as the first-order latent constructs and identify the antecedents of brand relationship quality. The impact is small from BRQ with members' willingness and have a negative relationship with members.

**Figure 2.13 Conceptual Framework (Lo et al., 2017 :464)**



The above studies are relevant as regards research in service and hospitality management, B2B marketing, and current business practices. For service-management researchers (Cheng et al., 2008; Kim et al., 2006; O’ Mahony et al., 2013; Lo et al., 2016; Xie and Heung, 2012; Woo and Ennew, 2004; Skarmeas et al., 2008; Cater and Cater, 2010) the notion of perceived quality within relationships is interesting, as customer relationships are receiving an increasing amount of attention. Transferring the notion of perceived service quality to business relationships is natural, thanks to the fundamental similarities between service and relationships. Relying on a separate foundation, B2B researchers (Cater and Cater, 2010; Woo and Ennew, 2004) have developed conceptualisations and measures of what constitutes positive/strong or negative/weak business relationships. Even if these studies are closely related to RQ in that they deal with evaluating relationships, quality as a construct is not at their core. From a business perspective, a firm’s leaders are typically more concerned with understanding and managing individual relationships. Increasingly, however, aspects such as quality management

are being incorporated into these relationships. The quality of a relationship determines how it develops, the likelihood of its ending, and the revenues, costs, or profits associated with it. Today, few companies can avoid seeking to understand the topic of partnerships (Woo and Ennew, 2004).

More specifically, in the tourism and hospitality industry, Cheng et al. (2008) pointed to the significance of CRM and information technology. These developments allow suppliers to work in a more efficient manner and to provide higher-quality services (e.g., electronic check-in, direct booking with suppliers), resulting in positive effects in terms of customer satisfaction. Likewise, in the hotel industry (Lo et al., 2017; O' Mahony et al., 2013; Xie and Heung, 2012), identify the antecedents of brand relationship quality. Both studies used BRQ as a second-order construct with trust, satisfaction and commitment as the first-order latent constructs and identify the antecedents of BRQ. In B2B relationships, Woo and Ennew (2004) pointed out that emotional dimensions, including adaptation and cooperation, are a vital element of RQ models. Therefore, adapting to the needs of suppliers and customers has a positive influence on customer satisfaction and service quality. In addition, Skarmeas et al. (2008) highlighted further dimensions that influence B2B relationships, including environmental and exporter characteristics (i.e., psychic distance, transaction-specific investments, and environmental uncertainty) and buyer-seller RQ. Cater and Cater (2010) added that product quality and knowledge transfer are significant in B2B contexts. More specifically, product quality influences purchasers' loyalty and commitment to the relationship, while the exchange of knowledge between suppliers ensures that customers receive the products they desire.

## **2.11 Consideration of Further Variables**

### **2.11.1 Service Quality**

The hospitality literature has witnessed a growing interest in service quality and customer satisfaction (Jin, Choi and Goh, 2011; Sousa and Voss, 2012). A customer's evaluation of the overall quality of a service is referred to as 'service quality'. Firms that offer superior service achieve higher than normal growth in market share and increased profits (Sousa and Voss, 2012; Rauyrueen and Miller, 2007).

Therefore, service quality is a factor that firms can use to make themselves more competitive, since it is positively related to the communication between customers' ideal preferences and the characteristics of the service being offered (Santos, 2002; Zhang et al., 2014). Service quality was found to be an important predictor for many constructs in the literature, one of which is RQ. In the literature, the relationship between service quality and RQ has been explored several times (Chu, Lee and Chao, 2012; Han and Sung, 2008). However, research on employee-customer RQ is limited within the hospitality and tourism industry, as well as within other sectors, such as banking (Ndubisi, 2006), parcel delivery services (Palaima and Auruskeviciene, 2007), customer service (Wong and Sohal, 2006), and B2B industries (Rauyruen and Miller, 2007). The importance of service quality is well-recognised in the hospitality industry, since hotels cannot survive intense competition without satisfying their customers with quality service. To achieve high levels of service quality, a hotel must understand its guests' expectations. Service improvement programs can be established, and these address issues related to customer segmentation, service culture, communication with tourists, employee recruitment and training, staff empowerment, and appraisal systems. Service quality improvements enhance customer loyalty, increase a firm's market share, generate higher returns for investors, reduce costs, make the company less susceptible to price competition, and result in a competitive advantage (Doney, Barry and Abratt, 2007; Chu and Wang, 2012).

Hotel businesses need a reliable hotel rating system, to rank, certify, and reflect the quality of hotel facilities and services. Moreover, hotel rating systems are vital for marketing, since they are one of many instruments that the industry uses as a guideline to reach an expected level of service quality and to convey this information to the public. Consequently, hotel rating systems are related to service quality improvement, while service quality improvement is associated with changes in hotel performance. It is suggested that hotel rating systems encourage hotel operators to improve their service quality, which may lead to changes in hotel performance (Yen and Horng, 2010; Sharma, 2019).

Zhang and Feng (2009) found that perceived service quality conformed to customers' expectations. Service business operators often assess the service quality provided to their clients in order to improve customer satisfaction and word-of-mouth advertising. Customer satisfaction is usually dependent on the experience with the service provided. However, Li (2012) stated that service quality is relevant to services marketing of both a transactional and a

relational nature. Moreover, service quality is necessary, but in itself insufficient, condition for RQ (Li, 2012; Rauyruen and Miller, 2007).

Since most empirical research has limited itself to the area of retail and customer services, there is a need to better understand the relationship of service quality and customer loyalty in other contexts, such as industrial markets and B2B markets. Beck et al. (2015) also pointed out the need for both conceptual and empirical research on quality in B2B settings, since most of the RQ literature has instead examined B2C contexts.

### **2.11.2 Mutual Goals**

Mutual goals can be defined as the goals shared by partners that can be established only through joint action and the maintenance of the relationship (Rauyruen and Miller, 2007). According to Rauyruen and Miller (2007), the concept of mutual goals and their use as a measurable variable for research purposes is more effective than the concept of shared values (Hammervoll and Toften, 2010) and norms (Hewett and Bearden, 2001; Lages et al., 2005). Thus, the option taken in this study was to approach this particular construct from the perspective of mutuality of goals.

Furthermore, mutual goals are another factor of long-term relationships, since they indicate that both parties have invested specific assets and have significant influence over the business relationship. For this reason, mutual goals can enhance cooperation between parties and promote trust and loyalty in each of them. When there is a high level of mutual goals, both partners make an additional effort to ensure the continuity of the relationship (Sarmiento, Simoes and Farhangmehr, 2014). Mutual goals involve product and process design, value analysis, cost-targeting, and quality control. Thus, both partners' satisfaction with the existing relationship is a precondition of frequent cooperation (Rauyruen and Miller, 2007; Hennig-Thurau et al., 2001).

### **2.11.3 Relationship Benefits**

The assumption is that interaction with another individual brings greater trust, commitment, and benefits in the relationship. Halimi et al. (2011) suggested that this sense of mutual partnership enables the buyer and the seller to develop a 'win' situation, in which both sides

benefit from working together to satisfy each other's needs, rather than promoting a constant game of 'win or lose' (Han and Sung, 2008).

Relationship benefits refer to the advantages that partners are likely to receive as a result of having a long-term business relationship. Business partners enter into a long-term relationship, because they expect to receive positive value from their participation. Hammervoll and Toften (2010) found that confidence (risk-reduction), social interaction (friendship, personal recognition), and special treatment were all benefits of maintaining a long-term business relationship.

Consequently, businesses that offer high-quality relationship benefits are highly valued, and as a result, firms commit themselves to establishing, developing, and maintaining a long-term partnership with them. Hewett and Bearden (2001) found that partners consider not only current relationship benefits of doing business with a firm but also anticipated future benefits. Based on previous research, the benefits accrued by partners from developing long-term relationships with service providers, such as airlines, TOs, and hotels, are expected to have a favourable influence on RQ (Hewett and Bearden, 2001; Skarmeas and Shabbir, 2011).

#### **2.11.4 Relationship Satisfaction**

Relationship satisfaction has been regarded as a key dimension of RQ in the RM literature (Kim et al., 2006). One of the most critical elements in the B2B market is the development of customer relationships and customer satisfaction. Effective and satisfactory business relationships are essential for marketing both professional services and products, due to their highly demanding and complex nature (Medina-Munoz et al., 2002; Vesel and Zabkar, 2010).

With regard to the principles of RQ, successful business relationships enhance customer satisfaction and thus enhance the performance of firms. Relationship satisfaction has been conceptualised as a requirement for RQ. Several researchers support the role of service quality in customer satisfaction as both a cause and an effect of business relationship satisfaction (Bowen and Shoemaker, 2003; Chu and Wang, 2012).

Mattila (2006) found that businesses regard relationship satisfaction as an important element in evaluating the quality of their relationship with a particular partner. Moreover, even when

firms were dissatisfied with a particular service episode in the relationship, they were still satisfied with their overall relationship with the partner. Relationship satisfaction has also led partners to recommend particular firms to other business partners.

The B2B literature takes the conceptualisation of satisfaction in the B2C environment as a starting point (Sarmiento et al., 2014; Rauyruen and Miller, 2005). While understandings of relationship satisfaction and business management once emphasised competition, they now stress collaborations between equally valuable partners as a means of achieving a competitive advantage (Lee, Chu and Chao, 2011; Li, 2012; Macintosh, 2007). Other authors have connected satisfaction to process results—in other words, to the response of the customer considering consumption of the product (Li, 2012; Rauyruen and Miller, 2007).

An analysis of the most literature reveals a trend towards understanding satisfaction as a phenomenon linked to cognitive judgements and affective responses. Thus, the cognitive component represents a mental process of evaluating an experience, whereby a series of comparison variables intervenes with the affective component. Generally, the diversity of a firm's relationships reflects the state of RQ. As the extent and scope of beneficial relationship activities increases, the firms effectively become closer partners (Li, 2012; Chu and Wang, 2012).

### **2.11.5 Price**

Price and price fairness have been regarded as a key dimension of RQ in a B2B context (Monty and Skidmore, 2003). The product prices that firms establish to remain competitive must match customers' willingness to pay in each situation. The entire firm's pricing strategy must be in alignment with customers' preferences, and this also holds true for special offers and discounts, as they are the main tools that firms use for marketing and attracting customers. The target market has to be clearly identified to set correct product prices (Pellinen, 2003). Other essential instruments for determining price levels include knowledge of markets, demand, cost, and competitors; clear goals; and follows-ups (Dwyer, Forsyth and Rao, 2002; Jiang, Shiu, Henneberg and Naude, 2016). Suppliers compare products in terms of prices and quality. They only opt to purchase products when the benefits are perceived as outweighing the price (Mazanec, 2002; Monty and Skidmore, 2003; Han and Sung, 2008).

Price plays an important role for RQ, and when customers compare products, price must be perceived as neither too expensive, nor too cheap. Ideally, the intention is to establish a high price in the long-term, using price as an indication of quality, as with the case of high-status holidays. Price must be considered in relation to service management, and in B2B relationships, firms must always seek to comprehend the customer's perspective. It is worth noting that customers do not buy goods or services; rather, they buy the benefits that the goods and services provide. In B2B relationships, suppliers must always bear the customer interaction in mind to make the product more attractive in the market. Therefore, perceived price fairness plays an important role for the suppliers to retain loyal and satisfied customers' (Pellinen, 2003; Chakrabarty, Whitten and Green, 2008; Monty and Skidmore, 2003). Dwyer, Forsyth and Rao (2002) found that when prices were perceived as reasonable, customer retention was positively impacted. Furthermore, Monty and Skidmore (2003) have argued that price fairness has a positive influence on purchase intention through the mediating role of customer value. Price also influences suppliers' satisfaction. For example, if suppliers set the price too high, then the product will not remain attractive in the market, with a negative effect on sales. Suppliers can exit collaborative ventures in such scenarios (Alrubaiee and Al-Nazer, 2010; Chakrabarty, Whitten and Green, 2008; Vesel and Zabkar, 2010; Sharma, 2019). However, suppliers are not solely interested in finding the lowest prices. Product quality also plays a role, as suppliers try to prevent customer complaints. In essence, issues related to a product's value relative to its price are critical in B2B relationships (Jiang et al., 2016).

### **2.11.6 Customer Satisfaction**

Abundant theoretical and empirical evidence demonstrates the link between satisfaction and customer loyalty in the context of RQ. In B2B research, several authors (Halimi et al., 2011; Monty and Skidmore, 2003; Skarmeas and Robson, 2008) have illustrated this relationship. From an operations management perspective, it is clear that customers play important roles within the organisational process (Zhang and Feng, 2009). Zhang and Feng (2009) found that affective customer satisfaction has a positive influence on partners and customers' loyalty. Customers always seek to gain the maximum amount of satisfaction from the products and services that they purchase. In the business environment, this finding entails the need to build customer relationships, rather than simply products (Mattila, 2006; Skarmeas and Shabbir, 2011). The main driver for business partners is their affective customer satisfaction. Therefore, building customer relationship means delivering more value than competitors to target more



customers. Many businesses are adopting quality management programs to improve their products and marketing processes, as research has demonstrated that quality has a direct impact on the customer satisfaction. Several studies (Medina-Munoz et al., 2002; Mattila, 2006; Chu and Wang, 2012) have indicated that deep and long-lasting relationships are the result of parties' satisfaction with the outcomes of their work. In research conducted in a B2B setting within the hospitality industry (Namasivayam and Hinkin, 2003; Zhang and Feng, 2009), customer satisfaction was found to influence business relationships. Therefore, low levels of satisfaction caused partners to exit relationships (Vesel and Zabkar, 2010).

### **2.11.7 Commitment**

Commitment is a key dimension of RQ. Organisational commitment is one of the oldest and most studied variables in the literature of organisational relationships. Commitment relates to the belief by a partner that the relationship is so important as to warrant maximum efforts at maintaining it (Lei and Mac, 2005; Vesel and Zabkar, 2010). Also, Chenet et al. (2010) understand that the essence of commitment in any type of relationship (such as inter-organisational and interpersonal) is stability and sacrifice, and on this basis they define commitment as the desire to develop a stable relationship, a willingness to make short-term sacrifices to maintain the relationship, and confidence in the stability of the relationship (Skarmeas and Shabbir, 2011).

Therefore, commitment goes beyond an evaluation of the current benefits and costs of a relationship and implies a long-term orientation. The desire to maintain the relationship is based, according to Gilliland and Bello (2002), on the fact that members in the channel that are mutually committed identify commitment as key to achieving valuable outcomes.

In the RQ literature, the importance of commitment has been widely established by many researchers (Chung and Shin, 2010; Ndubisi, 2007; Liu, Guo and Lee, 2011; Akrouf and Nagy, 2018). Commitment between partners is the key to establishing valuable outcomes for businesses trying to develop and maintain this precious attribute in their relationships (Gilliland and Bello, 2002; Prior, 2016).

Commitment can be defined as an enduring desire to maintain a valued relationship (Ndubisi et al., 2011; Lei and Mac, 2005). In marketing practice and research, it is generally agreed that

mutual commitment among partners in business relationships produces significant benefits. (Fullerton, 2005).

Although it represents a relatively new construct in marketing literature, commitment may be seen in the context of social exchange theory, and Fullerton (2005) emphasised its central role within RQ. Fullerton (2005) defined relationship commitment as one exchange partner believing that an on-going relationship with another is so important as to warrant maximum effort to maintain it. Lei and Mac (2005) claimed that commitment represents the key construct differentiating between successful and unsuccessful relationships in the B2B market. Additionally, commitment between exchange partners has been referred to as an implicit pledge of relational continuity. Macintosh (2007), however indicated that commitment toward a business entity only exists in the presence of trust. In summary, some authors (Doney et al., 2007; Bowen and Schoemaker, 2003; Sharma, 2019) have claimed that the presence of trust and commitment can result in cooperative behaviour, which is a prerequisite for successful competition in the current global market (Han and Sung, 2008; Chu and Wang, 2012).

### **2.11.8 Trust**

Trust is a key dimension of the RQ construct. Trust can be defined as a willingness to rely on an exchange partner in whom one has confidence, which means that there must be a belief in the other partner's trustworthiness, which results from the expertise and reliability of that partner (Doaei, Rezaei and Khajei, 2011; Sharma, 2019).

A second issue pertains to the scope of the definitions, some of which equate trust with reliance, referring only to confidence in the fulfilment of a promise, while others add an emotive component, such as expectations of positive intentions (Chenet et al., 2010; Choi and Hyun, 2017). Therefore, trust is a very important factor in ensuring a long-term orientation toward a business relationship. It is thus critical for businesses to select their partners carefully, share common values, and maintain high-quality communication. To ensure a cooperative relationship that is mutually beneficial, companies must also ensure that they provide resources and benefits superior to the offerings of other firms, and that they avoid taking advantage of their partners in any way (Roberts, Varki and Brodie, 2003; Hennig-Thurau et al., 2001).

Morgan and Hunt (1994) indicate that trust represents a key intermediary variable while business entities try to establish a long-term relationship. They claim that trust can exist only if business entities have confidence in the integrity and reliability of the other business entity. Ndubisi (2007) states that despite the importance trust has for the development of relationships for the B2B market, it cannot be automatically allocated to a particular business entity. However, it can be built on the long-term process of giving and keeping promises. Roberts et al. (2003) emphasise the importance of trust in the B2B market and states that its main function should be to reduce the risk of doing business (Srinivasan, 2004; Caceres and Paparoidamis, 2007; Casidy and Nyadzayo, 2019). The parties must be vulnerable to a certain extent for trust to become operational, and there is usually vulnerability in the relationships between business buyers and sellers due to the high presence of interdependency needed to achieve the desired results (Gil-Saura, Frassetto-Deltoro and Cervera-Taulet, 2009; Choi and Hyun, 2017).

Trust requires a willingness to not exploit the relationship at the expense of long-term cooperation. However, a cooperative business relationship establishes trust and commitment between business partners. Relationships characterised by trust are so highly valued that partners will readily commit themselves to them. Thus, trust is a major determinant of relationship commitment (Alrubaiee and Al-Nazer, 2010; Cater and Cater, 2010).

Embedded in the social aspect of exchange relationships (Sharma, Young and Wilkinson, 2006), trust is a complex social phenomenon with a variety of definitions; it has been considered as both a feature and a determinant of RQ (Morgan and Hunt, 1994). One of the most widely accepted conceptualisations defines trust as the willingness of a party to be vulnerable to the actions of another party, based on the expectation that the other will perform a particular action essential to the trustor, irrespective of the ability to monitor or control that party (Mayer, Davis and Schoorman, 1995; Diamantopoulos and Siguaw, 2006).

Due to its incongruous definitions, the domain of trust is used imprecisely. Trust is conceptualised in most studies as a multidimensional construct with diverse contents and numbers of dimensions. Nonetheless, a considerable number of studies in marketing view trust as a belief, an expression of confidence, and an expectation about an exchange partner's trustworthiness that results from the partner's expertise, reliability, and intentionality (Anderson and Narus, 1990; Chu and Wang, 2012). Often, the concept of trust is used to reflect two distinct primary components, such as benevolence and credibility. Benevolence is based

on the extent to which one partner believes that the other party has intentions and motives beneficial to the partner, aside from an egocentric profit motive, and the credibility of an exchange partner relates to the expectation of the individual that the partner's statements can be believed.

### **2.11.9 Communication**

Communication difficulties are a major cause of problems among relationship parties (Doaei et al., 2011; Sharma, 2019). Raza and Rehman (2012) define communication as the formal and informal sharing of meaningful and timely information between firms. Business partnership involves communication, understandings of common goals, and conflict resolution. Inefficient communication may cause conflicting behaviours and dissatisfaction due to mutual misunderstandings. Large (2005) proposed that efficient communication has positive effects on successful supply-chain management among business partners in the hospitality industry. Successful relationships are, therefore, based on efficient communication, which is absolutely necessary for partners to develop a successful relationship (Chenet et al., 2010; Lages et al., 2005).

Communication refers to the formal and informal sharing of reliable and meaningful information between exchange partners (Hammervoll and Toften, 2010; Ural, 2009). The quality of communication and information exchange is one of the most significant characteristics of business relationships. Lages, Lancaster and Lages (2008) argued that proactively sharing information is essential to the success of a relationship, something that, according to Chenet et al. (2010), holds B2B RQ together. It has also been identified as one of the dimensions comprising RQ (Hammervoll and Toften, 2010; Jiang et al., 2016).

### **2.12 Synthesis of Theories and Initial Conceptual Framework**

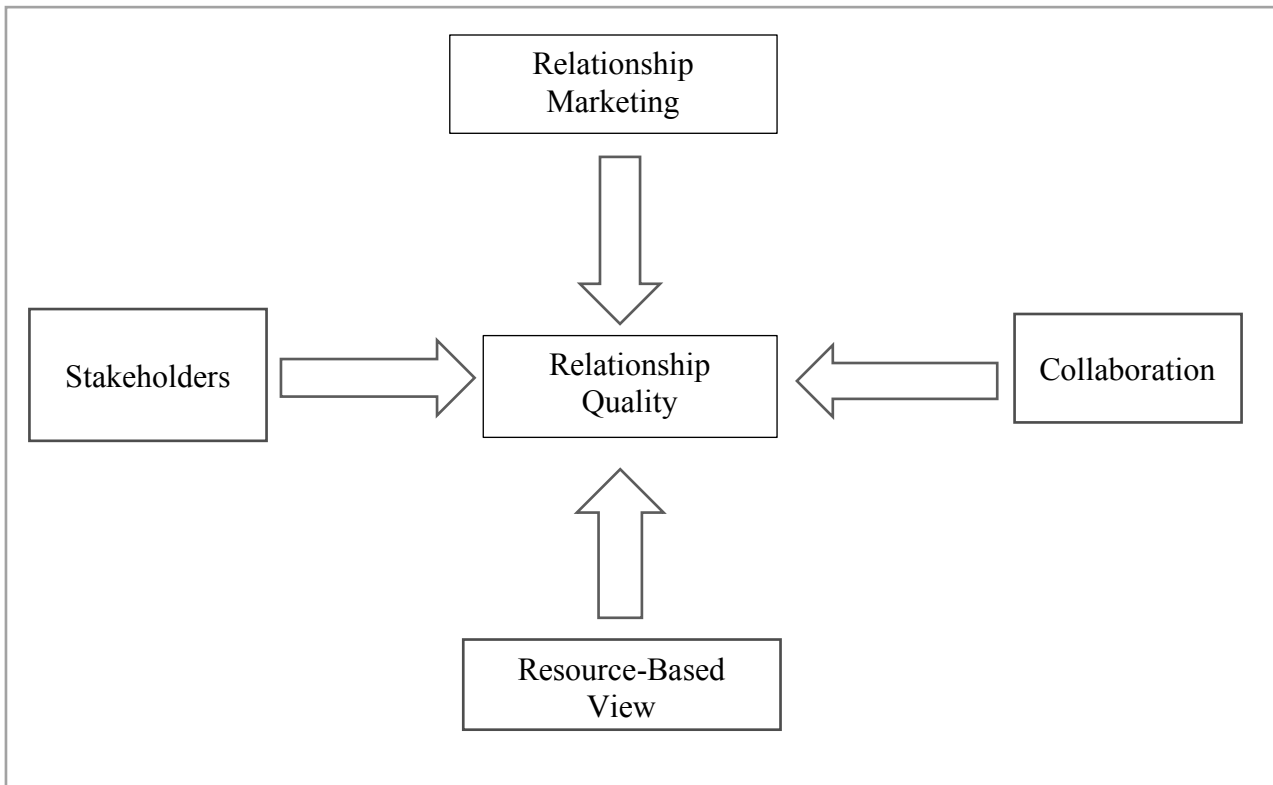
Figure 2.14 identifies the critical links between RQ and other business theories such as RBV, collaboration and RM, and it focuses on business partners' needs for strategies, processes and capabilities to satisfy them in the long term. More specifically, business theories examine the process of collaboration between business partners working together to achieve a common mission (Zapata and Hall, 2012). Stakeholder theory examines the purpose of business to create as much value as possible for stakeholders. To succeed and be sustainable over time,

organisations' strategies must align the interests of suppliers, employees, customers, communities and stakeholders. Through RBV, companies organise themselves strategically based on their capabilities and resources rather than services and products in order to achieve a competitive advantage and higher organisational performance (Alrubaiee and Al- Nazaer, 2010). Then, RM includes the interactions, relationships and networks. The management of the interaction process is particularly relevant in B2B environments because the business partners engage in relationships that complement their product and service (e.g. TO and hotel) and provide a complete solution to their customers (e.g. visitors). Finally, RQ plays a crucial role in B2B environments in fostering successful relationships (Raza and Rehman, 2012).

Each above-mentioned strategy – developed to satisfy business partners' wants and needs – is supported by processes which are linked to facilitate sustainable and successful long-term relationships. These theoretical linkages are combined to conceptualise B2B relationship structures and confirmed that to identify the wants and needs the business partners will aim to satisfy each other. Also, organisational strategies should be developed to produce value for each business partner, while similarly ensuring both business goals. Capabilities through business partners can reflect an organisation's ability to create value for its partners through its processes and operations (Zapata and Hall, 2012; Gopalakrishna et al., 2010).

The proposed conceptual framework explains the theoretical foundation and all the main constructs and business theories that are closely related to issues of RQ, business relationships, collaboration strategies and marketing management as well as the relationships between them. This conceptual framework is part of the study's research process in terms of developing an understanding of the context and the research aim and objectives through the critical review of relevant literature.

**Figure 2.14 Synthesis of Major Theories**

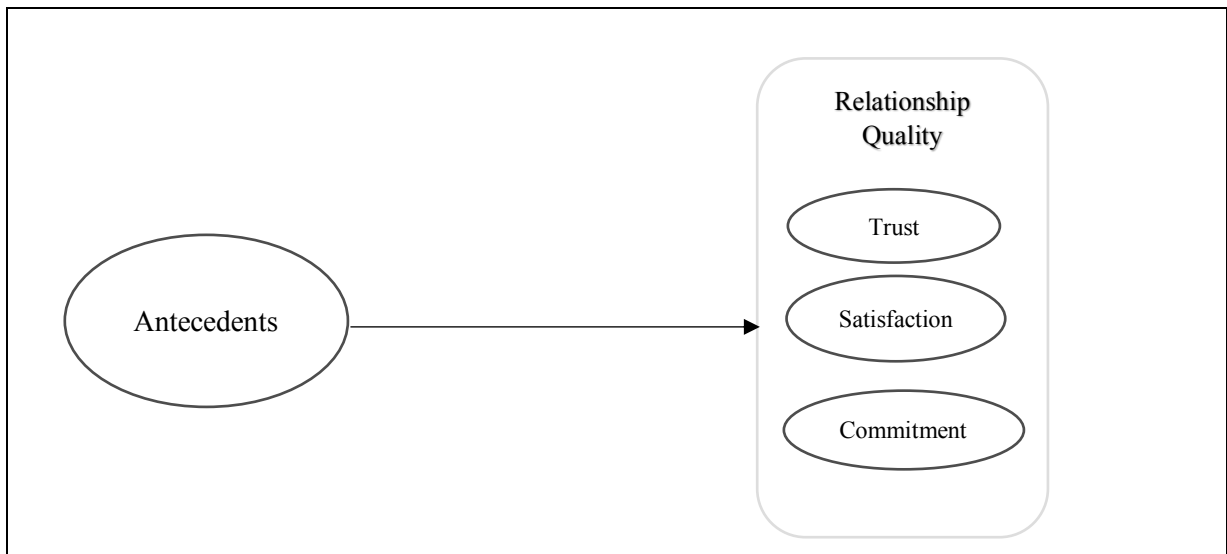


(Source: Author)

A conceptual model (Figure 2.15 below) demonstrates, considers RQ as an antecedent to other construct variables and the RQ should modelled as a formative construct. Whilst the past research has identified a number of different dimensions of RQ, commonly used trust, commitment and satisfaction are the dimensions used (De Cannière et al., 2009; Skarmeas et al., 2008). The higher-order latent variable is justified by the general argument that higher-order reflective variables are redundant. It can be argued that RQ should be treated as a formative variable using the decision rules outlined by Jarvis et al. (2003). Commitment due to the experience of more profitable offerings from new counterparts might cause RQ to fall without affecting trust between the parties. Additionally, trust as a dimension can fundamentally change the conceptual meaning of RQ that is examined (Gregoire and Fisher, 2006; Zhang et al., 2011; Leonidou et al., 2013). In a higher-order reflective construct model, often called a second-order factor model, the first-order constructs are determined by the higher-order construct. In this study, the higher-order construct is RQ; it is determined by the three first-order constructs trust, commitment and satisfaction (a formative approach is adopted).

Organisational exchange occurs simultaneously at two levels which involves the interorganisational relationship of the firms and the interpersonal interactions between the two parties' representatives. Considering that trust is initiated by persons instead of organisations, Mouzas, Henneberg and Naude (2007) suggests the use of reliance for interorganizational relationships, while trust, satisfaction and commitment retains its role in interpersonal relationships. The higher order latent variable RQ is examined is a formative variable justified by the general argument that higher order reflective variables are redundant (Lee and Cadogan, 2013). It can be argued that RQ should be treated as a formative variable using the decision rules set out in Jarvis et al. (2003). In this study trust, satisfaction and commitment are the dimensions of RQ. The rational standard of reliance does not depend on a stated commitment and trust but is linked to the notions of reasonable expectations, positive outcome and proven capability. As the counterpart of trust, reliance in interorganizational relationships refers to positive expectations held by organisation members that the focal organization's specific needs will be fulfilled by its exchange partner given the proven capability and exchange standards in place. It does not indicate a degree of passiveness but results from one party's confidence and willingness to rely on one of its exchange partners. Compared to trust which is related to the acceptance of risks and vulnerability without rigorous mechanisms attached, reliance introduces an institutionalized standard and even penalty-based sanctions to enforce the promises and agreement made (Mouzas et al., 2007).

**Figure 2.15 Initial Conceptual Model**



(Source: Author)

## 2.13 Chapter Summary

Today's tourism market is highly dynamic. Tourism is considered to be the responsibility of individual players on the tourism supply side. However, tourism is now being recognised as a highly complex phenomenon that connects all tourism stakeholders. The primary stakeholders within the traditional tourism system are TOs and hoteliers. Successful relationships between these two actors are important for creating valuable networks and competitive advantages within the competitive tourism industry.

This chapter discussed four theoretical frameworks: collaboration, stakeholder theories, RBV, RM and RQ. The second part of the chapter focused on theoretical background information on RQ and RM, reviewing the relevant empirical models. After exploring the nature of RM and RQ, the chapter then examined how previous studies have defined those concepts. The chapter also explored the RM and RQ characteristics within a B2B marketing environment. RQ stresses the importance of relationships and has a potentially strong effect within the tourism and hospitality industry. This chapter has provided a deeper understanding of business theories, focusing on RM and RQ. It has thus constructed the necessary framework for investigating RQ between German and British TOs and Cretan hoteliers. The following chapters discuss tourism distribution channels and the relationship between traditional TOs and SME hotel organisations.



Most previous research consider RQ to be a higher order, multidimensional and monadic construct (Naude and Buttle, 2000). Whilst the past research has identified a number of different dimensions of relationship quality, commonly trust, commitment and satisfaction are the dimensions most frequently used in 3 and 4\* journals (De Cannière et al., 2009; Skarmeas et al., 2008). As described in figure 2.15, where only underlying dimensions are modelled, but there may be circumstances where use of second order variable is more appropriate. In this study RQ is the higher order construct and RQ's three first order dimensions are trust, commitment and satisfaction. These first order dimensions are seen as formative measures of RQ.

## **CHAPTER THREE: TOURISM DISTRIBUTION CHANNELS**

### **3.1 Introduction**

This chapter examines the traditional distribution channels within the tourism industry and the important role of the stakeholders involved in them. The second part of the chapter explores the power of information and communication technology (ICT) and the online distribution channels that are changing the tourism industry and tourists' behaviour. All the new players connected to these online distribution channels are briefly discussed as well. The characteristics of tourist behaviour within tourist destinations are described, and the customer journey is modelled. The final section of the chapter offers insights into existing relationships between European TOs and hoteliers.

### **3.2 Traditional Distribution Channels in Hospitality Markets**

Package tours are defined as tours during which travellers move in a group, pay for a bundle of travel services (including airfare, accommodation, meals, and transport), and are escorted by a guide for the duration of the tour (Chand and Katou, 2012). Furthermore, the EU's new Package Travel Directive (PCD) protects purchasers of traditional package tours organised by TOs, and so customers have a clear protection in the combined package tours offered by websites and comprised of a flight, hotel, and/or car rental. Therefore, all combinations are fully protected as package tours. The directive especially applies to those travel services that are advertised as a unit and booked via a single process, as well as to those offered for an all-inclusive price (European Union, 2015; Chand and Katou, 2012).

The new PCD describes three different combinations of holiday package tours. First, pre-arranged packages are ready-made holidays offered by TOs, and they contain two elements, such as transport, accommodation, or other services. Second, with customised packages, travellers select components and then purchase them from a single business, either online or via traditional channels. Third, linked travel arrangements are looser combinations of travel services and facilities. For example, after having booked one travel service on one website, a customer might be offered a deal on booking another service through a targeted link if the transaction is completed within 24 hours. In this case, the customer has to be informed by the

company that he or she is not being offered a package tour, but that under certain conditions, a pre-payment is nonetheless protected (European Union, 2015).

Holiday package tours are perceived to be less expensive and more convenient than independent travel for the travellers, which can be especially significant for older travellers who find travel demanding. Personal safety is another reason for selecting package tours, as customers often feel safe and secure in a group setting. Tranford, Baloglu and Erdem (2011) have claimed that holiday package tours are usually less expensive than individual trips to the same place, since TOs are able to buy in bulk. As TOs represent major traditional distribution channels, they buy hotel rooms—along with tickets, recreation, and other services—in bulk. They then assemble them into attractive packages for resale to customers, either directly or through travel agents. TOs' power is the result of their size and sophistication relative to both suppliers and distributors. Furthermore, TOs' skills in packaging and promoting the concept of package tours has enabled them to dominate the market in many destinations, due to the large volume of business that they are able to supply on a regular basis. This has stimulated the expansion of resorts and hotels, and small-scale entrepreneurial investments in tourism-related enterprises are also on the rise as a result. Similarly, most travel agencies rely on TOs to sell their products, as their superior promotional and advertising power can generate demand. Thus, clients visit travel agencies in search of brochures and holidays to book (Alao and Batabyal, 2013).

The literature on tourism has analysed the distribution of traditional package tours from many perspectives. Quiroga (1990) demonstrated that group dynamics have a significant bearing on the success of package tours in Europe. Davies and Downward (1998) indicated that the package tour industry in the UK is segmented by firm size. Aguilo, Alegre and Sard (2003) study German and UK traditional package tour-providing businesses and contend that the traditional holiday package-tour industry is oligopolistic. Theuvsen (2004) pointed out that the traditional package-tour industry within Europe is a highly vertical merger, while Chand and Katou (2012) found greater efficiency in the agreements created by TOs in India than in the agreements of developing countries.

### *All-inclusive packages*

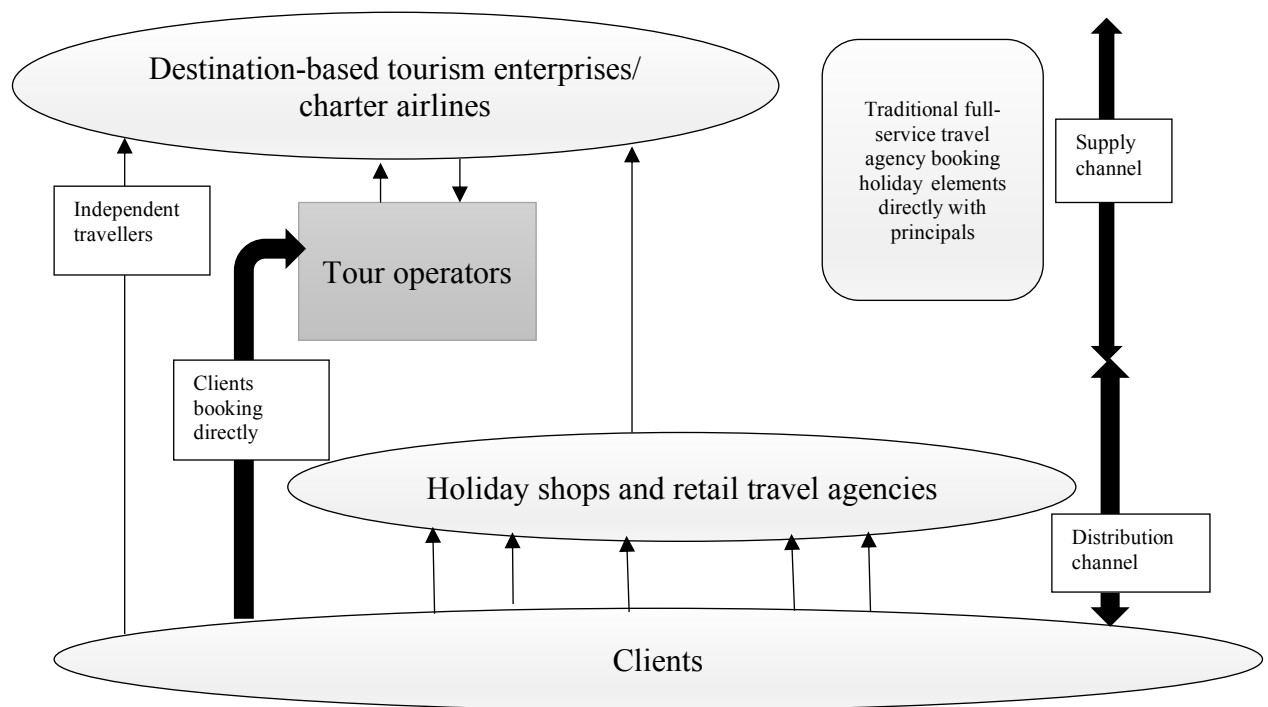
Another type of holiday that has recently grown in popularity is the offer of all-inclusive packages by some hotels, and some of these also include additional perks and features. All-inclusive vacations involve a combination of accommodation, catering (included meals), recreation, and entertainment for one all-inclusive price (Huang, Song and Zhang, 2010). All-inclusive packages can include not only accommodation and meals but also a flight and transfers. The concept is popular in mainland Europe, as demonstrated by the spectacular success of TOs such as Thomas Cook in the British market and All-tours, which serves the German market. The degree to which a holiday is all-inclusive depends on the company, but the appeal to the customer is the perceived value of a holiday where there are no extras. Major and McLeay (2013) conclude that the superior performance, profitability, and degree of innovation associated with all-inclusive resorts suggests that they will continue to be a very powerful force in the travel and tourism industry.

Alao and Batabyal (2013) suggest that the organizational members of supply and distribution channels contribute to the value chain of any industry in several ways but add that together they are able to bridge the distance and communications gaps which separate producers from their consumers. Through their brochures and strong street presence, TOs and travel agents provide readily available information about a wide range of destinations spanning the globe; meanwhile, airlines, hotels, and TOs gain a detailed and rapid understanding of consumers' fast-changing holiday preferences through the information requests and bookings which travel agents undertake on behalf of their customers (Chand and Katou, 2012). Ultimately, however, the success of the industry depends on how effectively TOs and travel agents work together to create and deliver satisfying holiday experiences for their clients. This success may also be considered from the perspectives of each organisation involved in supplying elements to the industry, and local residents in destination areas must also be taken into account (Huang et al., 2010). This also recognizes that it is the TO whose business skills bring together the varied elements that together constitute an inclusive holiday (Alamdari, 2002).

Figure 3.1 indicates that individuals have the option of making a reservation directly with the hotel and airline of their choice, or they can use the expertise and facilities of a full-service travel agent. Increasingly, TOs and travel agencies are specialising in selling selected tour packages and are therefore sometimes referred to as 'holiday shops' (Alao and Batabyal, 2013).

TOs or tour packagers can additionally be viewed as wholesalers in tourism distribution channels, whereas travel agencies serve as retailers. Moreover, TOs and travel agencies are intermediaries linking clients with service suppliers, and they serve a crucial role as professional sources of information for tourists (Bieger and Laesser, 2004; Alamdari, 2002).

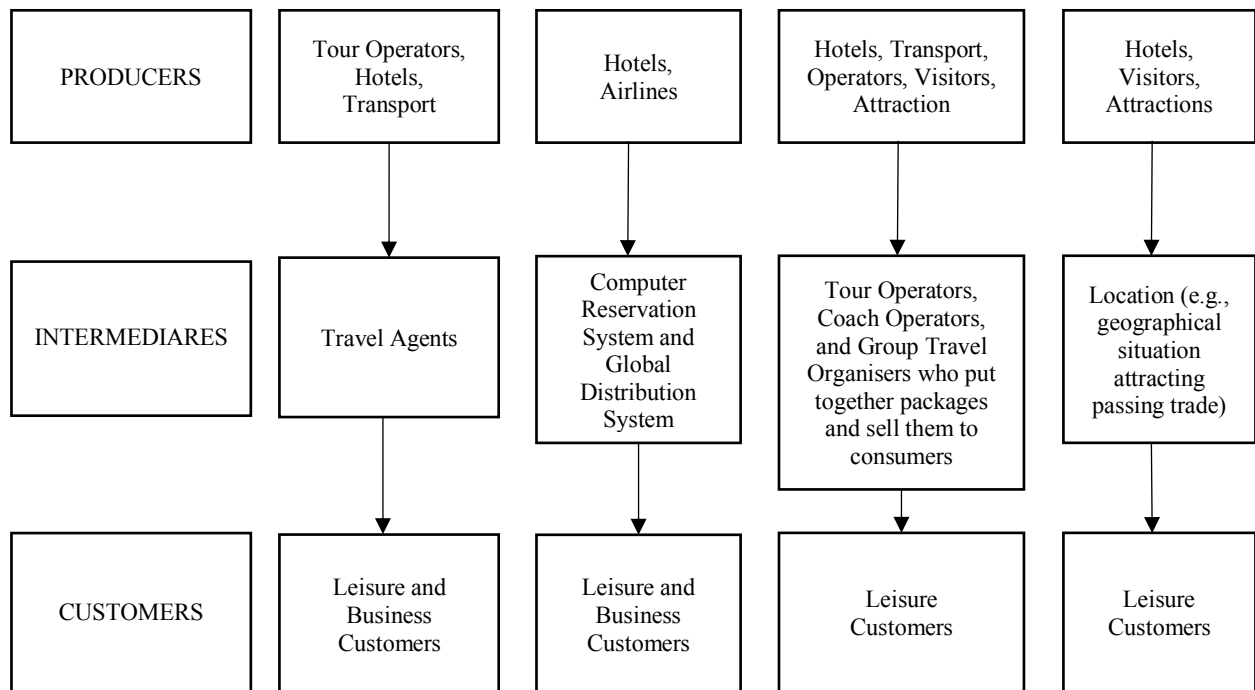
**Figure 3.1 Holiday Industry Channel Organisation**



(Source: Laws, 1995)

Tourism supply channels and traditional distribution channels are a complex phenomenon (Huang et al., 2010). There are many different actors involved with tourist products, but TOs and hotels are the two most important ones. Their relationship thus plays a critical role as regards the supply and demand of tourism products. They are the main producers of tourism products and are thus able to influence consumers' choices, suppliers' practices, and the development of destinations (Alao and Batabyal, 2013; Buhalis and Laws, 2001). Figure 3.2 presents the diversity of the traditional distribution channels in the tourism industry, although it is clearly a simplification. In general, tourism products have traditionally been distributed indirectly via intermediaries, and principally through travel agents.

**Figure 3.2 Traditional Distribution Channels in Tourism.**



(Source: Buhalis and Laws, 2001)

### 3.3 Parties involved in the Traditional Tourism Supply Channel

A traditional tourism supply chain is essential for the tourism sector, since the products and services that are consumed involve an enormous range of suppliers. The tourism supply chain includes a wide diversity of components, such as accommodation, transport, excursions, bars, restaurants, and accommodation. Tourists expect to experience all these elements when they purchase holidays (Chand and Katou, 2012). The following sections elaborate on the key stakeholders that are involved in the tourism supply channels.

#### Tour Operators

Traditional TOs have a significant role in travel and tourism by arranging the holiday package tours that are such an important feature of life in the twenty-first century. TOs are at the forefront of today's travel and tourism sector, seeking out new destinations and holiday experiences in order to satisfy the ever-changing needs and expectations of travellers (Chand and Katou, 2012). TOs work in partnership with airlines, hoteliers, car rental agencies, and a variety of other travel service suppliers to package their holiday products. TOs sell holidays both through travel agents and directly to the public via internet bookings, which have

increased dramatically in recent years (Major and McLeay, 2013). Currently, all major European TOs display a high degree of vertical integration in operating their own travel agencies, airlines, hotels, resorts, and incoming agencies. For example, TUI (which is considered a leading European TO). Major and McLeay (2013) state that vertical integration provides motivation to reduce transaction costs and facilitate inputs at lower prices, all while gaining access to the best destinations and thus, an increase in market power.

TOs purchase and collect a large number of components produced by suppliers and sell these as packaged products. They act as wholesalers, conduct marketing and distribution activities, and bear a part of the financial risk of unsold stocks. Moreover, TOs are characterised by features such as owning brands, being knowledgeable about product combinations, and marketing. However, TOs experience fierce competition and have limited control over product quality (Lee et al., 2013).

### **Travel Agencies**

Travel agents act as distributors, brokers, or retailers on behalf of suppliers, and their main contact with the supply side are the TOs. Travel agencies are intermediaries, and their main role in the supply channel is selling hospitality and tourism products. Their income is based on commissions, or a percentage of the product price. As retailers, they provide information about products to potential customers (Huang et al., 2010). Additionally, travel agencies are increasingly faced with reduced or changed commissions, as agencies are consolidating and charging fees for services for travellers and firms. Travel agents add value to the tourism industry in several ways. For example, travel agents are used as a key communication channel with tourists. This is due to their customer service capabilities, as travel agents are personal sources of information, especially for travellers seeking a complex range of services, such as excursions. Additionally, they have market access to the tourist and assist the customer by doing much of the searching on their behalf. They are also able to cater to the individual requirements of each tourist and can customise a holiday to suit each traveller. As the intermediary closest to the tourist, they have the possibility to build a relationship with customers. Travel agents have also been shown to be a useful source of information for older travellers, and the most-used source of tourism information for both individuals and groups. While there are many leisure tourists that do their own searching, they still frequently use travel agents for bookings. Tourists still exhibit a preference for booking through travel agents and appreciate the high degree of interaction and personal advice (Major and McLeay, 2013).

## **Destination Management Organisation**

Today, destination management organisations (DMOs) are recognised for their potential in terms of the future growth and sustainability of tourism destinations in an increasingly globalised and competitive market (Cooper et al., 2005). Specifically, DMOs are responsible for destination management, planning activities, training and education, the marketing and branding of the destination, and they are often engaged in the daily operation. DMOs represent a variety of tourism supply stakeholders, such as those involved with accommodations, transportation, restaurants, festivals, events, attractions, spas, and meeting-planning facilities and providers. Researchers (Ambrosie, 2015; Pike, 2004) have agreed that DMOs are similar to government institutions in that their structure differs according to the country in which they operate. In addition, DMOs play a key role addressing the multiple, and sometimes conflicting, issues that arise in the tourism industry. Destinations present complex challenges for management and development in that they must serve a wide range of needs for tourists and tourism related business, as well as the residential community and local businesses and industries. DMOs are pivotal as regards the long-term development of a destination, as they formulate effective travel and tourism strategies. They also offer the most current information about a destination and can operate with local tourism organisations (LTOs), regional tourism organisations (RTOs), and national tourism organisations (NTOs). DMOs also provide information on both private and public departments (Cooper et al., 2005). Therefore, DMOs play a significant role as regards travellers' decisions and purchases, as they provide all relevant information that travellers need to plan their next holiday. For example, they can inform travellers about museums, bars, restaurants, and accommodation. Basically, DMOs promote specific destinations and offer customers specific information (Ambrosie, 2015).

## **Airlines**

Airlines within the tourism supply channel are considered to be both intermediaries and suppliers. The airline industry is the most technologically advanced group in the tourism industry, with a growing demand for long-haul tourism. They were among the first companies to create worldwide electronic networks to sell and distribute their services, internal management, and operations. Airlines utilise various channels to sell available seats. On the one hand, they can sell directly through their sales offices, call centres, and websites. On the other hand, the indirect channels that are open to them are traditional travel agents, online travel agents (OTAs; e.g., Travelocity, Expedia, Priceline, and lastminute.com), online travel portals



(e.g., Orbitz and Opodo) and traditional TOs. These indirect channels are backed by global distribution systems (GDSs) (Liu and Law, 2013).

### Accommodation/ Hotels

Hotels within the tourism system are considered as both intermediaries and suppliers, due to marketing and operating units representing many chains, while accommodations may be owned by different firms. Depending on the destination, hotels are supplemented by smaller accommodation establishments, such as rooms-to-let, self-catering apartments, villas, bungalows, and camping sites. The difference between hotels and other accommodations is that the former provides better facilities and services, such as restaurants, room service, swimming pools, and other options suitable for holidaymakers or business travellers. However, smaller accommodations are normally independent units housed in a building containing a number of such units, and they usually only provide rooms. The network of relationships and dependencies that links travel retailers, TOs, charter airlines, hotels, and other destination-based interests is illustrated in Table 3.1. It must also be borne in mind that partnership and competition are important features of holiday packages (Laws, 1995).

**Table 3.1: Network Structure of the Traditional Tourism Supply Channel**

System member	Destination	Tour Operators	Principals	Travel agents
<b>Destination</b>		TOs provides regular batches of visitors	Quality of visitors depends on, for example, standards of hotels	Staff knowledge and enthusiasm for destination can be critical factor in clients' choice
<b>Tour Operators</b>	Depends on primary features (e.g., climate, scenery, culture, ski infrastructure). Ability to exploit these commercially depends on the range and quality of tourism services offered		Major expense for TOs also critical in ensuring customer expectations are met	Sales agent directs high street clients to specific TOs' products
<b>Principals: hotels and airlines</b>	Depends on destinations for primary appeals and for social or technical infrastructure, such as sewers, roads, educational standards of staff	TOs provide flows of customers throughout the season to specific destinations at agreed prices		Generally minimal for holiday products, as travel agencies' services are embodied in TOs products

	and airport facilities			
<b>Travel agent</b>	Depends on destinations for briefing, staff familiarisation tours, and point-of-sale materials	Dependent on TOs for creating a market through advertising for staff training, brochures, and CRS for sales	Depends on hotels and airlines for sales support and staff training	

(Source: Laws, 1995)

### **3.4 Power of Online Distribution Channels within the Travel and Tourism Industry**

Tourism is a global industry and is among the leading growth sectors in the world. Its development is related to socio-economic and technological changes, which have altered the nature of supply and demand for tourism services and products. Online distribution and booking technologies have had a great influence on the travel and tourism industry, as the industry has undergone a progressive shift away from traditional reservation channels towards online channels (Buhalis and Law, 2008; Law et al., 2015).

Tourism distribution channels are similar to tourism supply channels, which focus on distribution and marketing activities. In particular, ICT is probably the strongest driving force within the travel and tourism industry (Buhalis and Law, 2008).

Distribution channels in tourism consist of service providers, TOs, travel agents, and tourists. Intermediaries, such as travel agencies and TOs, can bring sellers (service providers) and buyers (customers) together to create tourism network markets (Song, Liu and Chen, 2013; Zhang, Song and Huang, 2009). With the huge amount of information potentially available to tourists, the Internet is a crucial platform for information exchanges between the customer and industry suppliers, such as hotels, attractions, incoming travel agencies acting as intermediaries between TOs and suppliers, intermediaries (e.g., travel agents), and controllers (e.g., destination marketing and management organisations). Different technological options, such as search engines, CRSs, GDSs, global new entrants (GNEs), online travel booking sites, OTAs, and meta-search engines, facilitate information exchanges between online tourists (Kracht and Wang, 2010; Liu and Law, 2013).

The development of technological advances in the travel and tourism industry over the past decade has had an unpredictable impact on the hospitality industry. Researchers have generally agreed that airlines were early adopters of technology advancements, using them to improve their processes and gain a competitive advantage (Kracht and Wang, 2010; Inversini and Masiero, 2014). Airlines initially adopted CRS platforms, such as AMADEUS, GALILEO, and SABRE, and this had a significant impact on their distribution mix and strategy. Additionally, CRSs assist principals in controlling, promoting, and selling their services and products globally, while facilitating their yield management. Since then, hoteliers and TOs have also adopted and developed CRSs. The year 1980 saw the GDS emerge from airlines' CRSs, and this development expanded their geographical analysis capabilities via horizontal integration with other airlines and vertical integration with the entire range of tourism products and services (Xiang et al., 2015).

Carrol and Siguwaw (2003) have note that GDSs are being adopted by marketing and service companies for their suppliers and subscribers, such as travel agencies, wishing to shift their focus from airlines to other travel industry sectors. The online connection relies on the support of other intermediaries and partnerships with selected online players. The efficiency and reliability of GDSs allow for the global distribution and management of their reservations by linking customer needs with tourism supply. Additionally, GDSs have shifted the industry from reliance on traditional means towards an electronic marketplace. CRS/GDS cover airline offerings as well as other tourism-related products such as packaged holidays and other means of transportation, and they provide the main links to TOs and to travel agents. GDSs and airlines now collaborate with 'GDS new entrants,' who are also known as 'global new entrants,' (GNE). These GNE's utilise Farelogix, G2 Switchworks, and ITA Software, which has been developed from the search technology of Orbitz. The GNEs provide the services of GDSs, only at a lower price (Kracht and Wang, 2010).

The Internet Age has led to the merging of media, telecommunications and information technology (IT), as well as to an increase in the interactivity between customers and suppliers. Moreover, the World Wide Web is the fastest growing area of the internet, enabling the distribution of multimedia information. The Internet offers many opportunities for the tourism industry (Tan and Dwyer, 2014). It permits firms to establish inexpensive products, to engage in promotion and distribution for both principals and destinations, and to offer services by incorporating similarly structured information. The Internet also assists with the packaging of

a wide range of products and services. As noted by Vilojen, Roberts-Lombard, and Jooste (2015), the Internet and the web have facilitated a global reach for the marketing of tourism products.

As early as 2004, the travel industry was recognised as the leader in terms of the volume of online transactions. Within the tourism industry, online hotel booking is the second largest sales item, after air travel (Amaro and Duarte, 2015). The modern tourist is increasingly mindful of the opportunities offered by the Internet. Recent research into online information searches has demonstrated that tourists spend significant amounts of time locating accurate information on the Internet, checking different information providers before choosing the most appropriate tourism product, and eventually making their online reservations. Many researchers have debated the importance of hotel websites as focal points of a digital marketing and selling strategy (Schegg and Scaglione, 2014; Inversini and Masiero, 2014). From a supplier's perspective, the factors that lead to success for travel and TO websites are less expensive distribution channels, higher revenues, and a larger market. For tourists, the Internet allows them to communicate directly with tourism suppliers to request information and to buy products and services at any time and from any place.

The tourism industry is diversified, with a wide range of suppliers working independently, even as tourists expect travel to be a complete experience. To resolve this mismatch, the internet is an effective means of gathering information and executing business transactions, and this is true for both suppliers and tourists (Tan and Dwyer, 2014). The difference to note here is that suppliers are able to carry out customers' individual requirements. Travel suppliers can now understand each customer's preferences and then target each tourist individually to provide tailor-made products.

More importantly, online travel suppliers can provide information and sell their products directly to tourists through their websites. As a result, online travel advances have increased business competition from traditional travel agencies. Emerging in the 1990s, OTAs, such as Expedia, ebookers.com, Booking.com, and Hotelbeds, play an essential role in online distribution channels (Inversini and Masiero, 2014). Online travel companies, such as Kayak, have received contributions from the founders of OTAs, such as Expedia, Orbitz, and Travelocity, and other meta-search engines, such as Bing Travel, Skyscanner, Dohop, FareCompare, eBay.com, Priceline.com, SideStep, Mobissimo, and Momondo (Kracht and

Wang, 2010). Additionally, online review and OTA websites are becoming extremely important for the online tourism industry. Specific online review sites, such as TripAdvisor, travelpod.com, and HolidayCheck, allow travellers to exchange information, opinions, and recommendations about destinations, tourism products and services. These sites sometimes allow users to create diaries of their travel experiences or to rate particular products or hotels (Schegg and Scaglione, 2014).

Recent studies (Kracht and Wang, 2010; Inversini and Masiero, 2014) have noted the significance of social media (e.g., YouTube.com, Facebook, MySpace.com, and Flickr.com) as a channel for maintaining relationships with website users and as a new marketing model. For instance, social media has changed how hoteliers advertise their facilities and services. Social media is defined as the online platforms and tools that customers use to share opinions and experiences, including photos, video, music, insights, and perceptions, with each other (Turban et al., 2008). Inversini and Masiero (2014) noted that positive comments on social media could improve customers' attitudes toward hotels. Another important channel for online distribution is the search engine, and this category includes Google and Yahoo. Search engines are now challenging destinations and tourism suppliers to provide tourism information (Xiang et al., 2015). In Table 3.2 (below), each of the key players in these online distribution channels is presented.

**Table 3.2: Current Actors within Travel and Tourism Distribution Channels**

<b>Actors (examples)</b>	<b>Distribution objectives/background information</b>
<b>Search engine</b> (e.g., Google, Yahoo, and Chrome)	Search engines provide tourism information to the customers
<b>Web-able retail agent</b>	Suppliers establish websites to connect directly with customers
<b>Web-able TO</b>	Suppliers establish websites to connect directly with customers
<b>Web-able hotel</b>	Suppliers establish websites to connect directly with customers
<b>Meta-search engine</b> (e.g., Bing Travel, Dohop, Mobissimo, Momondo, Skyscanner, FareCompare, Kayak, eBay.com, Priceline.com, and SideStep)	Travel agencies' engine used as suppliers' sites. Their business model is 'search with us, book with them'. They are true 'info-mediaries' who allow customers to search and book directly from suppliers' CRSs.

<b>Online Travel Agent (OTA; e.g.,</b> Opodo, lastminute.com, Orbitz, Expedia, Travelocity, Priceline, and Booking.com)	Online engine used as suppliers' sites. Individualise products by combining different travel products (e.g., accommodation, transportation, and etc.)
<b>Social media platform</b> (e.g., Facebook, Twitter, and YouTube)	Customers use site to share opinions and experiences with suppliers
<b>Online reviews site</b> (e.g., TripAdvisor and HolidayCheck)	Customers write reviews for suppliers
<b>Scheduled airline and its CRS</b>	Airlines seek direct web marketing as means to lower costs and to sell directly to customers from their CRS
<b>GDS (e.g.,</b> Opodo, associated with Amadeus, and Expedia, associated with Worldspan)	Links airline industry with TOs and travel agents
<b>DMO</b>	Promotes a destination to increase the number of visitors.
<b>GNE (e.g.,</b> Farelogix, G2 Sitchworks, and ITA Software)	Distribution system as a low-cost alternative to GDS services
<b>Supplier</b>	Hoteliers, airlines
<b>Incoming Agent</b>	Handling agents or receiving agents: TOs put travel packages together, and those packages are usually handled by incoming travel agencies

(Source: Kracht and Wang, 2010; tom Dieck, Fountoulaki and Jung, 2017)

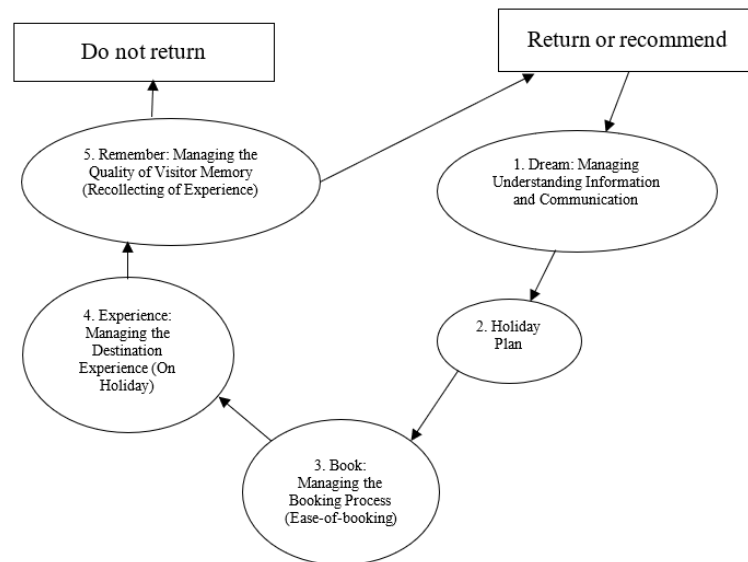
### 3.5 Customer Journey

Many businesses realise that to be truly customer-oriented, they need to understand, shape, and plan the events that their customers encounter. However, it would be counterproductive to approach the customer journey as if it were merely a marketing issue. The customer journey should be the result of the implementation of a rational strategic plan. The journey follows a scripted sequence of events that companies produce to deliver value to the customer, profitability to the company, and differentiation from the competition (Lemon and Verhoef, 2016).

In the tourism field, the significance of the customer journey is obvious (Lane, 2007; Shaw and Williams, 2009). The competitiveness of service products ultimately depends on customer satisfaction, which is determined by the customer's expectations of a certain product and actual experiences with the product delivery process. In tourism destinations, the relevant products are service products, and these generally incorporate multiple service touchpoints around

which travellers build ‘expectations’ (prior to travel) and ‘perceptions’ (during and after travel). The customer journey describes key moments from end to end across the experience (Norton and Pine, 2013; Crosier and Handford, 2012).

**Figure 3.3 Mapping the ‘Customer Journey’ in the Tourist Destination**



(Source: Lane, 2007)

Figure 3.3 demonstrates that tourists can plan and book holidays via complex and infinitely diverse processes (Lane, 2007). A tourist’s behaviour is different each time he or she books a specific holiday, making each customer journey unique. However, knowledge of broad patterns is important for understanding how best to inspire, influence, and reach the tourist. The idea of a ‘customer journey’ is becoming more popular through online distribution channels for planning and booking holidays. The customer journey framework can be used by individual restaurants, hotel chains, transportation providers, local authorities, and local travel agencies alike. Individual businesses use this framework to understand their own contributions to the visitor journey and to identify actions that they can take to improve the experience.

The framework of the ‘customer journey’, when used within a ‘tourist destination’, offers a clear picture of tourist behaviour. This model also serves to confirm that the structure of online tourism distribution channels according to tourists’ behaviour and the services they employ to book their holidays. Each step of the model highlights the new players involved in tourism industry, confirming their key role in the online tourist distribution channel (Norton and Pine,

2013). The model considers the following steps: first thinking about a holiday, second through planning, third, booking, fourth experiencing, and fifth, recalling the holiday experience.

In more detail, the first step of the customer journey takes place when the individual is merely considering and imagining a vacation. He or she may have an idea of when the travel will take place and how much it will cost, but he or she has not decided about where to go or what to do. At this point, the customer searches for inspiration, ideas, and recommendations via friends, online search engines (e.g., Google), social media sites (e.g., Facebook), or review sites (e.g., TripAdvisor). Decision-making is likely to begin at the national level, as different countries and destination are considered (Norton and Pine, 2013).

Second, the planning stage is when the customer may have a clearer idea of where to go and what to do. Here, the focus is on a search for specific information regarding transport and accommodation options and other preferences (e.g., weather conditions. The decision-making may centre on the destination in the country of choice).

Third, the traveller may make comparisons of values and prices. Bookings may be made through an intermediary, such as a TO, travel agent, or OTA, or directly, via an individual provider (e.g., transport and accommodation firms).

Fourth, the visit takes place during the experience stage. This phase includes transport to, and arrival at, the destination, and every other aspect of the visitor's stay is also taken into account during this stage. This step covers the overall welcome that the traveller receives, the standard of the transport and accommodation facilities, the quality of attractions, and the information received from, for example, DMOs.

The final step is the remembering stage. Here, the traveller recalls the holiday and assesses it. The tourist's experiences during each of the other steps inform this evaluation. If the experience was positive, then the customer may recommend it to others, perhaps by writing a favourable online review, or he or she may return to the destination. If customer's experience was negative, however, a repeat visit will not take place, and the traveller will not recommend the destination to others and might even write a negative online review. Additionally, the role of DMOs is significant, with special attention on whether they utilised best practices as regards CRM (Crosier and Handford, 2012).



The touchpoints of the customer journey within the tourist destination describe tourists' behaviour and identify their needs and expectations that must be met to achieve high levels of customer satisfaction. By mapping the stages of the customer journey, this section identified those members of the tourism supply channel of particular relevance for tourists. Additionally, the framework illustrates the interaction between stakeholders and tourism supply. Tourism suppliers must understand customer preferences and expectations for holiday packages so that they can offer better services and create more loyal and satisfied customers (Norton and Pine, 2013; Shaw and Williams, 2009). Knowledge of market needs permits such firms to realise a competitive advantage and to attract more customers. Additionally, tourist behaviour and demand have an effect on stakeholders involved in online distribution channels. If customers do not make use of a specific service providers, it will likely disappear from the market (Norton and Pine, 2013).

### **3.6 Relationships between TOs and Hotels**

In the travel and tourism industry, research on Mediterranean tourist destinations, such as Spain, Greece, and Turkey, has demonstrated that hoteliers face increasingly powerful European TOs (Aguilo, Alegre and Sard, 2003; Buhalis, 2000; Bastakis et al., 2004; Mohammad and Ammar, 2015; Medina-Munoz et al., 2003; Gurcaylilar-Yenidogan, Yenidogan and Windsperger, 2011). The relationship between European TOs and Mediterranean hoteliers tends to be antagonistic and marked by incompatibilities, as both partners seek to maximise their financial benefit. European TOs exercise control over hotel operations, and this situation has an effect on their strategies, management, and facilities. One of the main reasons that TOs seek to control hoteliers concerns their need to remain competitive. TOs attempt to reduce room prices and hoteliers' profit margins, while simultaneously seeking to increase volume and quantity. European tourists have a specific budget for their holidays, and European TOs usually try to increase their profitability by expanding their market share and sales volume by offering inexpensive package tours (Medina-Munoz et al., 2003; Gurcaylilar-Yenidogan et al., 2011).

Hoteliers try to keep most customers near their average room price to increase yields and achieve a reasonable return on investment. Furthermore, the majority of hotels along the Mediterranean coast are SMEs without the resources and capabilities to directly market their

facilities and products within international markets (Medina-Munoz et al., 2003). European TOs play a central role in distribution channels and can directly control supplier companies, such as airlines, hotels, and travel agencies. Additionally, TOs have the ability to control tourism demand and to influence service prices (Gurcaylilar-Yenidogan et al., 2011).

Collaborations between European TOs and hoteliers are challenging, with both sides facing uncertainty regarding the number of potential business transactions. Specifically, TOs normally arrange contracts with hoteliers a year in advance. At that point, hotels are unsure about the number of available rooms, while TOs are uncertain regarding prices at the time of occupancy (Mohammad and Ammar, 2015).

Another important reason why European TOs have a significant advantage in the travel and tourism market, and are able to exercise control over the Mediterranean hoteliers, is their ability to deal with customers more efficiently. A shared culture and language facilitates this process, and TOs are also more aware of local customers' specific requests traits (Bastakis et al., 2004). At destinations, European TOs provide a sense of familiarity and security for their tourists (Khuong, 2012).

Destinations also benefit from TOs through the increased accessibility offered by charter flight support in marketing and promotion, and TOs also offer increased visibility, especially in the international marketplace. TOs are able to expand the tourism season by controlling tourism demand through special promotions and educational trips for travel agents and the TO's own staff. Moreover, TOs can manage the entire holiday experience by providing tour representatives in every destination and by evaluating customer satisfaction after holidays (Mohammad and Ammar, 2015).

On the other hand, traditional TOs help hoteliers to reduce their operational expenses, as hoteliers only pay commissions for transactions that have been executed. Likewise, TOs reduce promotional expenses for hotels via their own marketing and advertising efforts (Tapper, 2001; Khuong, 2012).

The presence of OTAs, direct advertising, and online advertising, traditional TOs will likely continue to serve as intermediaries within the travel and tourism industry. Several researchers (Fountoulaki, Leue and Jung, 2015; Lee et al., 2013) have demonstrated that a significant

number of tourists will continue to depend on traditional TOs to handle their travel and accommodation arrangements due to their expertise and ability. In short, traditional TOs save customers both time and money, thanks to their social communication with travellers. For example, the Cretan tourism industry is controlled by traditional TOs, as they control the tourism market for charter flights. However, traditional TOs must build strong collaborative partnerships with hoteliers to compete against new online distribution channels, such as OTAs and meta-search engines. Today, hoteliers tend to engage in direct selling through online distribution channels, and this development could ultimately threaten their relationship with traditional TOs. Additionally, many tourists currently prefer to book holiday packages through the internet, due to its ease and accessibility. Again, this minimises the need for traditional TOs (Inversini and Masiero, 2014; Lee et al., 2013; Fountoulaki et al., 2015).

Most of the challenges characterising the relationship between hoteliers and TOs are experienced by larger TOs, rather than by small and medium-sized ones (Buhalis, 2000; Khuong, 2012). According to Aguilo, Alegre and Sard (2003), small and medium-sized TOs do not have the substantial negotiating power of their larger counterparts. Thus, when bargaining with suppliers, they cannot obtain low prices. In order for a TO to grow, it must first obtain customers and then negotiate competitive prices (Gurcaylilar-Yenidogan et al., 2011).

Furthermore, TOs from different countries differ in terms of their priorities and business strategies. According to Andriotis (2000) British and Scandinavian TOs are more price-sensitive than German and American ones, as this latter group is willing to pay more for higher-quality services and facilities. However, British TOs exercise more formal behavioural control over hoteliers.

### **3.7 British and German Tour Operators**

The British and German tourism markets are marked by a high rate of concentration, vertical integration and the predominance of outgoing TOs connected to networks of agencies (Lee et al., 2013). The leisure tourism market is undergoing substantial growth, partly due to the general growth of the British and German economies (Bastakis et al., 2004). British and German tourists tend to take more than one holiday per year, and the market has seen increases in cruises, city breaks and short breaks (Mohammad and Ammar, 2015).

British and German tourists who are typically likely to buy a full holiday package are those who have limited time to find travel-related information on their own. In this case, a TOs can offer convenience for busy working individuals in terms of time spent on booking flights and hotels by themselves (Buhalis, 2000; Bastakis et al., 2004).

The majority of British TOs, through which most British tourists buy their holidays, have taken over the principal chains in the mass-tourism industry. These integrated agencies offer incentives to potential tourists to buy holidays from a tourist company, and they offer larger bonuses to their sales staff to sell those holidays (Medina-Munoz et al., 2003). The requirement from U.K. Office of Fair Trading regulations is that travel agents inform customers of their links with TOs; while Chand and Katou (2012) state that most people are not aware of these links when they buy a holiday. The vertical integration of TOs and travel agents makes it increasingly difficult for smaller, independent TOs, who cannot reach potential tourists through travel agents, as these agencies limit the number of brochures they display. Independent travel agents, who are more likely to do so, have declined in the UK because they cannot offer the same special offers, promotions and benefits to customers as the integrated chains. It is recognised that customers may prefer the service offered by integrated chains (Bastakis et al., 2004).

Large British TOs, namely TUI, and Jet2 inevitably gain a dominant position when it comes to bargaining over prices with accommodation in resorts. These companies can deliver large numbers of tourists; however, their need to standardise and keep costs down means that they offer only a limited range of holidays that match their main product categories, such as summer sun or tropical shores, as can be seen on island destinations such as Crete (Medina-Munoz et al., 2003; Buhalis, 2000; Lee et al., 2013).

Germany is the largest European tourism market, not only in terms of demographics but also in terms of the length of holidays each year per person; this duration is greater than that of other countries generating tourism flows. The main agency networks were historically tied through intense, even exclusive, collaborative relationships with one of the large TOs, such as DER Touristik or Alltours. The situation did not prompt independent agencies to start voluntary associations. Moreover, the strategy of vertical integration was initially directed backwards

towards those hotel chains with a strong presence in the Mediterranean basin, for instance Iberostar and Grecootel, and only later towards airline companies. German TOs preferred a degree of freedom in negotiations with hotel groups in order to take advantage of difficult periods in the hotel industry, to quickly transfer their own investments from one destination to another in response to demand preferences, to avoid risks associated with certain destinations and to mitigate the effects of their own sector's seasonality (Bastakis et al., 2004; Buhalis, 2000; Gurcaylilar-Yenidogan et al., 2011).

The differences in price between TOs result from the different strategies that TOs follow to gain market share. Large TOs with great market share, such as TUI and Jet2, which are German and British TOs respectively, can fix high prices because their growth strategy to expand into other markets allows them to increase their market share without reducing prices. The size of a TO also affects the form of control, and as a result suggest significant differences between medium-sized TOs and both small and large TOs. More specifically, medium-sized TOs exercise less control over the internal operations and conditions of the accommodation companies, but more control over the economic and financial aspects and more use of supervision (Medina-Munoz et al., 2003).

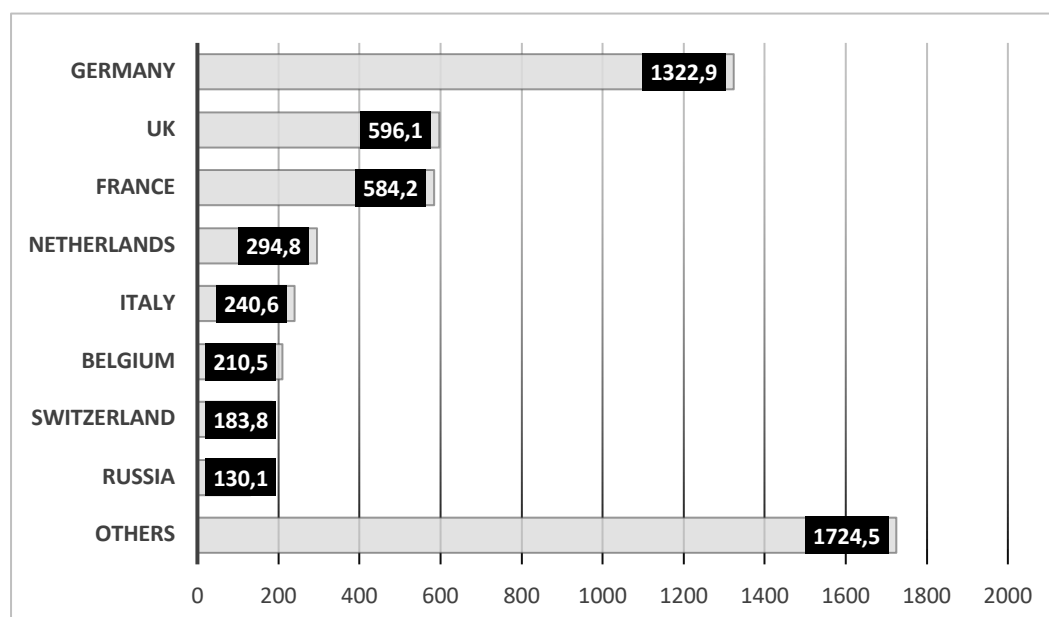
German and British TOs exercise control in their relationships with accommodation companies. Currently, TOs are the main intermediaries for tourist companies that are operating in a particular destination and attempting to sell their products in international outgoing tourist markets (Gurcaylilar-Yenidogan et al., 2011). British and German TOs that own hotels in Mediterranean countries do not account for more than 10% to 15% of the total hotel capacity. The other 85% to 90% is provided through contracts with thousands of independent accommodation suppliers (Mohammad and Ammar, 2015). Recently, some of the TOs namely TUI have decided to acquire their own local ground-handling agents in the destination to provide transfers and excursion services. When a TO reaches a certain size, the lack of guaranteed supply of charter seats leads to the question of whether it should start its own charter airline. The problem is that a guaranteed source of supply of seats and the accompanying quantum of profit per client means that TOs risk not filling the aeroplane and not being able to pay the leaser (Lee et al., 2013).

Medina-Munoz et al. (2003) noticed that the differences between British and German TOs suggests that British TOs exercise more behavioural and formal control. Moreover, the results do not support the opinion that British TOs are more concerned with price, while German TOs seek value for money (Andriotis, 2011).

The primary type of tourism in Crete is leisure tourism, i.e. popular package tours involving large groups. The main source markets are western European countries, which represent 67% of total tourism flows (see figure 3.4). Most tourists are British and German, making up about 57% of total tourism flows to Crete (Greek Tourism Confederation, 2020; Nikolopoulou, 2019; Statista, 2020).

Both British and German markets in Crete have similar characteristics. Both follow the mass tourism model, and the all-inclusive vacation packages are becoming more popular in these markets. British and German markets also share similar characteristics in the Crete tourism industry. Crete is considered a family destination: 42% of total tourist arrivals are families with children, 38% are couples and 20% are singles. As shown in figure 3.4, German tourists make up the largest tourism market in Crete, with roughly 1.3 million tourists per year prior to 2020, and British tourists make up the second-largest tourism market, with roughly 596,000 tourists per year prior to 2020 (Nikolopoulou, 2019; Statista, 2020).

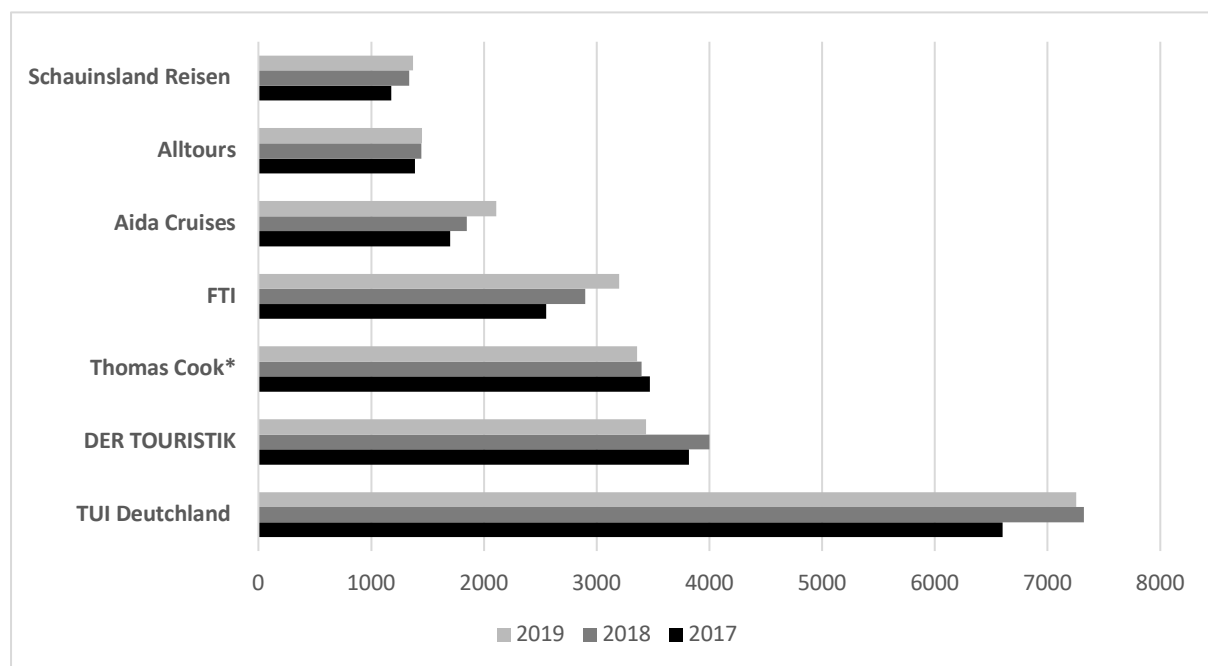
**Figure 3.4. Number of inbound tourist visits to the Greek island of Crete in 2019 by country of origin**



(Source: Statista, 2020)

Germans would never have become a leading tourist-generating nation without the development and brokering role of TOs and travel companies. As a result of these efforts, Germans have built a reputation for being the most industrious and omnipresent foreign travellers in the world (Apospori, 2018). So far, the historiography of travel and tourism has treated the era of mass tourism rather negligently. Spending a week in a coastal resort had already become engrained among semi-experienced travellers. Relatively inexpensive voyages to Mediterranean countries gave many Germans their first opportunity to gain a first-hand but superficial experience of foreign people and foreign countries. Figure 3.5 shows the strongest German TOs: TUI had the highest revenue, and Alltours and Schauinsland Reisen had the lowest. The third largest was Thomas Cook before its bankruptcy in 2019 (Marti and Puertas, 2017; Akbulaev, Guilyeva and Aslanova, 2020; Statista, 2020).

**Figure 3.5 Revenue of the largest German TOs from 2017 to 2019 (in million euros)**



(Source: Statista, 2020)

The evolution of travel industry marketing and the impact of commercial and technological innovations on the development of the package tour will certainly be affected in interesting ways by British and German TOs. However, focusing on business strategies alone will not account for the general socio-economic preconditions of the growth of mass tourism, nor can hard socio-economic facts—such as average income levels, distributions of income and disposable income levels for non-essential goods—provide sufficient material for a multi-

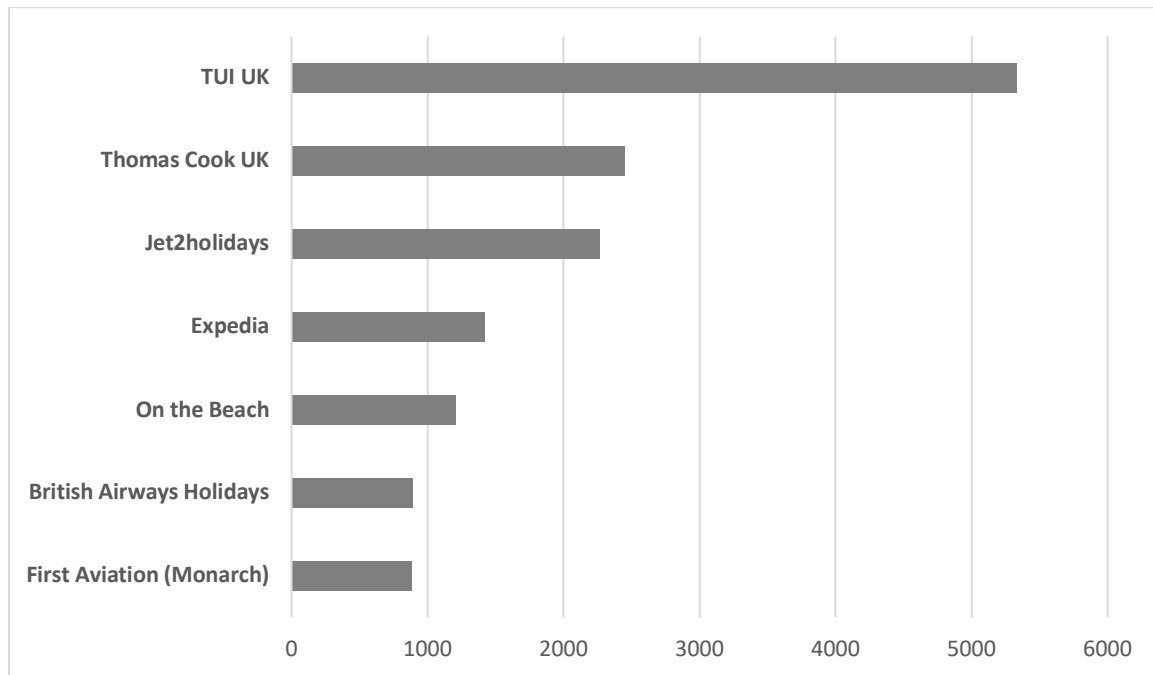
causal explanation. Soft cultural factors—such as familiarity with domestic and foreign travel, established traditions, popular images of vacationing and feelings of security or insecurity abroad—should not be underrated. Although the idea of travelling for pleasure has become commonplace, fears of an unknown environment and the inability to function in foreign cultures with different languages, habits and cultural modes have posed non-economic obstacles to travel abroad. One of the major successes of the package tour was the substantial reduction of transaction costs. The package tour had a particular charm for first-time travellers who were unsure about vacationing costs. The package tour appealed to potential travellers from lower income brackets who could only afford a vacation by economising and avoiding major unpredictable expenses (World Travel and Tourism Council, 2015; Andriotis, 2011; Apospori, 2018).

The importance of cheap transport explains in part the difference between German and British travel patterns. Due to their geographic location, British tourists depend more than Germans upon cheap air travel to Mediterranean destinations. British travel is mainly due to the increased presence of the low-cost airline Ryanair, on which almost 30% of all UK passengers book flights (Greek Tourism Confederation, 2020). However, the majority of affordable seats on charter planes were available only through travel companies, meaning fewer were sold to individual travellers. This trend is one reason only about 30% of Germans but about 50% of all British travellers booked a package tour. That said, this disparity can also be attributed to cultural factors. Middle-class Germans with secondary schooling acquired at least some language skills in English or French. Although these two languages are not frequently spoken in Mediterranean destinations like Italy, Spain and Greece, travellers with language skills were less intimidated by language barriers. British travellers with lower or intermediate education for the most part lacked foreign language skills and felt uncomfortable on their own in a foreign country without the backup of a travel guide.

While online travel companies continue to grow from anonymity to having sizeable presences in the tour operator business in the UK, TUI's UK operators remain by far the largest in the country according to the latest Air Travel Organisers' Licensing filings. Until its bankruptcy in 2019, Thomas Cook was the UK's second-largest TOs and Jet2holidays the third largest (see figure 3.6). Before the bankruptcy the nation's oldest TO, Thomas Cook, held the number two spot for more than a decade (Marti & Puertas, 2017; Apospori, 2018; Greek Tourism Confederation, 2020; Statista, 2020).



**Figure 3.6 Revenue of the largest British TOs in 2017 (in million euros)**



(Source: Statista, 2020)

To summarise, Crete could have never become the most significant Mediterranean tourist destination without the sales and development efforts of German and British travel companies, i.e. TUI and Thomas Cook. Without these travel companies, air travel would have been inaccessible for ordinary travellers before the general deregulation of aviation.

### **3.8 Chapter Summary**

This chapter mainly addressed the distribution channels relevant to the tourism industry. It began by defining key elements of the tourism industry, such as package tours, and by describing the stakeholders involved in traditional tourism supply channels. The chapter discussed traditional distribution channels in greater depth, as they play a significant role in the tourism industry, due to the prevalence of trade among intermediaries, such as travel agents, TOs, charter brokers, reservation systems, and other travel distribution specialists.

Online distribution channels have a far greater power to influence and to direct demand on the tourism market. Furthermore, this chapter focused attention to tourism distribution systems. IT advances have transformed distribution channels, due to the arrival of new players, such as OTAs, Google, and social media platforms. As a result, most actors in the tourism industry face substantial opportunities and challenges. Additionally, an analysis of the customer journey

confirmed that tourists' behaviour has changed due to these new online players and the structure of online distribution channels. Finally, this chapter provided a better understanding of the existing relationship between European TOs and hoteliers, with particular emphasis on the threats within these relationships. The following chapter offers key information about Crete as an island destination.

## **CHAPTER FOUR: CRETE'S TOURISM INDUSTRY**

### **4.1 Introduction**

This chapter offers a background analysis of the island of Crete, and it considers Crete's economy, tourism industry, and SME hotel organisation sector. It also describes the island's culture and geography and explores visitors' motivations for travelling to Crete. The second part of the chapter offers general information about visitors to Crete from emerging markets. A discussion of the incoming market, and particularly the German and British segments of that market, concludes the chapter.

### **4.2 CRETE**

#### **4.2.1 Location and Background**

Located in the east Mediterranean, Crete is the largest Greek island, with an area of 8,336 square kilometres (3,219 square miles). It is the fifth-largest island in the Mediterranean basin (after Cyprus, Sicily, Sardinia, and Corsica) and is divided into four regional districts, known as prefectures (see Figure 4.1). These are (from east to west) the prefectures of Lassithi, Heraklion, Rethymno, and Chania. Heraklion and Chania are the two largest cities and the two busiest for visitors and businesses in Crete. Crete has more than 1,000 kilometres of coastline with sprawling beaches and imposing cliffs, making it a very scenic island and a preferred 'sun and sea' tourist destination. Significant features of the island include its climatic conditions, archaeological sites (e.g., Knossos, Festos, and Eleftherna), diverse natural attractions (e.g., mountains and long beaches), and the wide range of cultural activities. All of these combine to make Crete a popular Greek tourism destination. The north coast contains a more developed tourism industry than does its south coast. In Crete, the tourism industry is a vital element in considering its constant economic, environmental, and socio-culturales (Andriotis, 2011; Xystrakis and Matzarakis, 2011).

**Figure 4.1 The location of Crete (Welcome to Greek islands, 2015)**



## **4.2.2 Climate and Ecological Habitat**

Due to its location in the eastern Mediterranean, the island of Crete has a mild climate, with only slight variations. Crete is protected from the cold air masses of Central and Western Europe during winter, as well as from the high temperate air masses of North Africa during summer (Matzarakis and Nastos, 2011). Thus, the climate of Crete is temperate to maritime, except for most mountainous areas where the climate is cooler. In addition to the mild winters, summer temperatures are pleasant due to the sea breeze and winds (northerly winds from Aegean Sea). The plain and coastline areas of Crete, and particularly its eastern parts, are one of the warmest areas of the country during winter, due to increased sunshine, scarce snowfalls and the absence of frost (Andriotis, Agiomirgianakis and Mihiotis, 2008).

## **4.2.3 Population**

Crete has a population of 650,000, half of which live within the major cities that are spread across the north side of the island. The rest of the population lives in more rural villages in the countryside. Crete is one of 13 Greek administrative regions. Heraklion (Iraklion) is the most populated of its four provinces and contains the island's largest city and political centre, Heraklion. The other provincial capitals are Chania, Rethymnon, and Agios Nikolaos (Greek National Tourism Organisation, 2017; Briassoulis, 2003).

## **4.3 Crete's Economy**

### **4.3.1 Agricultural Sector**

Most regions of Greece are economically focused on agriculture, and that sector remains an important industry in Crete. The island produces cereals, horticultural produce, and vegetables (such as oats, tomatoes, potatoes, cucumbers, peppers, and zucchini), which sell well in Greece, as well as throughout Europe. Its high temperatures also favour exotic fruits, such as watermelon, bananas, and avocados, although their size is typically smaller than similar fruit grown in tropical countries (Bellou and Andronikidis, 2009).

Viniculture plays an important role in the island's economy, as Crete produces exceptional table grapes and wine grapes. Crete's wine-producing areas are in the north of the island, where grapevines often grow alongside olive groves. Partly due to its weather conditions, the Cretan wine-making industry has long been a part of local traditions, illustrating its uniqueness in daily life, gastronomy, and the island's local hospitality (Briassoulis, 2003).

The island of Crete is covered with approximately 25 million olive trees, making them the absolute leader in Cretan agriculture. Every family typically has at least some olive trees. The olive harvest season occurs in November and December, and often times, all family members assist with the task (Maroudas et al., 2013; Briassoulis, 2003).

### **4.3.2 Tourism Sector**

Crete has abundant land for agriculture and is one of the few Greek islands that probably could support itself without visitors. The tourism industry is nevertheless a vital source of income, as is the case in many less developed modern industrial economies. Characteristics of the island, such as its natural beauty, tradition, culture, history, heritage, and good weather conditions, are among the factors that make Crete one of the most popular destinations on the Mediterranean coast (Andriotis, 2011).

Tourism constitutes the foundations of Greece's economic development and substantially contributes to the country's overall trade balance. According to the World Travel and Tourism Council (2017), the Greek hospitality sector represents 7.2% of the country's gross national product. In addition, it is responsible for 18.2% of total employment in Greece. More than 14

million tourists visit Greece every year, and there are 9,207 hotels (with 380,000 rooms) nationwide (Eurostat, 2017). Tourism remains one of Greece's three largest industries, along with construction and shipping. According to Hellenic Tourist Business Association (2017), the contribution of the tourism industry to employment increased from 963,000 jobs in 2016 (20.9% of total employment) to 1,349,000 jobs in 2018 (21.9% of total employment). Greece continues to rank in the top 15 destinations worldwide.

Crete has a unique tourist product that combines a human element and the natural environment, thus distinguishing the destination from other Mediterranean islands. Additionally, Cretan tourism has thrived due to geopolitical instability and security threats in competing destinations, such as Egypt, Tunisia, and Turkey. Its relative safety has become a competitive advantage, as has the country's natural attractiveness (Hellenic Tourist Business Association, 2017). For many years the mass tourism model has remained as a trend in Crete and in other Mediterranean islands. Crete is a mass-tourism destination characterised by high seasonal variations. Standardised holiday package deals are responsible for most bookings. In 2011, TOs organised 85% of tourist visits to Crete. Individual tourists made up only 6% of all tourists, with conference participants contributing another 3% of the total (Andriotis, 2011). TOs provide the island with mass tourism. However, collaboration and coordination between service providers is increasingly necessary. These entities are no longer autonomous bodies but are instead parts of a tourism supply chain. Furthermore, in these economically challenging times, travellers typically prefer all-inclusive packages (Tavares and Kozak, 2015).

Over the past five years, the all-inclusive concept has arrived on the island of Crete and has become exceedingly popular. This concept has expanded globally into various hotel products for warm-weather beach destinations, with the goal of reducing extra charges. In Crete, the all-inclusive hotel concept has a sun, sea, and sand image (Tavares and Kozak, 2015). However, several Mediterranean destinations, such as Tunisia, Egypt, Cyprus, Portugal, Turkey, and Spain, use a similar concept for all-inclusive packages. The aggressive competition among these the Mediterranean destinations is evidenced by price wars and the various discounts advertised on providers' websites. According to some, these destinations sell the same all-inclusive packages at a low-cost price, without considering the special needs of each traveller (Beerli and Martin, 2004; Hellenic Tourist Business Association, 2017; Briassoulis, 2003; Matzarakis and Nastos, 2011; Manasakis, Apostolakis and Datseris, 2013).

In Crete, seasonality is very high in almost all tourist areas, and hot temperatures attract more tourists. The mass tourism model in Crete is based on summer holidays centred on sun, sea, and sand, and can be determined conceptually as the time divergences from the conventional tourist period from April to October. However, the fact that most tourists visit in the summer has limited the development of tourism in Crete. As a result, employment in the tourism industry is highly seasonal, with most workers unable to find jobs in other sectors, due to the economic crisis, which has led many companies to close their doors (Andriotis, 2005; Cuccia and Rizzo, 2011). According to Matzarakis and Nastos (2011), seasonal employment is better for the Cretan workforce than would be unemployment

Many employees in Crete's tourism industry are migrant workers. Albanians, Bulgarians, and Serbians are all employed in high number within this sector, and many of these individuals entered the country illegally, due to high unemployment rates in their own states (Andriotis, 2005). Migrant labourers commonly work irregular hours for low pay, without paid holidays or sick leave. Workers frequently encounter unexplained deductions from their pay checks, excessive charges for services, and, in some cases, unfair dismissal without a formal warning. Since the beginning of the economic crisis in Greece, Cretan tourism enterprises have found new methods of reducing workers' pay, such as cutting wages, charging for new services, hiring more migrant workers, and effectively refusing to pay social-security contributions. The result has been a real risk of exploitation as the recession has worsened, with some employees willing to work for low wages (Koutroulis, Tsanis and Daliakopoulos, 2010).

#### **4.4. Motivations for Visiting**

The tourism industry has enjoyed rapid development in recent years. Generally, visitors from Northern European countries travel to Crete to escape from the cold weather. However, in addition to warm weather, Crete also offers opportunities for cultural learning, healthy Mediterranean food made from local products, and opportunities to socialise. As a result, Crete is also suitable for special interest vacations and environmentally healthy activities, such as cycling, diving, horse-back riding, hiking, trekking, mountaineering, and golf (Bellou and Andronikidis, 2009; Andriotis, 2011). According to Karagiannis and Apostolou (2010), 95% of visitors claim that the island's most satisfying attributes are its natural environment, sightseeing areas, landscapes, clear water, hospitality, and quality hotel services and facilities.

## **4.5 Attractions**

Above all, Crete is well-known as the home of Europe's earliest civilization, the Minoans. This remarkably advanced society formed the centre of a maritime trading empire as early as 2,600-1,150 BC. The island occupies a strategically valuable position in the centre of Mediterranean, which has continued to play a role throughout its history. For more than two millennia, the control of the island has passed through the hands of Greeks, Romans, Saracens, the Byzantine Empire, Venice, and Turkey. Heraklion is famous to visitors for its excellent archaeological museum. There are also Minoan monuments at Knossos, Phaestos, and Agia Triada, and these are considered the second-most popular destination in Greece, after the Acropolis (Andriotis, 2011).

In the eastern region of the island is Elounda, which lies in the city of Agios Nikolaos, with its upmarket resort providing elegant restaurants and hotels. Additionally, Crete's most popular golf course is nearby. Sitia is another small but popular town located along the eastern coastline (Andriotis, 2001).

In the west of the island is the city of Rethymno an historical town with excellent beaches. The Fortezza is a large Venetian fort dominating Rethymnon, and it contains the largest domed structure in Greece, the Ibrahim Han Mosque. It was built in 1647 and features marvellous acoustics. Additional popular attractions include Chania in the west and Samaria Gorge in the south. Samaria Gorge claims to be Europe's longest canyon, and it contains unique faunal specimens and a variety of flora (Briassoulis, 2003).

## **4.6 Accommodation (SME Hotel Organizations)**

In much of Crete, tourism has not historically been a planned activity, and the less commercialised resorts and villages lie along the southern and western coasts, and in the east, near the town of Sitia. Crete's resorts follow a style typical of many other islands worldwide (Andriotis, Agiomirgianakis and Mihiotis, 2007; Matzarakis and Nastos, 2011).

The region of Heraklion has the highest number of large accommodation units in Crete. In 2016, it had 170,756 hotel beds and 1,565 hotel units, representing about 15.81% of the total in Greece (see Table 4.1). In addition to hotel beds, thousands of beds in rented rooms in local



houses and apartments are also available. Heraklion contains 36% of the island's hotels and resorts, but when private rentals are taken into account, it offers 46% of Crete's total beds and rooms. The Chania region is home to 26% of Crete's hotels and resorts, and private rooms for rent comprise 17% of rooms available in Crete. The other two regions (i.e., Rethymno and Agios Nikolaos) only contain 18-20% of the island's hotels and rooms for rent (Hellenic Tourist Business Association, 2017).

**Table 4.1: Demographic Data on Cretan Hotels**

<b>Regional Area</b>	<b>5-stars</b>	<b>4-stars</b>	<b>3-stars</b>	<b>2-stars</b>	<b>1-star</b>
<b>Heraklion</b>					
Units	32	101	101	160	97
Rooms	8,587	13,085	5,358	5,765	3,285
Guest beds	17,289	25,302	10,227	10,728	6,061
<b>Ag. Nikolaos</b>					
Units	25	37	36	77	32
Rooms	4,693	3,498	1,773	2,436	494
Guest beds	9,677	6,748	3,387	4,381	927
<b>Rethymno</b>					
Units	16	51	102	128	23
Rooms	2,644	4,663	4,664	4,322	484
Guest beds	5,342	9,109	8,937	7,927	894
<b>Chania</b>					
Units	23	57	120	292	54
Rooms	2,680	4,064	5,114	10,584	1,308
Guest beds	5,406	8,003	9,455	18,560	2,396
<b>Total</b>					
Units	96	246	360	657	206
Rooms	18,604	25,310	16,909	23,117	5,571
Guest beds	37,714	49,162	32,006	41,596	10,278

(Source: Hellenic Chamber of Hotels, 2017)

The Cretan tourism industry is characterised by local ownership, and the Hellenic Tourist Business Association (2017) has reported that 87% of the island's hotels are Cretan-owned SMEs. The European Commission (2013) has defined SMEs as small and medium-sized enterprises employing fewer than 250 persons, with an annual turnover of 50 million euros or less, and capital assets of less than 10 million euros. Also, SMEs are characterised by direct managerial involvement on the part of the owners (see Table 4.2). Unlike similar destinations (e.g., Majorca), Crete does not have a metropolitan centre, and the absence of international hotels chains (e.g., Hilton, Marriott, Mercure, or Sheraton) is partially responsible. Only five large hotel chains operate in Crete (or in the rest of Greece). The Cretan-owned Greccotel operates 20 hotels, with a capacity of 11,000 beds. The Spanish hotel chain Iberostar has five

hotels on the island, while Atlantica S.A. is Cypriot-owned chain hotel offering 4- and 5-star-quality all-inclusive accommodation at approximately 30 properties. Mitsis Hotels S.A. is a Greek chain that offers 19 deluxe hotels with 4- and 5-star ratings, as well as 11 spas and thalassotherapy centres. More recently, a Russian hotel chain called Dessolet Resorts and Hotels, which has properties in Egypt and Tunisia, has established a presence in Crete (Hellenic Chamber of Hotels, 2017; Theofanides and Karagianopoulou, 2013).

The types of Cretan hoteliers fall into roughly three categories: (1) owners of hotels who manage their hotels themselves, (2) owners who rent their hotels to hotel management companies or professional executives who run hotels under management contracts, or (3) owners (franchisees) that manage their hotels under franchising contracts (e.g. Iberostar, Greccotel, Hilton, Atlantica and Marriot). The majority of hotels are family businesses (Greek Tourism Confederation, 2020). Nikolopoulou (2019) states that family-owned Mediterranean mass tourist resorts, beset with legacies of weak planning and over-development, may need to reinvent themselves to survive. Large chain hotel operators and local businesspersons continue to invest in refurbishing and constructing new hotel buildings throughout the Greek islands and mainland—and especially in Crete (Greek Tourism Confederation, 2020).

**Table 4.2: Enterprise Categories in the EU**

<b>Enterprise category</b>	<b>Headcount (number of employees)</b>	<b>Turnover or balance sheet total</b>
Micro	Less than 10	Less than 2 million euros
Small	10-49	10 million to 49 million euros
Medium	50-250	50 million euros or more

(Source: European Commission, 2020)

The SME hotels operating in Crete tend to be family-owned, which influences the general understanding of labour relations. Cretan hotel owners do not have professional experience with providing services; therefore, they rely on the destination’s characteristics to attract visitors and enable them to gain a competitive advantage. Local businesses (e.g., tourist shops

and restaurants) are rented to non-local island residents for the summer season (Soteriades, 2012; Andriotis, 2011).

In Crete, the owners of SME tourism operations employ people as managers of their businesses. This is particularly important in the growing global market, where international alliances are developing. As a result of the family character, they portray and offer different features. Specifically, the tourism industry offers opportunities for easy entry into several business types, often small or micro in size, that appeal to sole proprietors and families who are often less driven by growth and profitability and more by personal and lifestyle choices (Bosworth, 2009). Lashley and Rowson (2010) indicate that a high percentage of businesses in the tourism and hospitality sector are small firms, often family-operated, which is a common feature found across the globe. The essence of a family business is one that prioritises the needs and preferences of the owners and their families rather than growth and profit. Previous research suggests that only one in eight small firms in the hospitality sector lists business growth among its primary aims. It is important to recognise the motivations of the Cretan SME hotel owners because they inform our understanding of their development needs. On the other hand, the literature identifies many advantages of indigenous-owned Cretan SME accommodation companies. They tend to be more committed to expressing the local character of the destination and sustaining the local environment, and they are more likely to offer opportunities for personal contact between hosts and guests (experiences that tourists value). Ownership by local Cretans ensures a higher income multiplier for destinations, and these businesses are more likely to buy from other residents, meaning their income is retained within the local economy (Bosworth and Farrell, 2011).

Contemporary hospitality research has extensively addressed many of the problems hospitality businesses face, including seasonality, uncertainty, high labour costs, low profit margins, competition, economic downturn, and employee-related problems. Furthermore, since Cretan SME hotel organisations have limited resources, it is very hard for them to access information about upcoming risks and opportunities, to follow the changes in the industry, to explore market trends, and to maintain a healthy growth (Bosworth and Farrell, 2011). Additionally, Cretan SME hotel organisations employ few professional workers. The majority of their employees are family members, each of whom performs more than one job. Another notable point to consider is that there are few schools or universities offering an education in tourism in Greece. Therefore, it is very difficult for Cretan hotels to hire professional workers.

Moreover, it is indicated in the literature that the low use of information and communications technology by SME hotel organisations may stem from high costs, poor understanding of the technology, lack of training, traditional ownership, deficiency of rational management and marketing functions, and management's short-term operational focus. Similarly, marketing is not highly valued by the Cretan SME accommodation companies due to the perceived inappropriateness of market research and planning by owners and managers (Dudensing, Hughes and Shields, 2011; Lashley and Rowson, 2010).

Overall, the majority of owners of SME tourism businesses did not have any kind of work experience or education in tourism before opening their business. The amateurish structure of Cretan SME tourism businesses is evidenced by the absence of any franchised or chain-affiliated businesses; low interest in feasibility analysis, formal planning, and market research; and low usage of information technology. Looking more broadly, low membership in tourism organisations and other business associations, major economic impediments imposed by government regulations, unstable conditions of the country, and lack of demand all have major impacts on these businesses (Thomas, Shaw and Page, 2011; Andriotis, 2011).

The situation is the same for tourist shops and agencies. The majority of SME accommodation companies do not have the resources and capabilities to market to (and participate in) international markets. Furthermore, TOs' dominance of the market in relation to hoteliers could limit the grouping of hotels into small hotel chains under the same owner, as this could allow chains to negotiate higher prices with operators than individual Cretan SME hotel organisations can achieve on their own. Holiday packages with Crete as their destination could consequently demand higher prices (Andriotis, 2011).

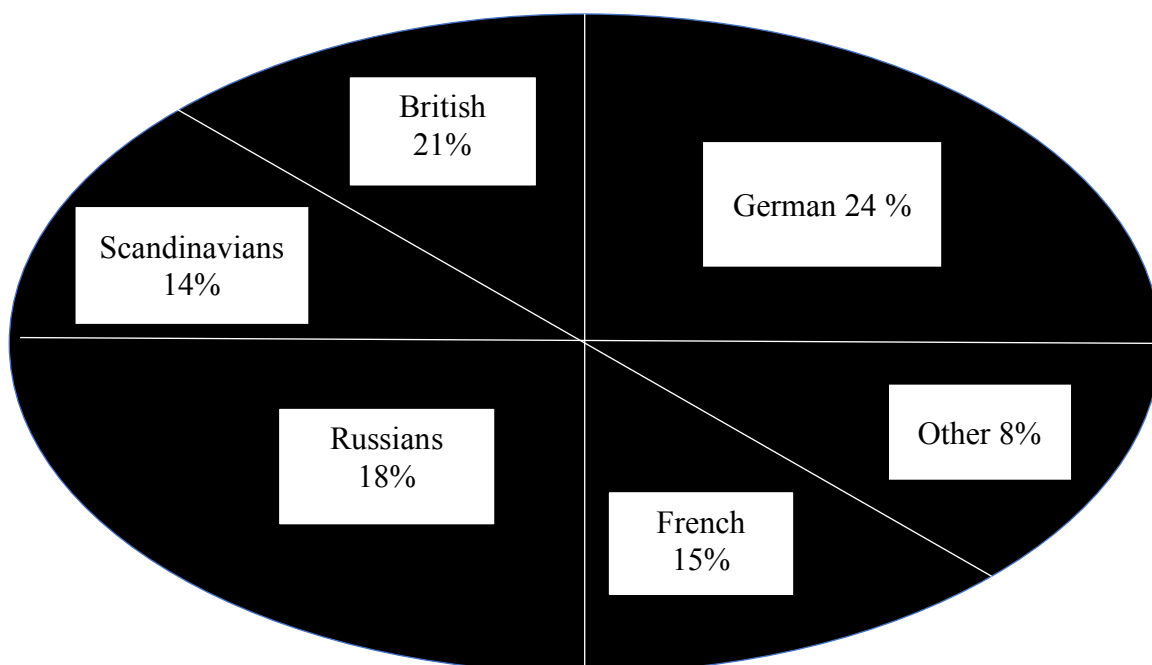
#### **4.7 Incoming Travel to Crete**

Crete is one of the most popular destinations in Greece, and foreign travellers visit it more frequently than any other Greek island. Approximately four million foreign travellers visited during 2016 (Hellenic Tourist Business Association, 2017). The average length of stay for international travellers was 9.5 days. Additionally, Crete has two of the largest international airports in Greece, along with six ports. In 2014, overnight stays in Crete accounted for 28% of the overall Greek tourism market. The majority of the tourists visiting Crete were from northern European countries, like Germany, the UK, Scandinavia, France, and the Netherlands.

Emerging markets, such as Russia, were also represented (see Figure 4.2). Tourists from Belgium, Luxembourg, and Germany paid the highest purchase price for their package holidays, followed by those from Switzerland, Finland, Austria, and Russia. However, the markets that spent the most during holidays in Crete were Germany, Finland, France, the UK, and the Netherlands (Hellenic Tourist Business Association, 2017; Matzarakis and Nastos, 2011; Manasakis, Apostolakis and Datseris, 2013).

Germany and the UK are traditional markets and two of the most significant sources of tourism for Greece in general and for Crete in particular (Dritsakis, 2004). Most international tourist arrivals were from those two countries (Hellenic Tourist Business Association, 2017). In 2016, 60% of overnight stays in Crete were from the German and UK markets (Hellenic Tourist Business Association, 2017), and this figure stems from the fact that the most popular destinations for Germans and British travellers are Spain, Italy, Austria, France, Greece, and Turkey. Additionally, those two markets have the highest travel propensity of any European countries (Kompotis et al., 2004; Andriotis, Agiomirgianakis and Mihiotis, 2008).

**Figure 4.2 Top Origin Markets, by Market Share of International Tourist Arrivals in Crete in 2014**



(Source: Hellenic Tourist Business Association, 2014 based on data provided by the Hellenic Chamber of Hotels)

#### **4.7.1. The Emerging Tourism Market**

It is worth analysing the emerging Russian market in Crete, since it has seen steady growth over the last few years. (Hellenic Tourist Business Association, 2017). In 2016, a total of 650,000 visitors arrived in Crete from the emerging Russian tourism market, and this figure represents an all-time high for both countries. The initial forecast for the number of Russian tourists expected to visit Crete in 2017 stands at 1.2 million individuals. Actual arrivals were up 37.6% in the January-May period of 2016, and this rise was higher than in any other competitor country, such as Spain, Turkey, or Cyprus. This figure is encouraging in terms of projected revenues, as each Russian spends an average of 1,000 euros while on foreign visits. This sum is significantly larger than the amount spent by the average visitor: around 560 euros. Easing visa requirements have significantly aided this growing trend (Theofanides and Karagianopoulou, 2013, Hellenic Tourist Business Association, 2017)

Emerging markets, such as Russia, will continue to be the main driver of growth as regards international tourism in Crete. Therefore, these positive moves that attract new dynamic markets will create considerable opportunities within the Cretan tourism industry. The island's local economy thus stands to benefit, because tourists with higher incomes are willing to spend more for their holidays. Also, as more wealthy tourists begin to visit Crete, investors interested in building new luxury hotels and tourism products will make up a larger share of the market. Moreover, this trend will also allow Cretan hoteliers to increase their room rates, as guests are prepared to spend more for branded, high-quality products and hotels. Additionally, the growing tourism industry can help to support Greece during the on-going economic crisis (Hellenic Tourist Business Association, 2017; Manasakis, Apostolakis and Datseris, 2013).

Based on the above discussion, the tourism industry in Crete is a suitable model for research. Crete is one of the most dynamic Mediterranean tourism destinations. Its tourism industry is heavily dependent on TOs, which have fashioned the island into a mass tourist destination. The vast majority of hotels in Crete are SMEs. Due to the structural and functional weaknesses of most Cretan SMEs, hotels depend almost entirely on TOs for communication with customers and visibility in their major markets (Soteriades, 2012; Andriotis, 2011). Furthermore, through vertical integration, TOs control both transportation companies (e.g., charter airlines) and retailers (e.g., local travel agencies). TOs have established their position the distribution channel's leaders. Thus, TOs are powerful intermediaries whose profit-seeking policies could

threaten both Crete's sustainability as a destination and the relationship between TOs and hoteliers. An additional problem is that Cretan SME hotels have challenged TOs on a prevalent issue. Many TOs settle their accounts at the end of the season, leaving their debts to hoteliers to accumulate and the hoteliers to face the initial layout costs for cleaning crews and food supplies. Hoteliers face the inherent danger of not being paid, especially with smaller TOs that spring up one season, fail to survive, and find themselves gone by the winter. Cretan hoteliers can lose all the income owed to them by a particular TO, and this has indeed happened in the past (Inversini and Masiero, 2014). This risk can also become an issue with large TOs. This situation, in combination with the desire to not rely exclusively on package tourists, means that there is a more equitable relationship between big business operators and Cretan SME hoteliers in Crete than in other destinations. Detailed research is needed on the relationships between large international companies (TOs) and small hoteliers due to the short-term economic pressures driving international TOs and the difficulties that SME hotels experience in dealing with them. Researchers must explore the motivations underlying TO branding, along with its effects. Significantly, TO branding efforts have accelerated the trend towards standardised holiday products in Crete (Soteriades, 2012; Andriotis, 2011).

This study thus examined the relationship between German and British TOs and Cretan hoteliers. As Crete is home to approximately 1,500 hotels, this topic was a fitting research subject. This study only focused on the island's primary tourism markets (i.e., the British and German ones). TOs from these markets reside in the UK or Germany but visit Crete on a seasonable basis to sign contracts with Cretan hoteliers and to analyse how hotels interact with their guests. The goal of the current study was thus to identify the RQ and RM factors that influence relationships between TOs and hoteliers so as to develop RQ models capable of improving their interactions.

#### **4.8 Chapter Summary**

Chapter four has provided a comprehensive description of the Cretan tourism industry, offering detailed information on available facilities and the island's historical and geographical features. The purpose of this chapter was to provide information about Crete, with an emphasis on tourism and the island's attractions.

This discussion has painted a general picture of Crete as a holiday destination. Moreover, the chapter also discussed travellers' motivations for visiting Crete. The chapter concluded by introducing the incoming markets in Crete. Additionally, Crete's tourism industry features a suitable tourism model for this study, which critically explored the RQ between British and German TOs and Cretan hoteliers. The following chapter describes the research design, methods, and instruments, as well as the sample selection process and relevant ethical considerations.



## **CHAPTER FIVE: METHODOLOGY**

### **5.1 Introduction**

This chapter starts by presenting the research philosophy, strategy, research design, and the methods employed in the current study. Then the theoretical justifications for this analysis' mixed-methods design are explained, providing a clear picture of the research. The next part of the chapter describes the two phases of the primary research, and these involved interviews and questionnaires. The chapter continues by discussing the research population, as well as the study's sample, data collection methods, and analytical design. Finally, the chapter explains the quality criteria for both research phases and then concludes by addressing the time horizon.

### **5.2 Research Philosophy**

A paradigm is essentially a way of thinking about the world. When conducting research, one's ontological, epistemological, and methodological assumptions are so interrelated that answering one question has implications regarding potential answers for any remaining questions. To select the most appropriate methodology for achieving this study's objectives, it was first crucial to understand the philosophical perspective underlying this project. In particular, one's research philosophy affects the overall approach to scientific research. This section examines seven major ways of thinking about research philosophies, namely, epistemology, ontology, positivism, interpretivism, methodology, phenomenology, and axiology. Each philosophical choice influences the research process (Easterby-Smith, Thorpe and Jackson, 2008).

Ontology refers to one's beliefs about the nature of reality. In philosophical terms, it describes the study of existence and of the fundamental nature of reality or being. One's beliefs about the nature of reality determine what can be known about it. Moreover, researchers' epistemological and methodological choices are driven by their ontological beliefs. Specifically, these dictate the level of objectivity in the relationship between the researcher and what can be known. Philosophies about reality can be categorized in a variety of ways. In particular, there are two main ontological stances that are essentially opposites: realism and relativism (Easterby-Smith, Thorpe and Jackson, 2008; Saunders, Lewis and Thornhill, 2007). Realism is the belief that reality exists. According to this school, reality is objective,

independent of any theories, human beliefs, or human behaviours. Moreover, it exists even in the absence of human recognition. Realism is context-free, and it is the preferred ontological perspective within quantitative and positivist research paradigms (Saunders et al., 2007). In contrast, relativism is the ontological perspective that diverges the most from realism. Relativism is the belief that reality cannot exist without a context. Rather, realities are influenced by experiences and social interactions (Saunders et al., 2007). Relativists believe that the truth is created by meanings and experiences (Easterby-Smith, Thorpe and Jackson, 2008; Saunders et al., 2007).

Positivism is a research paradigm that searches for truths or for facts about reality (Saunders et al., 2007). Since a reality exists that can be discovered, a positivist epistemology is, by nature, objective. Methodologies that belong to this paradigm are therefore experimental or manipulative in nature. Positivist approaches test hypotheses and view quantitative research methods as superior (Eriksson and Kovalainen, 2008; Kothari, 2004; Hatch and Cunliffe, 2006; Kumar, 2006). However, the interpretivist paradigm directly contradicts positivism in terms of how it understands and explains human and social realities. The interpretivist approach looks for culturally derived and historically situated understandings of social life and the social world. According to Hatch and Cunliffe (2006), the goal of interpretivist research is to understand motives, meanings, reasons, and other subjective experiences that are time- and context-bound (Kothari, 2004; Kumar, 2006). Furthermore, relativism is the ontological perspective within the qualitative or interpretivist or constructivist research paradigms (Hatch and Cunliffe, 2006).

Epistemology essentially involves the relationship between the researcher and his or her research, and it also pertains to how humans obtain knowledge and make discoveries. What the researcher believes about the nature of reality dictates how he or she perceives the ideal relationship between the scientist and the topic of study (Carson et al., 2001). Within the social sciences, epistemology has usually been addressed in relation to an epistemological dualism that classifies research as either objective or subjective (Hatch and Cunliffe, 2006). Some researchers believe that analyses should be carried out in an objective manner, with the researcher seeking to avoid influencing the data under consideration. To discover the truth, the researcher must distance himself or herself from the research as much as possible, so as to achieve more objective measurements. A subjective approach suggests the opposite, and researchers that believe in reality adopt such stances. Specifically, they interact with other

people to discover what the truth means for them. Thus, subjectivism is in line with interpretivist or constructivist research approaches (Carson et al., 2001).

Axiology is yet another aspect of one's research philosophy. One's axiology influences the entire research process. Moreover, one's values also suggest meaningful inferences and conclusions. Many social researchers remain divided when it comes to questions of values. Specifically, constructivists have usually taken issue with the idea that the data they collect is neutral, viewing it as contingent on the researcher's interpretations (Hatch and Cunliffe, 2006). Another philosophy, called phenomenology, explores lived experiences. Oftentimes, researchers conduct in-depth interviews to collect information and to better understand the context in which experiences take place. Within a phenomenological methodology, decisions regarding the research design are based on complex beliefs about how data should be collected and analysed. Researchers typically start by talking to participants, with the goal of gathering as much information as possible about a situation. They then look for patterns or commonalities in the data (Carson et al., 2001). From these trends, tentative hypotheses are created, although these are not usually labelled as such, since the term "hypothesis" is generally associated with quantitative analyses. The kind of logic that is most commonly associated with qualitative research is inductive reasoning (Eriksson and Kovalainen, 2008). Another major research philosophy is pragmatism, which argues that a middle way is possible between positivism and interpretivism. Bryman (2008) stated that for a pragmatist, the mandate of science is not to find truth or reality—the existence of which are perpetually in dispute—but rather, to facilitate human problem-solving. Finally, one's methodology indicates the research techniques to be employed. A methodology refers to the philosophies underpinning the research and guiding the knowledge-collection process (Kothari, 2004). Methodologies describe how knowledge is discovered and analysed in a systematic way, and they can be classified on the basis of the ontological and epistemological beliefs on which they are founded. Social researchers have traditionally treated quantitative and qualitative methods as incompatible at the level of reasoning. Quantitative methodologies are grounded in deductive reasoning, while qualitative methods make use of inductive reasoning (Easterby-Smith, Thorpe and Jackson, 2008). Figure 5.1 summarises the key characteristics of the four research philosophies employed in management research.

**Figure 5.1 Comparison of Four Research Philosophies Employed in Management Research**

	<b>Positivism</b>	<b>Realism</b>	<b>Interpretivism</b>	<b>Pragmatism</b>
<b>Ontology: the researcher's view of the nature of reality or of being</b>	External, <i>objective</i> , and independent of social actors	Reality exists independently of human thoughts, beliefs, or knowledge of their existence ( <i>realism</i> ) but is interpreted through social conditioning ( <i>critical realism</i> )	Socially constructed, <i>subjective</i> , multiple	Multiple realities are the practical result of ideas
<b>Epistemology: the researcher's view of what constitutes acceptable knowledge</b>	Only observable phenomena can provide credible data; focus on causality and laws (e.g., generalisations that reduce phenomena to the simplest possible elements)	Observable phenomena provide credible data; insufficient data means inaccuracies in perceptions (direct realism); otherwise, phenomena create sensations that are open to misinterpretation ( <i>critical realism</i> ); focus on explanations within a specific context.	Subjective meanings and social phenomena; Focus is on the details regarding a situation and on the reality underlying those details; subjective meanings motivate actions	Both observable phenomena and subjective meanings
<b>Axiology: the researcher's view of the role of values in the research</b>	Research is undertaken in a value-free manner; the researcher is independent of the data and maintains an objective stance	Research is value-laden; the researcher is biased by his or her worldview, cultural experiences, and upbringing; these beliefs have an effect on the research	Research is value-bound; the researcher is part of what is being researched and cannot separate himself or herself from the process; thus, research is subjective	Values play a large role in interpreting results; the researcher adopts both objective and subjective perspectives
<b>Data collection techniques</b>	Highly structured; large samples; preference for quantitative measurements, but qualitative approaches also possible	Methods, whether quantitative or qualitative, must fit the subject matter	Small samples; in-depth investigations; qualitative approaches	Mixed or multiple designs; quantitative and qualitative approaches

(Source: Bryman, 2008)

## **This Study's Philosophical Stance**

This study took the philosophical stance of a pragmatic approach, because the goal was to view the research questions from different viewpoints, with as many data collection techniques as possible (Easterby-Smith, Thorpe and Jackson, 2008; Bryman, 2008). Pragmatism relies on two assumptions. First, it makes an ontological assumption that adopting multiple viewpoints is the best way to answer a research question. Specifically, any thought process that leads to pragmatic solutions is deemed useful (Eriksson and Kovalainen, 2008; Bryman, 2008). Second, in terms of the epistemological perspective, pragmatism focuses on conducting practical, applied research, as well as on combining both objectivist and subjectivist lenses to gather knowledge and make sense of data (Kothari, 2004). This research project thus utilized a highly structured and replicable methodology. According to the pragmatism philosophy that was adopted in this study, a mixed-methods approach was the best choice for answering the study's research questions. Section 5.5 discusses and justifies the choice of this mixed-methods design. This study relied on both qualitative and quantitative data collection techniques. It sought to understand how a diverse range of scholars have conceptualized and measured RQ, and it also sought to identify those RQ dimensions that are applicable to managerial practices in the tourism and hospitality industry. This study's research design is presented in Table 5.1 below.

**Table 5.1: The Study's Research Philosophies (Source: Jennings, 2005; Denzin and Lincoln, 2005)**

<b>Term</b>	<b>Meaning</b>	<b>This study</b>
<b>Paradigm</b>	<b>A way of thinking about the world</b>	<b>Pragmatism</b>
<b>Ontology</b>	<b>Nature of reality</b>	<b>Realism, idealist and constructivist (multiple)</b>
<b>Epistemology</b>	<b>The relationship between the researcher and his or her research</b>	<b>Both objective and subjective</b>

## **5.3 Research Approach**

The three major research approaches are as follows: deductive, inductive, and abductive. Each of these is essential for knowledge production. Moreover, each of these approaches is an integral component of the overall research cycle and is capable of connecting theory with empirical observations (Creswell, 2003; Saunders et al., 2007).

Deductive logic is sometimes referred to as a top-down approach, because it starts with abstract theory, which is often envisioned as higher, and then moves towards specific, empirical observations. When researchers use deductive research approaches, they usually begin with a theory-driven hypothesis with primary data and analysis used to test it. If the primary data supports the hypothesis, then the theory is also supported, although it remains unproven. If the data does not support the hypothesis, then the theory is neither supported nor proven false. In contrast, inductive logic is sometimes referred to as a bottom-up approach. Here, researchers start with the research question and then collect empirical data, which they then utilize to generate hypotheses and theories. With this approach, the goal is to build theories, rather than to test them. Often—but not always—inductive research involves qualitative data and examining that data in depth leads to a deeper understanding of the research cases. Inductive reasoning draws conclusions from observations. Thus, researchers begin with observations. The more data is obtained, the greater the probability of the conclusion being true (Bryman and Bell, 2003; Boyatzis, 1998).

Researchers often use both types of logic simultaneously. They enter new situations with existing ideas about the world but are hopefully open to collecting additional information to revise these understandings (Saunders et al., 2007).

An abductive approach moves from data to theories. Here, researchers must have enough data to formulate theories and assumptions. Additionally, the abductive approach is a form of logical inference that uses observations to construct hypotheses. In terms of accounting for different observations, the ideal is to find the simplest and most likely explanation. The fields of law, computer science, and artificial intelligence research have renewed interest in the subject of abduction. Moreover, abduction does not reason straight from a premise to a conclusion, as is the case with deduction and induction. Instead, it reasons by ruling out possible explanations until researchers are left with the most plausible one, given the evidence. Therefore, like induction, abduction does not provide a sense of certainty. It is, however, a useful way to get through puzzling situations when researchers do not have clear evidence from the past to guide them (Bryman and Bell, 2003).

This research project adopted a combination of inductive and deductive approaches. The interviews employed an inductive approach to identifying those RQ elements of particular relevance to TOs and SME hotel organisations. Next, it used a deductive approach, testing a

hypothesis by reviewing the existing theories and literature on RQ. Specific data was then collected and analysed, so as to determine whether the original hypothesis was supported.

## **5.4 Research Strategy**

A research strategy is simply a plan of how you aim to achieve your research goal. Eight well-known research strategies are as follows: experiments, surveys, archival research, case studies, ethnography, action research, grounded theory, and narrative inquiry. Each approach is associated with different methods. Experiments and surveys are associated with quantitative methods, while archival research and case studies frequently make use of both quantitative and qualitative methods. Ethnography, action research, grounded theory, and narrative inquiry are all exclusively associated with qualitative methods (Creswell, 2009).

Within this study, the research strategy was selected in accordance with the overall research methodology. This study employed a pragmatic approach, and therefore used mixed methods. The research initially made use of qualitative methods to identify key themes, while the bulk of the study relied on quantitative methods. Rather than developing theories, this research tested existing theories through hypotheses that required the use of numerical data. By implication, surveys are associated with a deductive approach, as they allow the researcher to collect quantitative data for further analysis (Saunders, Lewis and Thornhill, 2009). Research generally falls into one of three categories: exploratory, descriptive, or explanatory. Explanatory research depends on what literature applies at a given time and is sometimes referred to as causal research, as it aims to describe causal relationships amongst the variables (Saunders et al., 2009).

The exploration of new phenomena helps the researcher to better understand the topic of study. It also indicates whether a broader study would be suitable and points towards the most appropriate research methods. Exploratory research might also involve a literature review or focus-group interviews (Boyatzis, 1998; Saunders et al., 2009). Therefore, exploratory research was the most suitable choice for the current study, as it rarely provides definite answers to specific research issues (Saunders et al., 2009). Within the current research, the interviewees were asked about their experiences and opinions, with the goal of identifying and corroborating key RQ themes. Quantitative data collection and analysis then followed, with questionnaires

asking participants to express their opinions about the RQ between hoteliers and TOs in an exploratory context.

A survey-based strategy was preferable, as it was well-suited for examining the phenomena of interest in their natural setting, while hypotheses were developed whilst covering a large population, in order to generalise the findings. In terms of analyses within a management and marketing context, the literature has expressed a preference for survey-based strategies (Bryman and Bell, 2003; Saunders et al., 2009).

## **5.5 Research Design**

There are seven types of research designs: experimental designs, survey designs, comparative designs, case study designs, observation-based designs, action research designs, and mixed-methods designed. Mixed-methods research has been employed with success in all of the social sciences and human services disciplines. Mixed methods are used to collect both qualitative and quantitative data, and they rely on the assumption that employing both types of data results in clearer understandings of the phenomena being studied. Quantitative data is objective, deductive, and numeric, while qualitative data is subjective, inductive, and word-based. Mixed-methods research is appropriate if seeking to build on the strengths of both quantitative and qualitative data (Creswell, 2012). Applying a mixed-methods approach is more comprehensive than attacking a problem from just one point of view (Bryman and Bell, 2007), and it often increases a study's reliability and validity, especially when a weakness of one method can be overcome with another (Veal, 2011, Hair, Celsi, Money, Samouel and Page, 2011).

This study utilized both qualitative and quantitative approaches to develop and test a conceptual model, with the goal of identifying RQ factors of relevance for TOs and SME hotel organisations. Using both types of data expanded the scope and breadth of the study. Qualitative data assisted the study's conceptual development and instrumentation, and it also served to validate, interpret, and clarify the quantitative findings (Creswell, 2012). When using quantitative methods, it is critical to find a representative sample, avoid elite bias (talking only to high-status respondents), and establish the generalizability of observations. Quantitative method enhances the reliability and validity of the measurements and the structural model. Qualitative research is often considered to be biased, as well as difficult to generalise to an entire population. On the other hand, quantitative research, often misses the human element,



and so relevant information might be overlooked as a result. To overcome these limitations, a mixed-methods approach is often an appropriate solution (Veal, 2011; Hair et al., 2011).

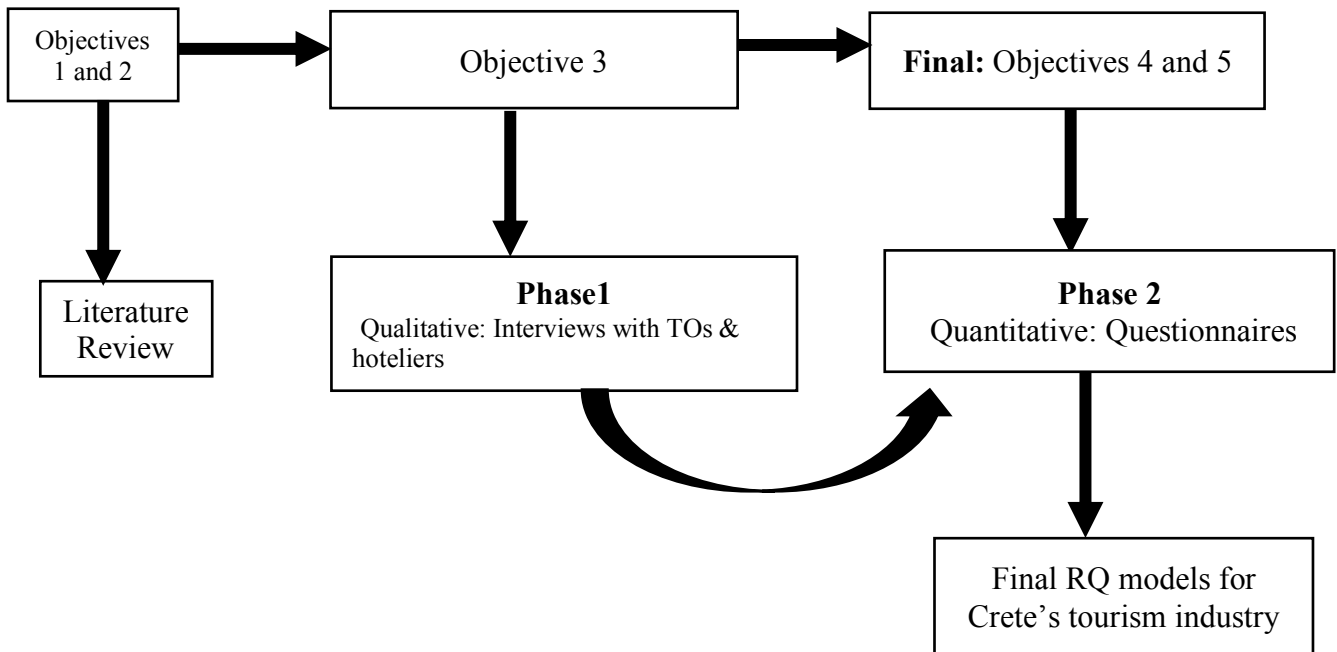
This thesis relied on qualitative data to identify those themes with relevance for the relationship between British and German TOs and Cretan SME hotel organisations. The quantitative approach emphasized standard measures, replicable results, comparisons with accepted standards, the minimisation of bias, and successful prediction. Questions of magnitude, rate, incidence, and prevalence can generally only be answered via quantitative methods. Additionally, such approaches enable the identification of factors that are effective but not consciously articulated during the qualitative research process (Hair et al., 2011). This study thus utilised quantitative data to empirically verify theoretical relationships in larger samples, as well as to develop and test internally consistent RQ theories and models. This evidence was then utilised to develop a new RQ theory applicable to the tourism industry.

### **5.5.1 Research Process**

This section provides an overview of the research process. It first presents the theoretical foundation of this study via an in-depth discussion of business theories, such as collaboration theory, stakeholder theory, and the RBV, with a special focus on RQ and RM models within the tourism and hospitality industry. In phase one, a set of interview questions for TOs and hotel managers was developed after reviewing the relevant literature and examining the industry context. Interviews were conducted with TOs and hotel managers to gather large amounts of relatively detailed information about key RQ themes associated with relationships between TOs and hoteliers.

In phase two, an original questionnaire was developed on the basis of the data gathered during stage one. The questionnaire drew on the findings of the literature review, as well as on the qualitative analysis. The data was analysed using SPSS and SmartPLS software. Specifically, PLS was employed to test those hypotheses concerning the relationships between the latent variables, and it also assessed the overall fit of the two models. Additionally, two conceptual RQ models, one for Cretan SME hotel organisations and one for British and German TOs, were created, drawing on the study's findings. This thesis presents strategies that businesses can employ to retain loyal and satisfied business partners in a competitive environment. Figure 5.2 presents a brief overview of the research process.

**Figure 5.2 This Study's Research Process**



## **5.6. Phase 1: Interviews with TOs and Hotel Managers**

During the first stage of the research, data was collected via interviews with British and German TO managers and Cretan hotel managers, providing insights on RQ themes with an effect on business relationships. This section explains the interview design, the pilot process, the research population, the sampling method, and the techniques used to analyse the data.

### **5.6.1 Phase 1: Research Instrument Design**

This study used face-to-face, semi-structured interviews to obtain a rich and deep understanding of integration from the perspectives of the respondents (Boyatzis, 1998; Saunders et al., 2007). This style of interviews is more flexible than structured interviews, in that the questions, and their order, were able to differ, so as to collect the same data from different respondents (Creswell, 2012; Patton, 2002). While semi-structured interviews can follow a pre-established protocol, questions can vary, as needs and the conversation dictate. The interviewer can also ask extra questions if necessary. With semi-structured interviews, the design primarily revolves around open-ended questions. Generally, interviews are audio-recorded, or the researcher takes notes to record the data (Saunders et al., 2007).

In this study, the interviews were designed on the basis of RQ and RM theories within the tourism and hospitality industry (Table 2.2), and that theoretical foundation rested on the

literature review. More specifically, question 5 was designed to gather information about the respondents' values and RQ in general, and it also sought to identify factors that affected cooperation between Cretan hoteliers and British and German TOs (Nogueira and Pinho, 2014; Alrubaiee and Al-Nazer, 2010; Chenet et al., 2010). Questions 3 and 7 were intended to follow up on the findings of the literature review, as they examined prevalent concepts, such as trust and relationship satisfaction (Fun et al., 2014; Sarmiento et al., 2014). Question 1 was designed to elicit basic information about the respondents' experiences working in the Cretan tourism industry. Questions 2, 4, and 6 sought to determine the features characterising business relationships between German and British TOs and Cretan hoteliers. Question 8 was again based on the literature review findings. It asked about the concepts of mutual goals and cooperation, with the goal of gaining knowledge about the interactions between hoteliers and TOs (Hammervoll and Toften, 2010; Rauyrueen and Miller, 2007). Generally, the interview questions sought to obtain information regarding the relationship between TOs and hoteliers, and they also sought to determine RQ's effects and components. To that end, the author asked the British and German TO managers and the Cretan hotel managers to discuss their experiences regarding business relationships between TOs and hoteliers. The interview questions were the same for both the TOs and the hotel managers. The original intent was for the interviews to be conducted in English, since that is the language used within the Cretan tourism industry. After the pilot interview, which is reviewed in Section 5.7.2, only six questions remained, since the other two proved less relevant (see Appendix A and B).

### **5.6.2 Phase 1: Pilot Interviews**

Pilot interviews were conducted with two managers (one hotel manager and one TO manager), with the goal of testing the interview protocol and gathering initial empirical data. Similarly, the pilot interviews indicated how long the other interviews might be expected to last. A further objective was to provide focus and to ensure that all major points would be covered in the interviews. Based on these initial discussions, the author was able to identify and verify established RQ themes of relevance for business relationships. The pilot interviews were designed to be flexible. Minor modifications were made along the way. The responses pointed to variables that played a role in the relationship between the two partners.

Moreover, general information was gathered regarding business relationships between British and German TOs and representatives of the Cretan tourism industry. The interview questions

were the same for both the TOs and the hotel managers, and both interviews confirmed that the six questions covered all major aspects of RQ. After the pilot interviews, the order of questions was re-arranged, with the goal of obtaining more relevant responses concerning the factors that influence business relationships. The pilot interview protocol is provided in Appendix A, while the final interview protocol is located in Appendix B.

### **5.6.1.1 Phase 1: Population and Sample Size**

Approximately 160 British TO managers are employed on the island of Crete, along with 800 German TO managers, according to the Pancretan Hotel Managers Association (2017). This study adopted a nonprobability sampling approach, and so representatives of the population were selected in a non-random manner. A convenience sampling technique was selected, since the author enjoyed the advantage of having work experience in Crete's tourism industry and extensive contacts therein. Participants were self-selected, in that those who responded likely had a particular interest in the topic or more time at their disposal (Saunders et al., 2009).

Interviews were conducted with 12 British and German TO managers, since the majority of tourists visiting Crete arrive from Germany and the UK. Therefore, according to the Hellenic Tourist Business Association (2017), TOs from these two countries are the most significant for Crete. Another 14 interviews were conducted with Cretan hotel managers employed at three- to five-star hotels, and they were chosen to represent the majority of hotels in Crete (Hellenic Tourist Business Association, 2017). The 12 interviews with British and German TO managers and the 14 interviews with Cretan hotel managers were considered to constitute a sufficient sample, as no new factors emerged after half of the interviews had been analysed. Thus, the author inferred that data saturation had been achieved (Guest, Bunce and Johnson, 2006). The sample size was determined by theoretical saturation, or the point in the data collection process at which the information obtained became repetitive. Determining the sample size required to reach saturation depends on a number of factors, including the scope of the study, the quality of the data, the nature of the topic, the amount of useful information obtained, the qualitative method, and the study design (Guest et al., 2006).

### **5.6.1.2 Phase 1: Primary Data Collection**

Data was collected via face-to-face, semi-structure interviews conducted in Crete between 2 June 2013 and 30 September 2013. The interviewees were informed about the purpose of the research and were ensured that they would remain anonymous. A total number of 26 interviews were conducted in English with TO managers and hotel managers. These interviews averaged 40 minutes in length, with the individual interviews ranging from 25-54 minutes. The hotel managers held a number of positions. Specifically, the sample included four general managers, three operations managers, two marketing managers, three front office managers, one hotel owner, and one contract manager. Likewise, the TO managers also represented a number of positions, with four commercial managers, three contact managers, three product managers, and two quality managers represented.

The author's experience as a resort manager and extensive contacts in the Cretan tourism industry provided a significant advantage in terms of access to participants. The TOs were normally based in the UK and Germany but visited Crete during the summer season to sign contracts and visit their partner hotels. All of the interviews were audio-recorded and later transcribed.

### **5.6.2 Phase 1: Primary Data Analysis**

After the interviews were transcribed, they were coded according to RQ key themes. These themes were then divided into categories, which covered the areas discussed in the thematic analysis, and the data was coded accordingly (see Table 5.2). Table 5.2 focuses on the data with the most relevance to the research question, and so that information was instrumental in terms of making connections among the variables of interest. The goal was to avoid losing any information pertinent to RQ, as well as to identify new themes (Guest et al., 2006). Thus, all relevant information was coded and used in further analyses. This thematic technique was selected, since the objective was to identify and understand key RQ themes, business consequences, and dimensions. The thematic analysis developed a framework based on the existing literature and this study's findings (Boyatzis, 1998).

**Table 5.2: The Initial Interview Analysis Template**

	<b>Existing themes</b>
<b>Trust</b>	Keeps promises Fairness Integrity Honesty
<b>Price</b>	Better rates Value for money Net rates Inexpensive
<b>Communication</b>	Open communication Conflict resolution Positive communication environment Better conversation
<b>Service Quality</b>	Quality of booking service Required services High-quality services
<b>Mutual Goals</b>	Mutual satisfaction Mutual interests Main goals Common goals
<b>Commitment</b>	Maintain cooperation Ensure long-term business relationship Honour agreements
<b>Customer Satisfaction</b>	Clients are fulfilled Satisfied guests Happy clients Encourage customers to revisit the destination Lack of customer complaints
<b>Information Quality</b>	Description Incorrect information True information
<b>Co-operation</b>	Friendly relationship Partnership Collaboration
<b>Customer Relationship Management</b>	Online Reviews

After developing the individual codes and the above-described coding template, each interviewee was given a code, and this both facilitated the mapping of their responses onto the template and enabled in-text references. Tables 5.3 and 5.4 explain coding scheme for the interviewees. Four of the interviewees were associated with three-star hotels (H3), six were associated with four-star hotels (H4), and four were associated with five-star hotels (H5). In addition, codes also indicated the interviewees' positions, as follows: general manager (H3GM), contract manager (H4CM), operations manager (H5OM2, H4OM), marketing manager (H3MM, H4MM), front office manager (H4FM2, H5FM), and hotel owner (H3OW). In addition, the TO participants were coded as follows: product manager (PM1-3), contract manager (CTM1-3), commercial manager (CMM1-4), and quality manager (QM1-2).

**Table 5.3: Coding Scheme for the TO Interviewees**

<b>Code</b>	<b>Position</b>
CMM2	Commercial manager
CTM1	Contract manager
QM2	Quality manager
CMM4	Commercial manager
CTM3	Contract manager
QM1	Quality manager
PM3	Product manager
CMM1	Commercial manager
PM1	Product manager
CMM3	Commercial manager
PM2	Product manager
CTM2	Contract manager

**Table 5.4: Coding Scheme for the Hotel Managers**

<b>Code</b>	<b>Position-Interviewees</b>	<b>Hotel's star rating</b>
H5OM	Operations manager	5 stars
H4MM	Marketing manager	4 stars
H4OM	Operations manager	4 stars
H3MM	Marketing manager	3 stars
H5OM-2	Operation manager	5 stars
H3GM-2	General manager	3 stars
H4GM	General manager	4 stars
H3GM	General manager	3 stars
H3OW	Hotel owner	3 stars
H4CM	Contract manager	4 stars
H4FM	Front office manager	4 stars
H4FM-2	Front office manager	4 stars
H5FM	Front office manager	5 stars
H5GM	General manager	5 stars

## **5.7 Phase 2: Quantitative (questionnaires)**

Phase two of this study consisted of quantitative research. Specifically, questions were added to the questionnaire, which resulted in the discovery of factors that had not initially been considered. Creswell (2012) pointed out that when research is strongly based on quantitative methods, combining it with a qualitative method could provide a means of identifying quantifiable variables, in turn, aiding in the evaluation of quantitative findings. Since the fourth objective of this study was to investigate the causal linkage between the underlying variables defined in the model, it mainly employed a quantitative approach.

### **5.7.1 Phase 2: Research Instrument Design**

Two separate, but very similar, questionnaires were designed: one for the British and German TOs and one for the Cretan hoteliers. The questions were designed to identify key RQ themes. Thus, the surveys took into account the limitations of the research, with the goal of collecting additional useful responses. The questionnaire results were then analysed and compared with the initial findings. This approach increased the validity and reliability of the research, as the respondents were able to give their own views and opinions, with the author able to link these to the literature review.

The questionnaire was divided into two parts. The first section sought to test the proposed model, which was important in designing and developing questions related to nine factors for the hoteliers and ten factors for the TOs. The second section of the questionnaire gathered background information. The responses from this part of the survey allowed the author to develop socio-demographic profiles for the TOs and the hotel managers, and the results also shed light on their travel patterns. The TO questionnaire had 24 questions, and the hotelier questionnaire had 22 questions.

In the first section, all of the items related to the proposed model employed a five-point Likert scale (Bryman, 2004). Therefore, every item related to the constructs and were gathered and developed by the authors referenced (Meng and Elliot, 2008; Skarmeas et al., 2008; Cheng et al., 2008; Doma, 2013; Doney et al., 2007; Wong, 2004; Kim and Cha, 2002; Medina-Munoz et al., 2003; Lancastre and Lages, 2006; Jonsson and Zineldin, 2003; Vieira, 2008; Smith and



Barclay, 1997; Grover et al., 1998; Leek, Turnbull and Naude, 2003; Kim and Cha, 2002). The respondents were asked to indicate their agreement or disagreement with each statement via the following scales: 1 = “I completely disagree” and 5 = “I completely agree” or 1 = “Very low” and 5 = “Very high.”

The second part of the questionnaire asked about the characteristics of TOs and hotels in Crete, with the questions asking the respondents to identify TOs and hotels socio-demographic profile. The final questionnaires are provided in Appendices C and D. Tables 5.5 and 5.6 list the variables that were measured, while the following section describes how each item was developed.

### **Service Quality**

The scale used for these items was based on a five-point scale anchored by the terms “strongly disagree” and “strongly agree.” Service Quality was measured in terms of six characteristics adopted from four previous studies. Three items concerned the ability to solve problems between partners, and these were adopted from Doma (2013). One item, adopted from Doney et al. (2007), assessed the degree to which service providers met each other’s expectations. The item examining professional training and education in relation to services was provided by Wong (2004). Finally, one characteristic, which attempted to measure Service Quality, was adopted from Kim and Cha (2002).

### **Information Quality**

Information Quality was evaluated using three items adopted from studies by Chen et al. (2013). The scale used for these items was a five-point scale anchored by the terms “strongly disagree” and “strongly agree.”

Information quality is a variable that is tested only in the TOs model (see Table 5.6). On the one hand, as information quality is an important tool for TOs marketers in order to advertise and promote a hotel property, it is impossible for hotel businesses to have access to each tourism market and advertise their products (Chen et al., 2013). Therefore, the variable is not important for hoteliers because TOs are able to attract customers for each destination. TOs give outline guideline (such as promotion and advertising, including magazine articles, guidebooks, television promotions and travel tour packages) of hotels can take a competitive advantage over

other destinations and hotels with the accurate information providing to the mutual customers, also determining the strengths and weakness points of the tourism destination. Information quality is a valuable concept in investigating hotels' selection processes and has contributed to our understanding of tourists' behaviour. Chen et al. (2013) suggest that hotel destinations must be favourably differentiated from their competitors or have a positive image or brand name in the minds of potential customers. It can be understood that destinations or hotels that present accurate information and a positive impression are more likely to be selected to be visited than their competitors. However, hotels with negative images or descriptions or that have less widespread awareness in the minds of tourists will be avoided, even if, in reality, they are pleasant and attractive places to visit (Andriotis et al., 2008; Chen et al., 2013).

### **Commitment**

Commitment was measured using eight characteristics. Two of these—loyalty and commitment—were adopted from Lancastre and Lages, (2006). Two more items drew on work by Jonsson and Zineldin (2003), and these measured honesty and effort within business relationships. Finally, two items evaluating the success and length of business relationships were adopted from Vieira (2008). These items all made use of a five-point scale anchored by the terms “strongly disagree” and “strongly agree.”

### **Customer Satisfaction**

Customer Satisfaction was measured using eight characteristics developed by Medina-Munoz et al. (2003). The items in this category considered conditions, payments, and leisure and entertainment facilities. The same five-point measurement scale described above was again employed for these items.

### **Communication**

Eight characteristics were included to assess communication. Four of the items in this class were based on measures developed by Smith and Barclay (1997) reflecting aspects of pleasure, cooperation, and assistance between partners. Four additional items, established by Vieira (2008), assessed whether communication was personal and friendly. These items again made use of the above-described five-point scale.

## **Cooperation**

Cooperation was monitored via four traits related to collaboration, and these were based on measures developed by Lancaster and Lages (2006) and Woo and Ennew (2004). The items in this category employed a five-point scale anchored by the terms “strongly disagree” and “strongly agree.”

## **Mutual Goals**

Mutual goals were assessed in terms of six traits that Vieira (2008) indicated reflected how partners’ support, problems, and actions affected business relationships. These items employed a five-point scale anchored by the terms “strongly disagree” and “strongly agree.”

## **Price**

Four characteristics were included to measure the importance of prices. Medina-Munoz et al. (2003) developed these items, which considered price policies, discounts, compensation offers, and promotions. These made use of the same five-point scale.

## **Trust**

Trust was measured by nine characteristics. Two of these traits—namely, the reliability and motives of one’s business partner—were adopted from Moorman, Deshpande and Zaltman (1993). Two further characteristics were developed by Chung and Shin (2010) and measured the degree to which partners trusted each other. Morgan and Hunt (1994) and Jonsson and Zineldin (2003) offered two additional items, and these concerned the degree of trust and integrity between the partners. Finally, three more items came from Doma (2013) and measured partners’ interest in each other and the extent to which their actions met each other’s needs. The same five-point scale was again employed.

## **Cooperation**

Four characteristics were included to measure cooperation. Lancaster and Lages (2006) and Woo and Ennew (2004) developed these items regarding partners’ interest in the business

relationship and their trust and satisfaction with their relations. The same five-point scale was utilised for these items.

### Customer Relationship Management

Five characteristics sought to assess the effects of technological advancements. Two were based on measures developed by Grover et al. (1998), and these explored the influence of technology, including its effect on communication. Three additional items were included to measure the extent to which technology improved business communications (Leek et al., 2003). These items employed a five-point scale anchored by the terms “strongly disagree” and “strongly agree.”

### Relationship Quality

This research uses the formative measurement model, in which RQ is a second order variable that is conceptualized by the dimensions of Trust, Commitment, and Satisfaction. RQ was measured along five parameters by Kim and Cha (2002) by evaluating the Trust, Commitment, and Satisfaction between two partners.

**Table 5.5: Construct Measurement (hoteliers)**

Variables	Measurement Items (Questions)	Reference
Price	<ol style="list-style-type: none"> <li>1. Tour Operators have a clear pricing and discount structure</li> <li>2. Tour Operators give us the best acceptable prices, discounts and promotions offered to our hoteliers</li> <li>3. Tour Operators usually accept the payment conditions, guarantee and release conditions set by the hoteliers</li> <li>4. Tour Operators accept the guarantees and compensation offered by us hoteliers (for overbooking, unsatisfactory service)</li> </ol>	Medina-Munoz et al., 2003
Trust	<ol style="list-style-type: none"> <li>1. Tour Operators are open and honest with us</li> <li>2. We trust the information that tour operators provide</li> <li>3. When making important decisions, tour operators consider our welfare as well as their own</li> <li>4. Tour Operators are trustworthy</li> <li>5. We can always trust the tour operators</li> <li>6. Tour Operators have high integrity</li> <li>7. We trust tour operators to keep our best interests in mind</li> <li>8. We believe that tour operators are keen to fulfil our needs and wants</li> </ol>	Moorman et al., 1993; Chung and Shin, 2010; Morgan and Hunt, 1994; Zineldin and Jonsson, 2000; Doma, 2013.

	9. We believe that tour operators have our best interests in mind	
Service Quality	<ol style="list-style-type: none"> <li>1. Tour operators solve our problems with them quickly</li> <li>2. Tour Operators' service personnel work quickly and efficiently</li> <li>3. Tour Operators' service personnel handle most of our requests competently</li> <li>4. Turnaround time for work performed typically meets our expectations for service delivery</li> <li>5. Tour Operators have professional training and education about service</li> <li>6. Tour Operators deliver superior service in every way</li> </ol>	Doma, 2013; Doney et al., 2007; Wong, 2004; Kim and Cha, 2002.
Customer Satisfaction	<ol style="list-style-type: none"> <li>1. We are satisfied with the leisure and entertainment activities offered by tour operators</li> <li>2. We are satisfied with the conditions of the contracts</li> <li>3. We are satisfied with bookings and reservation policy of the TOs</li> <li>4. We are happy with information, sales and marketing activities the tour operators provide us with</li> <li>5. We are satisfied with investment and growth-oriented actions undertaken by the tour operators</li> <li>6. We are satisfied with reward/penalty structure (e.g., in the terms of contract) depending on performance</li> <li>7. Tour Operators request high quality services without being prepared to pay extra</li> <li>8. TOs accept conditions e.g. the guarantees and compensation requested by our hotel (for overbooking, unsatisfactory service)</li> </ol>	Medina-Munoz et al., 2003.
Customer Satisfaction	<ol style="list-style-type: none"> <li>1. We are satisfied with the leisure and entertainment activities offered by tour operators</li> <li>2. We are satisfied with the conditions of the contracts</li> <li>3. We are satisfied with bookings and reservation policy of the TOs</li> <li>4. We are happy with information, sales and marketing activities the tour operators provide us with</li> <li>5. We are satisfied with investment and growth-oriented actions undertaken by the tour operators</li> <li>6. We are satisfied with reward/penalty structure (e.g., in the terms of contract) depending on performance</li> <li>7. Tour Operators request high quality services without being prepared to pay extra</li> <li>8. TOs accept conditions e.g. the guarantees and compensation requested by our hotel (for overbooking, unsatisfactory service)</li> </ol>	Medina-Munoz et al., 2003.
Commitment	<ol style="list-style-type: none"> <li>1. Tour Operators deserve our loyalty</li> <li>2. We have a strong commitment to tour operators</li> <li>3. We intend to maintain and develop our relationship with the TOs</li> <li>4. Our relationship requires maximum effort and involvement</li> <li>5. We are fully open and honest in our relationship with the tour operators</li> <li>6. Tour Operators devote sufficient time and effort to our relationship</li> <li>7. Deciding to work with tour operators was a definite success for our hotel</li> </ol>	Lancastre and Lages, 2006; Jonsson and Zineldin, 2003; Vieira, 2008.

	8. Our relationship with tour operators is a long-term partnership	
Cooperation	<ol style="list-style-type: none"> <li>1. Our hotel and the tour operators regularly interact</li> <li>2. There is an open communication when cooperating with tour operators</li> <li>3. Overall, we are satisfied with the interaction with the tour operators</li> <li>4. The tour operators are able to handle our complaints.</li> </ol>	Lancastre and Lages, 2006; Woo and Ennew, 2004
Mutual Goals	<ol style="list-style-type: none"> <li>1. Though circumstances change, we believe that TOs will be ready and willing to offer us assistance and support</li> <li>2. When making important decisions, Tour Operators are concerned about our welfare</li> <li>3. When we share our problems with tour operators, we know that they will respond with understanding</li> <li>4. In the future, we can count on Tour Operators to consider how their decisions and actions will affect us</li> <li>5. When it comes to things that are important to us, we can depend on Tour Operators support</li> <li>6. Overall, our goals are compatible with the goals of Tour Operators</li> </ol>	Vieira, 2008
Communication	<ol style="list-style-type: none"> <li>1. There are excellent communications with tour operators so there are never any surprises that might be harmful to our working relationship</li> <li>2. Tour Operators genuinely enjoy helping us</li> <li>3. It is easy to communicate with tour operators</li> <li>4. Tour Operators try to establish a personal relationship</li> <li>5. Tour Operators seem interested in us not only as partners, but also as people</li> <li>6. Tour Operators are cooperative</li> <li>7. Tour Operators are friendly</li> <li>8. Tour Operators are helpful</li> </ol>	Smith and Barclay, 1997; Vieira, 2008.
Customer Relationship Management	<ol style="list-style-type: none"> <li>1. Technology advancements have radically the nature of the business processes with the tour operators</li> <li>2. E-mail provides an effective way of exchanging information rapidly with Tour Operators</li> <li>3. Communications between Tour Operators and we have become quicker due to technology</li> <li>4. Technology has made communications with Tour Operators more accurate</li> <li>5. Modern technology has reduced the need for face to face meetings</li> </ol>	Grover et al., 1998; Leek et al., 2003.
Relationship Quality	<ol style="list-style-type: none"> <li>1. We are satisfied with transportation and TOs services</li> <li>2. We believe that Tour Operators are trustworthy</li> <li>3. We feel happy about the cooperation with TOs</li> <li>4. We are satisfied with all services offered by the TOs</li> <li>5. TOs can be relied on to keep their promises and commitments</li> </ol>	Kim and Cha, 2002.

**Table 5.6: Construct Measurement (TOs)**

Variables	Measurement Items (Questions)	Reference
Price	<ol style="list-style-type: none"> <li>1. Hoteliers have a clear pricing and discount structure</li> <li>2. Hoteliers give us the best acceptable prices, discounts and promotions offered to our TO</li> <li>3. Hoteliers usually accept the payment conditions, guarantee and release conditions set by the TO</li> <li>4. Hoteliers accept the guarantees and compensation offered by our TO (for overbooking, unsatisfactory service)</li> <li>5. Hoteliers accept the guarantees and compensation offered by our TO (for overbooking, unsatisfactory service)</li> </ol>	Medina-Munoz et al., 2003.
Trust	<ol style="list-style-type: none"> <li>1. Hoteliers are open and honest with us</li> <li>2. We trust the information that hoteliers provide</li> <li>3. When making important decisions, hoteliers consider our welfare as well as their own</li> <li>4. Hoteliers are trustworthy</li> <li>5. We can always trust the hoteliers</li> <li>6. The hoteliers have high integrity</li> <li>7. We trust the hoteliers to keep our best interests in mind</li> <li>8. We believe that hoteliers are keen to fulfil our needs and wants</li> <li>9. We believe that hoteliers have our best interests in mind</li> </ol>	Moorman et al., 1993; Chung and Shin, 2010; Morgan and Hunt, 1994; Zineldin and Jonsson, 2000; Doma, 2013.
Service Quality	<ol style="list-style-type: none"> <li>1. The hoteliers solve my Tour Operator's problems quickly</li> <li>2. Hoteliers' service personnel work quickly and efficiently</li> <li>3. Hoteliers' service personnel competently handle most of our requests.</li> <li>4. Turnaround time for work performed typically meets our expectations for service delivery</li> <li>5. Hoteliers have professional training and education in regard to service</li> <li>6. Hoteliers deliver superior service in every way</li> </ol>	Doma, 2013; Doney et al., 2007; Wong, 2004; Kim and Cha, 2002.
Customer Satisfaction	<ol style="list-style-type: none"> <li>1. We are satisfied with the leisure and entertainment activities offered by hoteliers</li> <li>2. We are satisfied with security and safety conditions inside the hotels</li> <li>3. We are satisfied with the environmental management by this hotel (noise, waste)</li> <li>4. We are happy with information, sales and marketing activities the hoteliers provide us with</li> <li>5. We are satisfied with investment</li> </ol>	Medina-Munoz et al., 2003.

	<p>and growth-oriented actions undertaken by the hoteliers</p> <p>6. We are satisfied with the characteristics of the establishments and rooms allocated to our customers (location etc.)</p> <p>7. We are satisfied with the characteristics and condition of facilities, equipment and furnishings</p> <p>8. Hoteliers provide good accommodation services (reception, room cleaning) to our customers</p>	
Commitment	<p>1. Hoteliers deserve our loyalty</p> <p>2. We have a strong commitment to hoteliers</p> <p>3. We intend to maintain and develop this relationship</p> <p>4. Our relationship requires maximum effort and Involvement</p> <p>5. Our company is fully open and honest in its relationship with the hoteliers</p> <p>6. Hoteliers devote sufficient time and effort to our relationship</p> <p>7. Deciding to work with hoteliers was a definite success for our company</p> <p>8. Our relationship with hoteliers is a long-term partnership</p>	Lancastre and Lages, 2006; Jonsson and Zineldin, 2003; Vieira, 2008.
Cooperation	<p>1. My firm and the hoteliers regularly interact</p> <p>2. There is a communication when cooperating with the hoteliers</p> <p>3. Overall, we are satisfied with the interaction with the hoteliers</p> <p>4. The hoteliers are able to handle our complaints</p>	Lancastre and Lages, 2006; Woo and Ennew, 2004.
Communication	<p>1. There are excellent communications with Greek hoteliers so there are never any surprises that might be harmful to our working relationship</p> <p>2. Hoteliers genuinely enjoy helping us</p> <p>3. It is easy to communicate with hoteliers</p> <p>4. Hoteliers try to establish a personal relationship</p> <p>5. Hoteliers seem interested in us not only as partners, but also as people</p> <p>6. Hoteliers are cooperative</p> <p>7. Hoteliers are friendly</p> <p>8. Hoteliers are helpful</p>	Smith and Barclay, 1997; Vieira, 2008.
Customer Relationship Management	<p>1. Technology advances have radically transformed the nature of the business processes with the hoteliers</p> <p>2. E-mail provides an effective way of exchanging information rapidly with hoteliers</p> <p>3. Communications between hoteliers and us has become quicker due to technology</p>	Grover et al., 1998; Leek et al., 2003



	<ul style="list-style-type: none"> <li>4. Technology has made communications with suppliers more accurate</li> <li>5. Modern technology has reduced the need for face to face meetings</li> </ul>	
Information Quality	<ul style="list-style-type: none"> <li>1. Hoteliers information is accurate</li> <li>2. Hoteliers provide helpful information regarding your questions or problems</li> <li>3. Hoteliers provide high quality information (i.e. facilities, services etc.)</li> </ul>	Chen et al., 2013.
Relationship Quality	<ul style="list-style-type: none"> <li>1. We are satisfied with all service offered by hoteliers</li> <li>2. We believe that hoteliers are trustworthy</li> <li>3. Hoteliers can be relied on to keep their promises and commitments</li> <li>4. We feel happy about the cooperation with hoteliers</li> <li>5. We are satisfied with food and beverage products and services</li> </ul>	Kim and Cha, 2002.

The next part of the chapter discusses the pilot tests, which were conducted with industry experts. The literature review findings and pilot test results were used to further hone the survey questions, thus increasing the reliability of the results.

### 5.7.2 Phase 2: Pilot Questionnaire

A pilot of the questionnaire was initially distributed to two experienced managers working in the Cretan tourism industry. One respondent was the general manager of an SME hotel, and the other was a product manager employed at a British TO. Both were selected for their experience in B2B relationships, and their knowledge of Cretan hotels and British and German TOs was especially critical. The pilot sought to ensure that the questions were understandable and complete, especially the variables that have been overlooked in the questionnaire, such as satisfaction, trust, commitment, communication, RQ, price, mutual goals, cooperation, customer relationship management, and information quality. The pilot testing took place between 10 May 2014 and 13 May 2014. Both the TO and the hotel managers were contacted via e-mail and requested to highlight, and comment on, any unclear sections or phrases. Moreover, they were also asked to leave additional comments at the end of the questionnaire. After addressing these comments, more questions were edited in terms of demographics characteristics of the hotel and TO managers. In the second section of the questionnaire, the pilot test played a key role in indicating whether the questions made sense to the respondents and whether any other issues with the survey were likely to arise. Generally, the respondents

clearly understood the questions, and the questionnaire took approximately 10 minutes for them to complete.

The pilot of the questionnaire shed light on one area in need of improvement. The original questionnaire employed a paired comparison scale, but this design was exchanged for a five-point Likert scale, so as to better highlight (Bryman, 2004) the features of business relationships between Cretan SME hotel organisations and British and German TOs. The questionnaire sought to identify the importance of the overall RQ for each respondent in relation to his or her industry experience. In the final version of the questionnaire (see Appendices C and D), all constructs, with the exception of the introductory questions and the control variables, were measured via a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree).

### **5.7.3 Phase 2: Population and Sample Size**

Approximately 1,500 hoteliers work in Crete, representing one- to five-star hotels. Moreover, 160 British and German TO managers are employed on the island (Hellenic Tourist Business Association, 2017).

In phase two, a convenience sampling method was adopted, since the author had access to industry managers, as discussed in Section 5.6.1.1.

Additionally, a cover letter explaining that all information would be treated as confidential was attached to each questionnaire. A total of 845 questionnaires were distributed to both Cretan hotel managers and British and German TOs. Of these, 541 (64%) were returned, although 145 (26.80%) were discarded, as they were incomplete. Therefore, 396 (46.8%) of the returned questionnaires were suitable for analysis. These were divided between Cretan hoteliers (n=252) and British and German TOs (n=144).

According to the study requirements, which were based on work by Krejcie and Morgan (1970), the analysis required a sample of approximately 200, based on the exact structural equation modelling (SEM) approach employed (Hair et al., 2006; Tabachnick and Fidell, 2007; Roscoe, 1975; Bentler and Chou, 1987; Loehlin, 1992). Therefore, the hotel manager sample

met both sets of criteria. However, the TO manager population only contained 144, and so the minimum SEM sample size was not obtained.

#### **5.7.4 Phase 2: Primary Data Collection**

Numerous methods and techniques are available for collecting data, and their suitability depends on the research problem. These include self-administered surveys, mail surveys, and electronic surveys (Fowler, 2002). The selection of data collection methods requires an understanding of the required sample size and the costs in terms of accessibility (Zikmund, 2003). In the present study, data was collected via questionnaires.

This methodological choice was made because the population for the present study was British and German TOs and hotel managers on the island of Crete. These individuals were spread across four geographical regions. Thus, meeting each respondent in person would have been impractical, making e-mail a more suitable distribution method.

#### **5.7.5 Phase 2: Primary Data Analysis**

The data analysis process consisted of two stages. The first stage comprised a preliminary analysis, and descriptive statistics were generated during this phase. The second stage was the evaluation of the structural model, with the goal of examining the relationships among the independent and dependent variables.

The first part of the analysis used SPSS Version 2.1, which is held in high regard by many scholars (Tabachnik and Fidell, 2007; Field, 2006), for statistical analysis. This tool yielded a general picture of the respondents' characteristics and responses. The effect of various demographic and cultural characteristics was also evaluated during this stage. The second phase employed SEM, which is a set of statistical techniques permitting researchers to simultaneously evaluate relationships among multiple constructs (Tabachnick and Fidell, 2007).

SEM can be divided into two categories: (i) covariance-based modelling, such as LISREL and AMOS, and (ii) component-based modelling, such as partial least squares (PLS) analyses. A component-based SEM technique was adopted to examine the paths in the structural model via SmartPLS. This is more popular in recent years, due to its ability to model latent variables

within non-normalised distributed and manage small samples, and it also facilitates examinations of measurement paths and explains the regression estimation of structural paths (Henseler, Ringle and Sinkovics, 2009). PLS-SEM is an alternative to Covariance Based Structural Equation Modelling (CB-SEM) as used in the popular Lisrel, AMOS and EQS applications. Additionally, PLS-SEM is advocated where the research objective is to explore theoretical extension of established theory, the latent variable model includes formative constructs and there is relatively small sample size but a complex structural model. It makes no distributional assumptions. It has been argued that the high degree of statistical power of PLS-SEM compared to CB-SEM enables better identification of relationships between latent variables (Hair et al., 2019).

Analysis took place in two steps. First, the measurement model was assessed by examining its psychometric reliability and by conducting validity tests. Second, the bootstrap method was employed (5000 samples) to obtain the t-value (significance of the difference between the hypothetical relationship and the standard error).

## **5.8 Time Horizon**

RQ involves both partners (Hoteliers and TOs) and combining the perspectives of both of these actors would have provided more persuasive results. Such an approach would have required a variety of data collection and data analysis methods (Keh and Xie, 2009). This study did not adopt this tactic, however, because of time constraints and financial reasons.

A cross-sectional approach entails collecting data on more than one case at a single point in time to generate a body of quantifiable data on two or more variables. This data is then examined to detect patterns of association (Keh and Xie, 2009).

A cross-sectional approach was employed due to its widespread use in recent management and marketing studies. Additionally, this approach is appropriate for evaluating variations in variables stemming from multiple cases. In this study, quantifiable data examined these variations, with the goal of discovering possible associations between cases. Those links represented the relationships between variables (Keh and Xie, 2009).

## 5.9 Reliability and Validity

The concept of reliability and validity refers to the integrity of the findings and conclusions generated from high-quality research (Bryman, 2004). A mixed-methods approach strengthens the reliability and validity of research, especially since a weakness in one method can potentially be overcome by another technique (Veal, 2011). Therefore, a mixed-methods design was adopted, and this study made use of semi-structured interviews and questionnaires. Different data collection methods sought to shed light on variables relevant to the relationship between TOs and hoteliers. This mixed-methods approach provided a deep understanding of the topic of interest, thus enabling a more productive discussion and strengthening the robustness of the study's conclusions. In short, the use of mixed methods greatly enhanced the validity of the study (Hair et al., 2011).

In terms of validity, the questionnaire was pre-tested and reviewed by industry experts prior to implementation, and these safeguards both permitted the author to correct any dubious formulations and reduced the risk of respondents misinterpreting it. The questionnaire was designed based on the literature review, and it was revised via feedback from tourism industry experts and experienced senior managers. Their input ensured that the set of RQ variables was clearly and appropriately presented to the respondents. Before distribution, the final questionnaire was further revised to match the specific tourism industry in question. A drawback of convenience sampling is that raw results cannot be generalised to the entire target population with any measure of precision. With such an approach, it is not possible to measure the representativeness of the sample, because sampling error estimates cannot be accurately determined (Veal, 2011; Hair et al., 2011).

The current study, designed to test the quality of the interview qualitative data, used Lincoln and Guba's (1985) proposed authenticity, confirmability, credibility, transparency, reflexivity, and representativeness.

Regarding the qualitative data collection and analysis procedures employed in the current study, thick descriptions of the findings further enhanced the credibility of the results. Detailed description of the findings drawn and the key findings that illustrate in detail the interview data that led to those implications are provided. Additionally, inferred meanings are described via quotes from the interviewees, as is evident in the qualitative data analysis chapter. The author

was well aware of the issue of confirmability, because her knowledge regarding RQ and business collaborations was largely based on her experiences in the tourism industry. The author worked for a number of years as hotel manager, a position that afforded her significant knowledge of the industry, detached from her personal interests and motivations. Thus, the likelihood was reduced of the author interpreting the interviewees' comments in light of her own preconceptions (Hair et al., 2011).

The author ensured the representativeness of the qualitative data by including managers from a range of positions and with many years of relevant work experience. The interview process halted at the point when new data stopped emerging. Rather, data saturation had been achieved, meaning that the 26 interviews were considered sufficient. Furthermore, conducting in-depth interviews with TOs and hotel managers resulted in fair results, since insights were collected from respondents representing a variety of perspectives. The purposefully selected participants—all highly experienced managers—enhanced the representativeness of the study, thanks to their in-depth understanding of the issue under investigation.

Likewise, the author was well aware of questions regarding the transferability of the qualitative data. To avoid this, the author conducted pilot tests to validate the research methods, and this approach reduced the likelihood of errors during the main interview and transcription phase. Reflexivity, a phenomenon in which the presence of the researcher influences the informants' responses, was also considered. In addition, the possibility was also recognised that the author could introduce biases at various points within the research process. Although ignoring the author's own ideas, beliefs, knowledge, and opinions was not possible, it was acknowledged that these perceptions could have influenced the research findings. The author's empathy concerning the population under investigation might have contributed to any research bias. Being too closely associated with the sample entailed the risk that the author might make assumptions regarding the participants' opinions and behaviour. In such situations, a researcher's capacity to objectively observe proceedings may be lost, thus leading to biases regarding participants' opinions.

Lincoln and Guba (1985) examined five criteria for achieving authenticity in research, and these are ontological authenticity, educative authenticity, catalytic authenticity, and tactical authenticity. This study primarily incorporates these five criteria via intensive dialogue with the interview participants. The researcher has promised to provide them with the findings of

this study, and she has also offered them the possibility to review their setting in the case of RQ theory. One example of a fairness criterion was the researcher's conscious choice to conduct the interviews as an academic researcher, rather than as a representative of a firm. To gain as clear a picture of the material as possible, the researcher combined her findings those of previous studies.

## **5.10 Limitations**

There are number of limitations concerning this study's methodological approach. These included the study's general time limits, especially as concerned the administration of the manager survey.

One of the main limitations of qualitative research pertains to the bias introduced by the researcher, as different researchers might identify different factors and themes as particularly significant. Thus, quantitative techniques aimed at improving the robustness of the findings and complemented the qualitative data (Hair et al., 2011).

All of the interviews were transcribed so that the participants could confirm the credibility of the information and narrative accounts contained therein. Additionally, the author had the advantage of having worked as a hotel manager at a resort in Crete. Thus, she could competently judge the quality of the interviews and also enjoyed access to highly experienced professionals in Crete's tourism industry. For example, the respondents were well-known international TOs and very knowledgeable professionals. Most of them had worked in the industry for more than 10 years and were acknowledged experts in the area under investigation. Therefore, the study's data had a high likelihood of being accurate and reliable, and these factors strengthened the reliability of the study as a whole.

Semi-structured interviews also have their own inherent limitations and advantages. One benefit was that they allowed the author to access to essential thoughts and feelings, meaning that the study was based on deep information. However, implementation (and particularly transcription) required considerable effort, time, and labour. Moreover, the interviews presented another of the study's limitations. The participants were very busy individuals with little spare time. Consequently, their concentration and the natural flow of the interviews were sometimes affected.

Both quantitative and qualitative research are associated with certain limitations. Another limitation concerned the sample size. Specifically, the TO questionnaire did not generate the minimum number of responses required for SEM. As a result, conclusions based on the quantitative TO data might be inaccurate (Hair et al., 2011).

This study focused exclusively on German and British TOs. Thus, as other TOs were not included, generalising the results proved challenging. In addition, the study concentrated on the Cretan tourism industry. While that industry might be limited, the findings are potentially relevant for other tourism destinations and countries, although key factors might differ from place to place. Crete is a traditional sun, sand, and sea destination, with hoteliers still very reliant on traditional TOs for bookings from major European markets, due to the high number of package holidays. Therefore, other destinations will each exhibit their unique collaborations and TO relationships. In other words, the market is extremely complex, with research findings difficult to generalise.

### **5.11 Ethical Issues**

Research ethics consider the appropriateness of the author's behaviour and attitude concerning the rights of the target participants who become subjects of the research work. May (2011) stated that, in social science research, responsibility and ethical issues should be the highest priorities, and asserted that ethical issues arise in the first stages of the research design, which should employ the right approach for data collection. Several aspects were considered in this research, such as informed consent, potential harm, risk, honesty, trust, confidentiality, and anonymity.

The issues of trust and honesty focus on the relationship between the participants and the researcher. Researchers should have an honest and clear relationship with interviewees and avoid influencing the participants (May, 2011; Saunders, Lewis and Thornhill, 2019).

As the literature has consistently pointed out, ethical considerations should be seriously considered by researchers (Maylor and Blackmon, 2005). Ethical considerations can be divided into four categories: (1) every respondent must be informed of everything relevant to the research; (2) researchers must protect participants' identities by ensuring that their answers are private and confidential; (3) deception is unethical and therefore forbidden; and (4) data



accuracy must be assured, as accuracy is a fundamental principle in social science. The researcher must be honest about the methods used to collect and analyse data, and about the limitations of the specific research. All of the above ethical issues were observed during the present research process.

Apart from the ethical issues involved, providing misleading information can have disastrous effects on the relationship between the researcher and participants when the latter realise that they have been misled (May, 2011). The researcher considered this issue by providing the participants with sufficient information about this research. Furthermore, the researcher has several years of managerial work experience in the Cretan tourism industry, which has provided her with knowledge and experience that supported the conduct of this research, as did her many contacts retained from the above work experience. As a result of this industry experience the participants trusted her and helped her to obtain accurate information. In addition, because the contacts have known her for many years, they felt confident participating in the research. Research outcomes are generally more significant when the researcher has a knowledge of the industry and is able to draw upon relevant contacts. However, the researcher's experience also introduced a risk of potential bias in this study. As a result of her work experience, the researcher had the power of peer influence: it became necessary to take this into account during the research. The researcher faced a real ethical issue. That was a sensitive situation because it caused participants to become reluctant to speak. On the other hand, even in an ideal relationship the researcher has the power to influence her peers, and so also influence the results of the research. This was carefully considered, and appropriate measures were taken to minimize this potential. The researcher has acknowledged this barrier and continuously strove to reflect on the knowledge generated by this study, taking a distant or neutral stance on the matters that arose during the primary research.

To ensure that the research was conducted in an ethical manner, the researcher also emphasized anonymity and confidentiality, explaining that none of the participants would be identified, and that in order to avoid the researcher causing any disruptions to the research she would act as a non-participant. (Hair et al., 2019). In addition, to ensure unbiased results and honest responses to the questionnaire, the survey was carefully structured to ensure participants' awareness of the procedures being applied.

Where necessary (as in the tourism expert group) personal information was retained only for the original purpose of the research. The data was subsequently anonymised. After transcribing

the data, the researcher saved and encrypted the text documents and deleted the electronic recordings of participants who had agreed to be recorded for transcription purposes only (and had explicitly asked that any recordings be deleted after the study).

The increased level of control associated with interview-based techniques was exercised with care so that the researcher's behaviour remained within appropriate and acceptable parameters. During data collection via face-to-face interviews with the managers, the researcher was in a position of power, and could formulate questions, including probing ones, which might cause discomfort (Saunders et al., 2019). In face-to-face interviews, the researcher avoided overzealous questioning and pressing participants for a response, in line with Saunders et al. (2019), in order to avoid causing the participants stress. The researcher also made it clear to each interview participant that they had the right to decline to respond to any question. The researcher avoided asking questions that were in any way demeaning to participants.

As the thesis covers RQ factors in a quantitative approach, hotel managers were worried about providing confidential information, as the researcher experienced while researching the hotel industry on Crete. However, the design of the research instrument, which employed Likert-scales instead of actual figures, enabled the researcher to fully ensure confidentiality by using only soft information that measured perception on a scale. Additionally, global impressions of work are likely to be influenced by mood, so using a task-specific approach partly removes this bias (Hair et al., 2019; Haynes, 2012).

All participants could communicate with the researcher at any time via e-mail to ask questions or raise objections or doubts resulting from the researcher's work experience in the hotel industry on Crete. Moreover, it was clearly stated at the beginning of the questionnaire that all participant answers would be used only for the present research objectives and would be kept confidential (Haynes, 2012).

To comply with the ethics guidelines of Manchester Metropolitan University the researcher obtained permission and informed consent from all participants and organisations before commencing the study. Additionally, the researcher informed all participants that any personal or organisational information would be treated as confidential. After the study, participants were able to freely review their interview transcripts and could choose to remain anonymous. This procedure ensures the researcher has considered any ethical issues and that all participants are informed about the nature of the research. This encouraged the participants to feel more

relaxed, allowing them to contribute effectively. This possibly constitutes the primary issue in need of attention when creating a framework for ethical online research practices (Easterby-Smith, Thorpe, Jackson and Lowe, 2012). Thus, the email sent to each potential participant clearly explains the nature of the study.

Participants enjoyed the right to privacy, including the right to withdraw from the study or to decline to take part in a particular aspect of the research (Hair et al., 2011). The privacy policy was presented at the beginning of the questionnaire and interviews, and assured the participants that the information gathered in the study would be handled responsibly. After the researcher demonstrated compliance with all of the requirements of Manchester Metropolitan University's Ethics Committee (including the creation of a consent form), the committee and the researcher's supervisor signified their approval for the data collection phase to commence. Ethical considerations pertain to all elements of the research design. This research avoided any potential conflicts of interest, and the researcher obtained approval from the University before the primary research commenced (Haynes, 2012).

To conclude, the research approach and methods, scales, and techniques used to collect data were presented for a quantitative approach. Moreover, all additional information is presented about the questionnaire design, its pretesting, and ethical considerations that may arise, to ensure the validity and reliability of the data.

## **5.12 Chapter Summary**

This chapter examined and justified the research philosophy, approach, design, and strategy. In particular, this study adopted a pragmatist perspective, and it relied on inductive and deductive research. A mixed-methods (qualitative and quantitative) approach, comprised of interviews and questionnaires, characterised the data collection process.

This empirical study explored the concepts of RM and RQ in B2B relationships between TOs and hoteliers. The measurement items for each of the proposed latent RQ and RM variables were developed on the basis of the existing literature. In addition, this chapter described the two phases of the research, including the design of the research instruments, the population, sample, and data analysis techniques. This chapter also justified the selection of the specific measurement instruments employed, and it also discussed the validity and reliability of the

research methods. Finally, it addressed the study's limitations and considered ethical issues. In the next chapter, the qualitative data analysis is discussed.

## CHAPTER SIX: INTERVIEW ANALYSIS

### 6.1 Introduction

This chapter presents the findings and qualitative data analysis. It commences with the qualitative findings and offers the profile of each key theme. The data is analysed using a thematic analysis technique. Then, the managers' viewpoint with regards to the relationship between Cretan SME hotel organisation and British and German TOs is provided.

The purpose of this chapter is to discuss the interview results in an effort to achieve objective three of identifying the key factors that influence RQ between the SME hotels and British and German TOs in the future. This is achieved by critically discussing the managers' viewpoints of the theoretical basis of RQ.

### 6.2 Profiles of the Interview Participants

The sample involved interviews with 14 Greek hoteliers, such as General Manager (H3GM), Contract Manager (H4CM), Operation Manager (H5OM2, H4OM), Marketing Manager (H3MM, H4MM), Front Office Manager (H4FM2, H5FM) and Hotel Owners (H3OW), with a minimum of three years' work experience. Interviewees came from different hotels. They ranged in age from 25 to 50 years, though most were between 30 and 45 years old. In terms of gender distribution, 60 per cent were male and 40 per cent were female. Four of the interviewees were associated with three-star hotels (H3); six of the interviewees were associated with four-star hotels (H4); and four of the interviewees were associated with five-star hotels (H5).

The researcher followed a semi-structured interview format. Appendix B shows the sequence of questions. Table 6.1 provides the profile of the interviewees, including their initials, work experience (years), hotel star rating, company, and interviewee's position, age and gender.

To begin, in most hotels the managers and owners mentioned the key themes of the relationship between hotelier and tour operators.

**Table 6.1: Profiles of Interviewee (Hoteliers)**

Interviewee	Company	Position	Working years	Age	Hotel stars	Gender	Length	Date
H5OM	Company 2	Operations Manager	4	32	5	F	40:40	20 June 2013
H4MM	Company 5	Marketing Manager	20	40	4	M	30:41	15 June 2013
H4OM	Company 1	Operations Manager	5	26	4	M	30:42	15 June 2013
H3MM	Company 3	Marketing Manager	4	35	3	M	40:50	10 June 2013
H5OM-2	Company 6	Operations Manager	10	42	5	F	40:37	25 June 2013
H3GM-2	Company 7	General Manager	3	32	3	M	22:31	25 June 2013
H4GM	Company 8	General Manager	16	45	4	M	48:46	30 June 2013
H3GM	Company 9	General Manager	10	40	3	M	30:14	6 July 2013
H3OW	Company 10	Hotel Owner	16	47	3	F	40:41	7 July 2013
H4CM	Company 11	Contract Manager	5	35	4	F	44:34	7 July 2013
H4FM	Company 12	Front Office Manager	3	32	4	F	44:10	8 August 2013
H4FM-2	Company 11	Front Office Manager	3	30	4	F	33:55	17 August 2013
H5FM	Company 2	Front Office Manager	2	42	5	M	44:59	20 June 2013
H5GM	Company 6	General Manager	29	50	5	M	48:50	25 June 2013

The following sections present the analysis of the interview data in order to recognise the key themes that influence the RQ between SME hotels and British and German TOs. TO participants were managers from different positions, such as Product Manager (PM1-3), Contract Manager (CTM1-3), Commercial Manager (CMM1-4) and Quality Manager (QM1-2). TO interviewees ranged in age from 27 to 50 years, though most were between 30 and 40 years old. Every British and German TO interviewee had a minimum of two years' work experience in the Crete tourism industry. Table 6.2 below provides the profile of the TO interviewees, including initials, nationality, company, position, age and gender.

**Table 6.2: Interview Sample (Tour Operators)**

Interviewee	Company	Position	Age	Working years	Nationality	Gender	Length	Date
CMM2	Company 1	Commercial Manager	51	14	British	F	38:42	28 August 2013
CTM1	Company 4	Contract Manager	27	4	British	M	30:14	18 August 2013
QM2	Company 5	Quality Manager	32	5	British	M	40:42	25 July 2013
CMM4	Company 2	Commercial Manager	42	10	British	M	30:50	12 July 2013
CTM3	Company 6	Contract Manager	40	7	British	M	44:37	25 September 2013
QM1	Company 7	Quality Manager	35	2	German	F	47:21	25 September 2013
PM3	Company 8	Product Manager	36	3	German	F	35:46	10 September 2013
CMM1	Company 7	Commercial Manager	36	3	German	M	25:13	6 September 2013
PM1	Company 9	Product Manager	30	4	German	M	44:41	27 September 2013
CMM3	Company 10	Commercial Manager	42	10	British	F	34:34	17 July 2013
PM2	Company 7	Product Manager	39	10	German	M	54:10	18 August 2013
CTM2	Company 3	Contract Manager	34	3.5	British	F	51:55	30 September 2013

In summary, 12 participants with TOs and 14 participants with Cretan hoteliers agreed to be interviewed for the current study. In order to fully understand the relationship between TOs and hoteliers' key information, the interviews involved selecting respondents based on their work experience and level of knowledge of the relationship.

### 6.3 Identification of RQ Variables between TOs and Hoteliers

This section analyses the RQ variables valid for the business relationship between TOs and hoteliers. The present objective of this study was the identification of key factors in the quality of the relationship between German and British TOs and the SME hotel organisation in Crete. Tables 6.3. and 6.4 provide an overview of the variables identified within the interview data. The themes recognised during the interview phase are largely in accordance with the literature review, except for the information quality not supported by the previous literature. The findings from the interviews with managers from the tourism industry in Crete show that trust, co-operation, price, communication, customer satisfaction, service quality, commitment and mutual goals are the most important key themes in their relationship with the Cretan SME hotel organisation. For the British and German TOs, the key themes perceived as important for the

relationship with the SME hotel organisation are trust, price, communication, commitment, information quality, customer satisfaction, service quality, co-operation and mutual goals. Additionally, upon interviewing the two partners only one key theme was different: TO managers' information quality is an important factor but not for the hotel managers.

**Table 6.3: Variables Identified within the Interview Data for the Hoteliers.**

<b>Themes</b>	<b>Initials</b>	<b>Reference</b>
<b>Service Quality</b>	H3GM; H4GM; H4CM; H5GM; H5OM-2; H5FM; H4MM; H3MM	Chu, Lee and Chao, 2012
<b>Customer Satisfaction</b>	H3GM; H4GM; H4CM; H5GM; H5OM-2; H5OM; H3OW; H3MM; H4FM; H4MM	Zhang and Feng, 2009; Mattila, 2006
<b>Communication</b>	H4MM; H3GM; H3GM-2; H4GM; H4CM; H5OM-2; H5FM; H5OM; H3MM; H4FM	Grönroos, 2004; Large, 2005; Hammervoll and Toften, 2010
<b>Co-operation</b>	H4MM; H3GM; H3GM-2; H4GM; H5GM; H5OM-2; H5FM; H4FM-2; H3OW; H4FM; H4OM	Cater and Cater, 2010
<b>Price</b>	H4MM; H3GM; H4GM; H4CM; H5GM; H5OM-2; H5FM; H4FM- 2; H5OM; H3OW; H3MM	Campos-Soria, González García and Roperó García, 2005; Baker and Crompton, 2000
<b>Trust</b>	H3GM; H3GM-2; H4GM; H4CM; H5GM; H5OM-2; H4FM-2; H5OM; H3OW; H3MM; H4FM; HO14; H5FM	Medina-Munoz et al., 2003; Ndubisi, 2007; Doaei et al., 2011
<b>Mutual Goals</b>	H4-3; H4GM; H5GM; H5FM; H3OW; H4OM	Sarmiento et al., 2014; Hammervoll and Toften, 2010
<b>Commitment</b>	H4OM; H3GM-2; H4GM; H4CM; H5GM; H5OM-2	Medina-Munoz et al., 2003; Mattila, 2006
<b>Customer Relationship Management</b>	H4MM	Ellis, 2011; West, Ford and Ibrahim, 2010; Becker, Greve and Albers, 2009



**Table 6.4: Variables Identified within the Interview Data for the Tour Operators.**

Themes	Initials	Reference
Service Quality	PM3; QM1; CTM3; CMM4; QM2; PM2; CMM3; PM1	Chu, Lee and Chao, 2012
Customer Satisfaction	PM3; QM1; CTM3; CMM4; QM2; CMM3; PM1	Zhang and Feng, 2009; Mattila, 2006
Communication	CTM2; QM1; CMM2; CTM1; CMM3; QM2; CMM4; PM2	Grönroos, 2004
Co-operation	CMM1; PM3; QM1; CTM3; CMM4; PM2; CMM3; PM1	Cater and Cater, 2010
Price	CMM1; PM3; QM1; CTM3; CTM2; CMM4; QM2; CMM2; PM1	Campos-Soria et al., 2005; Baker and Crompton, 2000
Information Quality	QM1; CTM3; QM2; CMM3; CTM1	New theme
Trust	CTM2; CTM3; QM1; PM3; CMM2; PM2 QM2; CMM4; CMM3; CTM1	Medina-Munoz et al., 2003
Mutual Goals	CMM1; CTM3; CTM2; CMM4; CMM3	Sarmiento et al., 2014; Hammervoll and Toften, 2010
Commitment	CMM1; PM3; CMM3; CMM2; QM2	Bowen and Shoemaker, 2003; Medina-Munoz et al., 2003; Mattila, 2006
Customer Relationship Management	CTM3; PM1	Ellis, 2011; West, Ford and Ibrahim, 2010; Becker et al., 2009

## 6.4 Trust

The findings indicate trust is the RQ theme that influences the relationship between British and German TOs and Cretan hoteliers. A Cretan Hotel Manager H4OM remarked, *‘I believe that trust is one of the most important factors for a good relationship between hoteliers and tour operators, they can establish a long run of relationship when they trust each other (...). A relationship based on mutual trust is the foundation of an excellent collaboration which leads to successful results.’*

Another Hotel Operation Manager H4MM reported, *‘I am a Manager in a small family owned hotel and I used to work with the same Tour Operator for many years and I realised that the most important factor for the relationship between hoteliers and TOs are respect, trust,*

*honesty, integrity, commitment and mutually acceptable manners in resolving conflicts or disagreements, mutually following of the legal agreements.'*

In addition, an Operation Manager H5OM stated that *'TOs often demand too much from hoteliers by forcing them to overbook. Considering the enormous importance of partnership between the hoteliers and the TOs for their business operation trust was perceived as the most important factor influencing the relationship.'*

The following Marketing Manager (H3MM) from Crete said, *'Many factors influence the relationship with tour operators (...) but trust is important in order to keep business in the future long-lasting relationship between the two partners.'*

Another Front Office Manager (H4FM) with three years' work experience stated that *'hoteliers are trying to do the best for their profit and TOs for their clients...If the tour operators is only on the side of the clients(...)It will negatively affect the relationship with hoteliers and cause more problems for their future cooperation... Many times, the Tour Operators in high demand seasons are forcing the hotels to receive more bookings than their availability because tour operators want to sell as much as they can... and the hotels are in the bad situation of overbooking (...) and unsatisfied clients (...). I think it is necessary for both sides to stay on the professional level (...). Even through the relationship is on the friendly basis it might cause problems (...)'*

It is believed by the TO manager (PM1) that *'trust is not existing in the business, everything has to be in advance agreed (...) you cannot trust your partners it is impossible to work without a signed contract.'*

On the other hand, another German TO (QM1) said that *'trust each other and satisfaction of the mutual customers are the key for a successful collaboration with a hotelier. I have to trust the product and the hoteliers in order to invest in them (...). And this can help me to sell the destination (...)'*

The interviewees acknowledged the importance of trust in the relationship between TOs and hoteliers. Promises must be kept in order to maintain this relationship and to establish a long-term relationship. On the one hand, TOs often force the hoteliers to overbook, which is a

conflict of their partnership agreement because it leaves hoteliers with the impression that they cannot trust each other. On the other hand, TOs believe that in business one cannot trust one's partner. In fact, they believe it is necessary that all details be agreed upon and a contract signed. Moreover, for TOs it is vital to trust hoteliers that assist them in selling the destination. It has been argued in the literature that keeping promises in the business relationship is a matter of smooth long-term collaboration (Alrubaiee and Al-Nazer, 2010; Chenet et al., 2010; Doaei et al., 2011). According to Liu, Guo and Lee (2011), the main elements and values for a business relationship are fairness, integrity and honesty.

## 6.5 Price

The interview data provided evidence that price is another RQ theme significant in the relationship between TOs and hoteliers. For example, a TO Manager (CMM2) from the United Kingdom remarked, *'everything nowadays depends on the prices ....TOs try to get best prices because they can earn more that way and put a good mark-up and sell the product two or three times higher.'*

An interviewee TO Contract Manager (CTM3) stated, *'Crete is a very competitive destination(...)the most important nowadays as I can see is the price for the two partners. Because of the economic crisis in Europe more and more customers are interested in cheaper holidays or all-inclusive holidays that they do not have to pay any extras.'*

Moreover, a Hotel Front Office Manager (H4FM2) from Crete added the following point: *'price is the factor that helps partners to start working together...if they negotiate and agree for the right prices they can help the sales for the hotel and the destination (at) the same time.'*

Another Manager (H3MM) from Crete said, *'the price doesn't play the most important role in the relationship because if you trust your partner for service quality then the tour operators will give better rates in the contract.'*

In addition, a Hotel Manager (H4GM) stated that *'TOs do not have to pressure the hoteliers for lower prices ... then the hoteliers will be struggling to provide good quality of services(...) the biggest competitors of Crete is Turkey and Egypt unfortunately the costs in Greece is higher(...) so tourists have to be prepared to pay more for their holidays (...)'*

The following comments from TO Managers depict the different views regarding price:

CMM-1 stated that *'with an acceptable price from both parties everybody will be satisfied(...)if they can offer a good value of money product to a customer then they can both sell the destination for their common benefit.'*

The interview data showed that price is a main consideration in the industry and that profit is a more significant concern than building relationships that create strong co-operation between both parties. Furthermore, the Cretan hotel managers suggest the TOs attempt to reduce prices for the hoteliers, while the hoteliers feel they cannot offer a good quality of service at such low prices. Consequently, determining the correct price is an important factor in the relationship, as any change in relative price competitiveness affects tourism demand.

While this focus on price competitiveness has been noted in the literature, it has tended to emphasise a policy of competition by means of holding effective prices at lower levels than those of competing destinations. The literature reveals that the value of money products supports the business relationship and helps both parties to increase profit (Campos-Soria, González García and Roperó García, 2005; Meng and Elliot, 2008). Price influences the business relationship between TOs and hoteliers because it influences their relationship with customers. Therefore, both parties must establish a product price strategy for their mutual benefit (Meng and Elliot, 2008).

## **6.6 Communication**

Interviewees considered communication to be an elevated RQ theme important to the relationship between TOs and hoteliers. The following comment from a British TO Manager (CTM2) is representative:

*'having worked for many years in the tourism industry, I had to deal with a variety of people in difficult situations. I find it much more effective when partners have to be able to communicate both in a professional but also in a more personal level.....open communication is important for both of the partners to truly listen to and try to walk in the other sides' shoes, listen carefully to what their concerns are and try to read their real needs from each other, then try to match them with your interests to reach a win-win situation.'*

In addition, interviewee H3GM2 stated, *'I believe that open communication, trust, atmosphere all these factors that helps for a successful relationship. Basically, partners that they are working with open communication can help the creation of a positive working atmosphere which in turn facilitates future cooperation.'*

Moreover, a Cretan Hotel Manager (H4CM) commented that *'I have a lot of interesting stories to tell you about my experiences of working with Tour Operators.... many time hours of negotiations for prices or customers' problems but I was always found a solution with them.... I think open and direct communication with your partners can help you to better understand the needs of the industry.'*

One interviewee from a British TO (CMM4) with 10 years' experience in the tourism industry said, *'open communication is crucial as problems in hotels are impossible to solve when the TOs and hoteliers do not have open communication, do not try to understand each other and help each other.'*

A TO Manager (CMM3) similarly commented that *'open and honest communication between suppliers and TOs is a matter of great importance that affects positively to the consumers' satisfaction.'*

Furthermore, a General Manager (H4GM) with 16 years' experience noted *'the importance of communication for their business success as it helps the maintaining of functioning collaborations. The managers claimed that the open communication between the partners helped to avoid many problems.'*

In summary, the interview data revealed that open communication can help partners exchange information and solve problems to assist their collaboration: for example, open communication helps obtain customer feedback. High-quality and frequent communications appear to lead to customer satisfaction and commitment. It is evident that the delivery of high-quality services, friendly communication and fulfilment of promises are ways that partners can provide value to business relationships. Both British and German TOs and Cretan hoteliers identify that they enjoy interaction and conversation with familiar receptionists and that those exchanges help them to understand the needs of the partnership. The literature supports the argument that communication is significant for every stage of a partnership (Meng and Elliot, 2008; Tsaur et

al., 2006; Jayachandran et al., 2005; Claycomb and Martin, 2010; Parsons, 2002). Business partners must be able to communicate, to feel comfortable exchanging opinions, ideas and expectations regarding their collaboration. According to Grönroos (2004), good communication in the business environment can resolve conflicts.

## 6.7 Service Quality

The interview data delivered evidence that service quality is an RQ theme affecting the relationship between TOs and hoteliers. A Marketing Manager (H4MM) from Crete remarked, *'the most important is when the tourist is [satisfied] and happy when they (...) leave the hotel. And they have not further complaint (...) In my opinion the most common problem between them to suspend their co-operation is the service quality.'*

A TO Quality Manager (QM1) from Germany said, *'we have service problems in the hotels , but not that much. For us, if we have a problem with service quality we are trying to solve immediately with the hotel (...) before the customer go back home from their holidays.'*

The following point was added by a TO Manager (PM1): *'When I have too many problems with hotel services, I suspend our cooperation for the next year and we resume once we are sure that the services have improved (...) I also suspend or deduct payment if the customers make a formal complaint.'*

A hotel Contract Manger (H4CM) stated that *'Tourist are expecting good service quality for both of the partners need to adapt the clients' requirements and customer satisfaction.'*

A General Manager (H3GM) also stated, *'I think that TOs are expecting high quality of service with low prices (...) that is not easy to achieve because the costs are very high and with low prices you cannot offer good services to your customer.'*

In regard to service quality, the interview data showed that a threat to the relationship between British and German TOs and Cretan hoteliers could occur if there was a low standard of service quality. Service quality became a topic deservedly receiving immense attention. In fact, industry experts think the hoteliers must offer superior service quality in order to meet customers' needs. Moreover, the interviewees emphasised that the TOs were cutting money

from the hoteliers or suspending co-operation with them due to customer complaints. Conversely, hoteliers complain that the TOs attempt to establish co-operation with them by only concentrating on low prices.

Furthermore, RQ in previous B2B markets research defined service quality as the influence of industrial satisfaction; providing quality service is one of the main targets when it comes to management and customer satisfaction in the business environment (Doney et al., 2007; Olsen, 2007). Industrial satisfaction is important in the overall evaluation of the service quality that partners provide to each other and to the mutual customers. Service business operators often evaluate and check the service quality provided to their customers in order to avoid customer complaints and problems, to improve the quality of the product and to better assess customer satisfaction (Caceres and Paparoidamis, 2007).

## 6.8 Mutual Goals

The interview data provided evidence that mutual goals are an RQ theme influencing the relationship between British and German TOs and Cretan hoteliers. For instance, an interviewee (H4GM) remarked that *'...mutual goals are given...in the contract and it is written-explained...mutual goals for both if [they] exist, is essential condition to continue in high level towards the future and remain in certain level the relation as well as the co-operation.'*

Another Cretan Hotelier (H3OW) responded that *'All the amenities and conditions that had been advertised must be true.....when businesses are agreed both parties need to be satisfied with mutual goals in order to increase the revenue from both sides.'*

The following comments demonstrate the differing views towards mutual goals.

CMM4 said that *'another important factor is mutual goals both of the partners have to be interested in keeping the clients satisfied and create a good communicational environment...because even the worse problem on the Hotel is impossible to solve when the tour operators and hoteliers don't open communicate and help to each other.'*

CTM2 stated that *'if one side wins, the other side wins, too; which I believe is not true with TOs, since the lower the net rates offered to them, the less the hotels earn, whereas the more the TOs earn.'*

The interviewees mention the important role of mutual goals in helping both partners establish a long-term relationship. This is achieved when both partners are willing to work with each other, commit to each other and make loyal decisions together. In essence, both partners are interested in the future benefit of conducting business with one another. The findings indicate that the partners can share mutual goals only by engaging with one another with honesty, communication and joint action. However, hoteliers complain that TOs work for their own benefit; they are only interested in increasing their own revenue and not working for the mutual benefit of both parties.

The literature supports the argument that business companies should ensure they provide resources and benefits to each other, and they should avoid taking advantage of their partners, thereby ensuring a mutually beneficial partnership (Sarmiento et al., 2014; Rauyrueen and Miller, 2007; Hammervoll and Toften, 2010). According to Hammervoll and Toften (2010), partners must establish collaboration with mutually acceptable manners and in win-win situations.

## **6.9 Commitment**

The findings revealed that commitment is an RQ theme important to a business relationship in the tourism sector. In this context, interviewee CMM3 said, the *'commitment agreement shows the magnitude of trust and congruity of commercial goals between hotelier and TOs.'*

Another interviewee TO manager (CMM2) said that to

*'Collaborate with the same hotels for many years is my goal because(...) commitment is as important as it ensures that both parties are aware of their common goals which in turn facilitates successful operations ... the most important thing is to have enough places for all the tourist that they want to spent their holidays on Crete. It is also important the location of the hotels to be close to the beach....'*

The interviewees also referred to commitment as an important facet of continuing relationships between British and German TOs, where they must ensure that both work with common goals



and honesty. If both partners carefully plan and their needs are taken into consideration, this may promote the creation of a long-lasting collaboration. In addition, the interviewees believe that the level of commitment a partner feels towards a relationship is of major importance in relationship development and subsequent success.

Furthermore, previous research on RQ has defined the importance of commitment in business environment (Lei and Mac, 2005). According to Cater and Cater (2010), commitment is a very important element in ensuring a long-term orientation towards collaboration. Bowen and Shoemaker (2003) noted that business companies select their partners carefully, share common values and maintain excellent communication during the relationship continuum.

## **6.10 Customer Satisfaction**

The findings also show that customer satisfaction is an RQ theme influencing the relationship between British and German TOs and Cretan hoteliers. In this context, interviewee PM1 stated:

*‘.... if the customers are not satisfied will ask for a compensation and the tour operator cannot keep a cooperation with a hotelier that constantly lose money and customers ...if the customer are not happy with the package that created....will be not choose to travel with the same tour operator’*

While interviewee (H4GM) stated that *‘At many cases between tour operators and hoteliers there is distance but both of the partner are working for the same goals...always have to try to keep the clients happy and that they have to keep what is promised’*.

A front office manager (H4FM2) also remarked,

*‘We are always trying to keep satisfied clients that are willing to come back in our hotel again and again. Also that helps the co-operation to continue in the future and can keep a good standard of co-operation for both of the partners’*.

The interview data revealed that TOs cannot continue to work with a hotel whose customers complain when they return home and ask for remuneration. Therefore, hoteliers must establish a strategy to keep customers satisfied in order to maintain their relationship with TOs. Services also play an important role in determining relationship satisfaction. If the customers are

satisfied with the services then they will revisit the destination, which is important for TOs. Hoteliers must adapt to the customers' requirements. Previous RQ research has defined the importance of customer satisfaction as important in the business environment for understanding customers' needs and offering value-added services that are recognised as factors determining the success or failure of business relationships (Halimi et al., 2011; Monty and Skidmore, 2003). Customer satisfaction is a main concern of the business market. Customer satisfaction concern is the most important stakeholder in the business environment, as the customer remains the main character that keeps the business in operation. Previous research has agreed that main factors such as price, product quality and service quality determine customer satisfaction (Zhang and Feng, 2009).

### **6.11 Information Quality**

The findings revealed that information quality is an RQ theme important in the relationship between British and German TOs and Cretan hoteliers. For example, one interviewee (QM1) said,

*'the hoteliers have to give the right description, facilities (pools, room view, restaurants) and information of the product in order to avoid customer complaints....if something is going wrong on the reservation the customer have the right to ask for a compensation from the hotelier ...for the inaccurate information... '*

In addition, a Cretan Manager (H3MM) said,

*'It was different the situation before 20 years and now (...) now is more complicated. But if the most important for a good relationship is a good tourism product, good information and description of the hotel can avoid a lot of problems for both of the partners.'*

Another Commercial Manager (CMM1) added the following point:

*'in the tourism industry, what I learn first and proved to be correct each and every time ....The contract for the two partners have to clearly and correctly to describe how many rooms they*

*have available for sales, release days, early-booking discount, the facilities of the hotel, the payment schedule and generally all the term and conditions..'*

The interviewees admitted that information quality is important for relationship building. To build solid relationships, TOs should collaborate with hotels to ensure that hotel descriptions are provided to customers in order to ensure customer satisfaction. Information quality is a theme not supported by the previous studies of RQ in 3\* and 4\* tourism and hospitality literature (it does appear in emarketing literature).

## **6.12 Co-operation**

The findings revealed that information quality is an RQ theme important to the relationship between British and German TOs and Cretan hoteliers. In this context, interviewee CMM-3 said, *'co-operation proves the importance of trust and value of the partner. It indicates the way of working together with the number of agreed rooms and conditions and predisposes a smooth collaboration (...) minimises the risks for both sides (...) New partner that fulfilling the appropriate standards and expectations for both partners may turn in the future to a strategic co-operation.'*

A General Manager (H3GM) added the following point: *'relationships are maintained because of their personal bonds, as people like to do business with each other. Individuals see the involvement in such relationships as a source of power, motivation and creativity which in turn fuels economic measures in the future or somewhere else. (...) both tour operators and hoteliers should be (...) collaborative (...) good collaboration is very important factor in order to solve problems concerning the rooms (...) generally.'*

Another Product Manager (PM1) said, *'In my sector we choose our partners in order to have good co-operation (...) the most important thing is that will be value for both of the partners (...) can establish good promotion and marketing tools that tour operators are using for the destination of the hotel.'*

An interviewee (H5GM) also stated that *'the absence of cooperation, as alone could undermine the trust, giving negative in both partners (...). It needs to exist in order to solve any problem*

*or more important to forerun possible future or seasonally projects (...) and to achieve successful future relationship.'*

The following comments demonstrate the different views for co-operation.

(CMM-4) stated, *'The point is, in comparison with other competitors as Tunisia and Egypt for example (...) the hoteliers here (...) are very helpful (...) and especially Tour Operators and hoteliers a co-operation is important (...). Greek partners are very positive and always try to find a solution in any problem.'*

(PM2) said, *'We do not collaborate with hotels that do not agree with the conditions and the prices because cooperation between the two partners is more important and easier to develop when they have signed a contract (...) it is two different types of contracts allotment and commitment contract.'*

(H5FM) stated that *'Crete have many hotels and I can understand the Tour Operators that they cannot trust each hotel and (...) the two partners' starts co-operate together (...) with contracts. I don't believe that there is existing any co-operation without contract. The contract itself don't make the relationship easier but is it a good base to develop the cooperation, without the contract is very easy not to cooperate properly.'*

The interview data suggests that co-operative behaviour between German and British TOs and Cretan hoteliers helps both parties to achieve mutual goals and to maintain long-term relationships. The interviewees also agreed that good co-operation helps to solve problems. Furthermore, previous RQ literature confirmed that business partners believed each partner offers the most effective solutions to deal with problem and good co-operation between them allows for an intensive exchange of valuable information and problem-solving (Cater and Cater, 2010).

### **6.13 Customer Relationship Management**

The findings revealed that customer relationship management is an RQ theme influencing the relationship between British and German TOs and Cretan hoteliers. In this context, interviewee

PM1 stated that *'satisfaction from the customer is very important (...) if (...) [they] are not happy with the service of the hotels they will write a negative review on trip advisor and then for the TOs will be not easy to sell the hotel with negative reviews...'*

In this context, interviewee (H4MM) stated that *'negative reviews on the interview review sites can influence the relationship with the TOs. Many times, TOs suspend or cancel (...) cooperation with hoteliers because of the negative reviews (...) because customers nowadays (...) book their holidays online and they check the reviews of the hotel first and after they make their booking...'*

A Contract Manager (CTM3) stated that *'(...) we do not have problem working with Greek hoteliers but they have to make sure that the reviews on TripAdvisor are good (...) otherwise we cannot sell the property (...) 90% of our bookings are online (...)'*

With regards to customer relationship management, the interview data showed that negative online hotel reviews is a reason to suspend co-operation with that particular hotel. In addition, TO and hotel managers mentioned the importance of online reviews and online sites, such as TripAdvisor, that influence the decision-making of customers when booking a holiday. It was recognized that these reviews could change customer behaviour. The previous literature supports that partners use CRM to improve channel interaction, to contact partners in an efficient way, and to gather information from them to help businesses to understand the needs of the business market and the customers (Ellis, 2011). With regards to Becker et al. (2009), CRM in the business environment influences best practices that value customer information as a corporate asset. Moreover, CRM has affected the formation of relationships, with the majority of suppliers and buyers commenting that IT has allowed them to form new relationships (Law and Jogaratnam, 2005). At the same time, CRM is committed to helping business implement strategies and solutions to improve the way they sell, communicate service and analyse customers (West, Ford and Ibrahim, 2010).

## **6.14 Theoretical Framework**

This section describes the proposed conceptual framework for RQ, which emerged after combining the literature review with the qualitative empirical data, in more detail. The

interviews identified the primary themes regarding the RQ between British and German TOs and Greek SME hotel organisations.

The proposed RQ model (see Figure 6.1) is based on existing models drawn from previous RQ literature on the tourism and hospitality industry (Meng and Elliot, 2008; Skarmeas et al., 2008; Cheng et al., 2008) and is expanded to include the variables emerging from the interviews, including customer relationship management, price, service quality, customer satisfaction, communication, cooperation, mutual goals and information quality. The hypotheses are presented in Section 6.14.1. The same RQ conceptual model (see Figure 6.1) was employed for both British and German TOs and Greek SME hotel organisations.

While scholars have expressed great interest in RQ (Meng and Elliot, 2008; Skarmeas et al., 2008; Cheng et al., 2008), research on B2B remains limited. This study has examined the effects of supplier relationship functions on RQ between suppliers. Therefore, the model shows the supplier relationship by referring to the roles it plays and the value it creates for businesses and the entire B2B relationship.

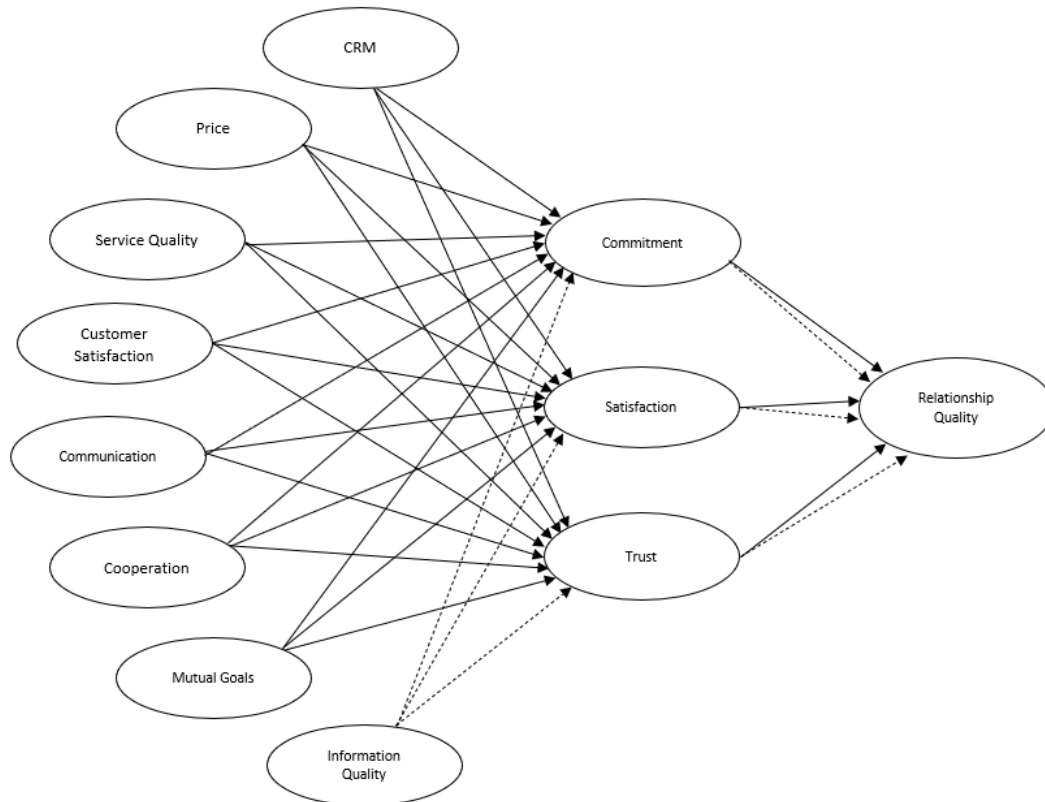
The higher order latent variable RQ is examined as a formative variable. According to the decision rules outlined by Jarvis et al. (2003), RQ should be measured formatively by distinct first order dimensions or constructs - in this study, trust, satisfaction, and commitment are the first order dimensions of RQ - since changes in the construct of RQ do not necessarily cause changes in all dimensions. A drop in commitment due to one party's experiencing more profitable offerings from new counterparts might cause RQ to fall without affecting trust between two parties. For example, dropping trust as a dimension would fundamentally change the conceptual meaning of RQ examined. In fact, in both the marketing and tourism literature, the modelling of RQ as a second-order variable is almost exclusively done as a reflective variable. Only one instance of it being modelled as a formative variable is confirmed amongst several scholars (Castellanos and Verdugo et al., 2009), and this case examines the antecedents of RQ directly rather than through the individual latent variables that (formatively) comprise its dimensions.

Athanasopoulou (2009) revealed that RQ commonly consists of the three components of satisfaction, trust, and commitment in his literature review of RQ but noted that these three components of the RQ model are widely employed in 3\* and 4\* hospitality and business

journals (Castellanos-Verdugo et al., 2009; Ernst, Hoyer, Krafft and Krieger, 2011). The relationships between trust, satisfaction, and commitment are well researched in the field of marketing and tourism, and many prior studies have reported that these are three important antecedents of RQ (De Cannière et al., 2009; Skarmeas et al., 2008). The approach taken to measure RQ as a second-order formative variable in this study is the one recommended by Becker, Klein and Wetzels (2012).

Information quality emerges as a significant factor only for TOs (see Figure 6.1, dotted lines being for TOs only), because based on the TO interviews, information from hoteliers regarding room types and hotel descriptions are important for TOs' marketing purposes; they use this information to produce brochures to sell various destinations and hotels. If this information is not accurate, TOs will lose credibility in the eyes of their customers. Information quality is not important for hoteliers, because it is the TOs that advertise to pre-book the hotels. According to Andriotis (2008), TOs are image creators, since they represent a primary source of information and thus contribute to the hotel and destination images upon which travellers base their decisions. Destination and hotel images, as well as preferences held by TOs, are more likely to affect the desires and expectations of their customers, which also influences the travellers' decisions. A TO's portrayal of a destination's image based on the hotel's information is more likely to affect the desire and expectations of its customers.

**Figure 6.1 Proposed Model of Relationship Quality**



(Source: Author)

## **6.14.1 Hypotheses**

### **6.14.1.1 Trust**

Trust can be described as the foundation upon which business relationships are built within the hospitality industry, and, as such, it is included in most relationship models and nearly all of the literature regarding RQ. Doaei et al. (2011) argue that trust is the cornerstone of a relationship commitment. The most common definition of trust is a belief that one partner will operate in the best interests of the other partner (Raza and Rehman, 2012; Skarmeas et al., 2018; Chu and Wang, 2012; Ozdemir and Hewett, 2010).

The following hypothesis is proposed:

*H<sub>1</sub>: Trust is a first order dimension of relationship quality.*



### **6.14.1.2 Satisfaction**

The success of a relationship depends on the degree to which expectations meet performance. The most recent experience is usually remembered best. Thus, if the last experience is positive, this may overcome any negative experiences encountered previously, and vice versa. Experience, therefore, exerts an important influence on customer satisfaction (Skogland and Siguaw, 2004), and, of course, the more satisfied the customer, the more likely the relationship will last. Satisfaction can be considered necessary for RQ.

Rauyruen and Miller (2005) propose that dissatisfied customers will defect, and the relationship will end, but this may be too simplistic, in that a zone of tolerance may exist. For example, the experience of poor hotel service may be tolerated on a few occasions, if the quality of accommodation is still good. Indeed, a customer could rate a service highly and yet not be satisfied with the experience. Satisfaction, as well as being an important component of business relationships, has been by many as a key dimension of RQ alongside trust and commitment (Palmatier et al., 2007, Walter et al., 2003; Sarmiento, Simoes and Farhangmehr, 2015; De Cannière et al., 2009; Skarmeas et al., 2008; Dant, Weaven and Baker, 2013; Marquardt, 2013; Itani et al., 2019, Akrouf and Nagy, 2018; Skarmeas et al., 2018; Hajli, 2014; Lo et al., 2017; Chu and Wang, 2012; Prayag et al., 2019).

The following hypothesis is proposed:

*H<sub>2</sub>: Satisfaction is a first order dimension of relationship quality.*

### **6.14.1.3 Commitment**

Commitment is the most common dependent variable used in positivist B2B relationship studies; many authors recognise commitment as a critical element for building long-term relationships (Medina-Munoz et al., 2002). Several definitions of commitment exist in the literature. Bowen and Shoemaker (2003) use the widely cited definition of relationship commitment to mean an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum effort to maintain it. Commitment is an implicit or explicit pledge of a relational continuity between exchange partners (Huntley, 2006; Chu and Wang, 2012; Palvia, King, Xia and Palvia, 2010).

The following hypothesis is proposed:

*H<sub>3</sub>: Commitment is a first order dimension of relationship quality.*

#### **6.14.1.4 Customer Relationship Management**

The impact of information technology since the advent of the World Wide Web has significantly transformed the structure of tourism distribution (Buhalis and Law, 2008). Within this context, information communication technologies (ICTs) have radically changed the efficiency and effectiveness of tourism organisations, how business is conducted, and how consumers interact with organisations (Schegg et al., 2013). Increasingly, package tours are losing market share in favour of independently organised tourism facilitated using dynamic packages. Customer relationship management-based tourism consumer behaviour dramatically in tourism industry. However, for those buyers who do have the Internet, it is extremely useful for sourcing new suppliers. It is easier for buyers to form new relationships, as suppliers are keen to sell (Buhalis and Law, 2008).

The following hypothesis is proposed:

*H<sub>4</sub>: Customer relationship management is positively related to relationship quality.*

#### **6.14.1.5 Price**

Competitiveness has become the focus of considerable international debate, as policymakers are concerned with enhancing the micro foundations of growth and prosperity (Pellinen, 2003). Firms can compete by keeping the prices of their products low, relative to those of their competitors in other countries. Businesses can also improve the quality of goods and services. Considerable attention has been paid to the study of price competitiveness as a key determinant of tourism demand at the international level. From the perspective of competitive marketing, it is crucial to note that an enhanced understanding of customers' perceptions of a service yields insight into how to manage this service to tourists' greater satisfaction. This may exert two beneficial effects: it is likely to both promote customer loyalty, by encouraging repeat visits from satisfied tourists, and result in a more refined positioning, through product adjustment, tourist awareness, and focused advertising appeals (Monty and Skidmore, 2003).

The following hypothesis is proposed:

*H<sub>5</sub>: Price is positively related to relationship quality.*

#### **6.14.1.6 Service Quality**

The hotel industry exemplifies a service industry characterised by a high degree of involvement between guests and service providers. Halimi et al. (2011) analyse the interpersonal element of the service: that is, the face-to-face encounters between business travellers and receptionists in four- or five-star hotels. The receptionist is usually the first and last person with whom business travellers interact at the hotel. Researchers (Zhang and Feng, 2009) have found that the two most important factors for the overall satisfaction of business travellers are the intangible aspects of reception and the tangible aspects of housekeeping. Moreover, the quality of service a hotel can offer its guests has become the great differentiator and the most powerful competitive advantage (Raza and Rehman, 2012).

The following hypothesis is proposed:

*H<sub>6</sub>: Service quality is positively related to relationship quality.*

#### **6.14.1.7 Customer Satisfaction**

Skogland and Siguaw (2004) have stated that building and maintaining long-term B2B relationships allows the partners to gain a deeper understanding of customer needs, and this knowledge can be employed to ensure a high level of customer loyalty. The RQ and marketing literature has documented that loyal customers generate long-term profits for business partners. In addition, the intangible nature of offerings in the tourism sector highlights the importance of customer relationships, which have been positively linked to RQ (Bowen and Shoemaker, 2005).

The following hypothesis is proposed:

*H<sub>7</sub>: Customer Satisfaction are positively related to relationship quality.*

#### **6.14.1.8 Communication**

Research has shown that within the hospitality industry, partners enjoy interaction and conversation with familiar receptionists (Abdullah et al., 2014). This interaction, in turn, has a positive effect on RQ. Moreover, Raza and Rehman (2012) suggest that relational information processes that allow partners to communicate easily between them (such as registering complaints and obtaining feedback) are likely to enhance relationship satisfaction. Chenet et

al. (2010) argue that it is important to avoid extended periods of time during which partners are not in contact. The ability of partners to communicate enhances cooperation and trust during the relationship-building process (Hammervoll and Toften, 2010). Therefore, communication is expected to have a strong and positive influence on the relationship between partners during their cooperation.

The following hypothesis is proposed:

*H<sub>8</sub>: Communication is positively related to relationship quality.*

#### **6.14.1.9 Cooperation**

Many researchers (Hewett and Bearden, 2001) use the term ‘cooperation’ instead of ‘institutionalisation’ for similar activities, as demonstrated by the definition of ‘cooperation’ by Hammervoll and Toften (2010): all activities undertaken jointly or in collaboration with others that are directed towards common interests or achieving rewards and that contain sentiments and expectations of future behaviour, as well as behavioural elements. Therefore, the term ‘cooperation’ here represents activities relevant to the co-ordination process. The primary feature of supply chain relationships, as distinct from the relationship involved in business-to-customer (B2C) relationship quality, is the cooperation of both parties in supply chains. A close, long-term cooperative relationship is appropriate in supply chains, due to dependence on external resources and the uncertainty of supply and demand. Needs fulfilment and the understanding of needs is used here as an attribute of RQ and is intrinsically similar to satisfaction (Naude and Buttle, 2000). Successful partnerships are marked by coordinated actions directed at mutual objectives that are consistent across organisations. (Cater and Cater, 2010; Fynes, de Búrca and Mangan, 2008; Sriram and Strump, 2004).

The following hypothesis is proposed:

*H<sub>9</sub>: Cooperation is positively related to relationship quality.*

#### **6.14.1.10 Mutual Goals**

Regarding dyads formed by hotels with designated client managers and their counterparts, a consensus on the importance of mutual goals has been identified. This is consistent with the widespread idea in the literature regarding buyer–seller relationships, namely that, in the RM area, successful partnerships are collaborative in their nature, implying that working towards mutual goals is important (Anderson and Weitz 1989; Bowen and Shoemaker, 2003). It is, therefore, important for buyers and sellers to understand that their inputs are crucial to developing and maintaining successful relationships (Bowen and Shoemaker, 2003).

The following hypothesis is proposed:

*H<sub>10</sub>: Mutual goals are positively related to relationship quality.*

#### **6.14.1.11 Information quality**

Based on Cannon and Homburg's (2001) work in a buyer–supplier context, the amount of information sharing in the exporter–importer relationship is defined as the extent to which the exporter openly shares information that may be useful to the relationship with the importer. In other words, the amount or frequency of information sharing refers to for how long and how often the exporter and the importer openly enter into contact. The proposed construct comprises three items: (1) the frequency of discussion of strategic issues, (2) the sharing of confidential information, and (3) the frequency of conversation the exporter has with the importer about business strategy. By receiving information, the importer may, for example, more easily predict the exporter's future plans and adapt its own strategy to incur lower costs. Nevertheless, this requires the importer to use the information provided by the exporter effectively (Cannon and Homburg, 2001). According to the qualitative results, impact of Information quality is vital only for TOs, as it can strengthen relationships.

The following hypothesis is proposed:

*H<sub>11</sub>: Information quality is positively related to relationship quality.*

### **6.15 Chapter Summary**

Phase one of the research seeks to identify the primary themes important to achieving an understanding of the relationship between the British and German TOs and the Cretan SME

hotel organisation. The themes recognised during the interview phase are largely in accordance with the literature review (Alrubaiee and Al-Nazer, 2010; Buhalis and Laws, 2001; Wang and Qualls, 2007; Briggs, Sutherland and Drummond, 2007; Raza and Rehman, 2012). Therefore, the findings from the interviews with tourism industry experts in Crete show that trust, cooperation, price, communication, customer satisfaction, service quality, commitment, and mutual goals are the most important themes for Cretan SME hotel organisations. In addition, the interviews with British and German TOs identified the same key themes important for the relationship, except for one theme: information quality.

In summary, TO interviewees note that between the Cretan hoteliers and the British and German TOs, it is important for each to offer high-quality, value-for-money products. This can help increase both partners' profits and sell more holidays to their customers. Poor quality products could create dissatisfaction amongst customers and thus negatively impact customer satisfaction. One hotelier expressed a different viewpoint about the importance of price for the relationship between the two partners. In that hotelier's opinion, price fairness directly impacts the level of RQ between TOs and hoteliers. In addition, British and German TOs are forced to reduce room rates due to low standards of service. Most importantly, the participants note that services are the core of the exchange and, as a result, the product's characteristics, such as price and quality, are likely to have significant impact on a business relationship.

The managers mentioned that open communication and cooperative behaviour between partners helps to avoid many problems (Raza and Rehman, 2012; Lee, Chu and Chao, 2011). TO managers argue that hoteliers must provide an accurate description of facilities, such as pools, room view, restaurants, and general information, to avoid customer complaints. Therefore, TO managers point to the importance of CRM, because once a hotel experiences a high level of negative reviews, it is impossible for TOs to sell the hotel. In addition, mutual goals were noted as an important facet in successful cooperation between partners, where short-term sacrifices were made to realise long-term benefits.

Trust and honesty also are important foundations for successful relationships, for both stakeholder groups. However, Cretan hoteliers feel they cannot trust TOs, because the latter fail to uphold promises regarding agreed upon rooms and force hoteliers to make more reservations and overbook. In addition, TOs and hoteliers agree that to work in the long term, they must work together with commitment to each other and their common goals.

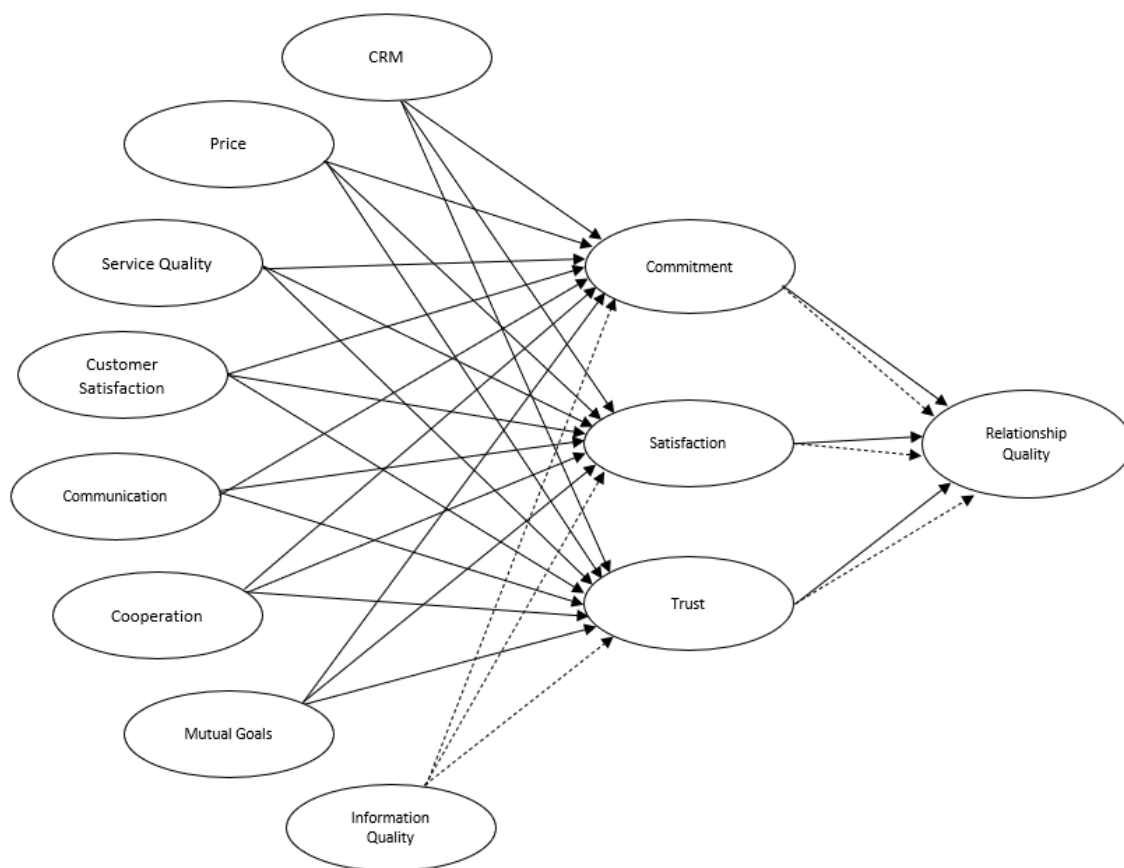
The findings of the qualitative study together with the literature review provide initial support for the conceptual model (Figure 6.1) and the RQ key themes that are important to the successful relationship between TOs and hoteliers. The end of this chapter presents a conceptual framework for RQ that emerged after combining the literature review with qualitative data. In the next chapter, the researcher tests this RQ model by using a quantitative research approach to reflect the differing effects of the variables within the model.

# CHAPTER SEVEN: QUESTIONNAIRE DATA ANALYSIS

## 7.1 Introduction

This chapter outlines the results of the quantitative data analysis undertaken to empirically test the hypothesised models as represented in the theoretical model below:

**Figure 7.1 Theoretical Model**



As can be seen above, the model common to both TOs and Hoteliers is extended in the case of TOs only to investigate the impact of Information Quality (identified in qualitative research) on RQ (see dotted lines).

The hypothetical models for each of TOs and Hoteliers was tested by creating a structural equation model and testing it empirically using a partial least squares approach using SmartPLS



(Version 3) software. Partial Least Squares Structural Equation Modelling (PLS-SEM) is an alternative to Covariance Based Structural Equation Modelling (CB-SEM) as used in the popular Lisrel, AMOS and EQS applications. PLS-SEM is advocated where the research objective is to explore theoretical extension of an established theory, the latent variable model includes formative constructs, and there is a relatively small sample size but a complex structural model. It makes no distributional assumptions. It has been argued that the high degree of statistical power of PLS-SEM compared to CB-SEM enables better identification of relationships between latent variables (Hair et al., 2019).

As highlighted previously, most authors consider RQ to be a higher order, multidimensional and monadic construct (Naudé and Buttle, 2000; Jiang et al., 2016; Hennig-Thurau and Klee, 1997). Past research has identified trust, commitment and satisfaction as the dimensions of RQ most commonly used as its first order constructs (De Cannière et al., 2009; Skarmeas and Robson, 2008). The higher order latent variable RQ is examined in this study as a formative variable using the decision rules set out in Jarvis et al. (2003). For example, changes in the construct RQ do not necessarily cause changes in all dimensions of construct. A drop in commitment due to experiencing more profitable offerings from new counterparties might cause RQ to fall, but without affecting trust between the parties.

The formative approach supports the use of PLS-SEM, as does the fact that the empirical data collected has a relatively small sample size (114 respondent TOs, and 252 Hoteliers) and the fact that the questionnaire utilises a Likert scale which is unlikely to result in normally distributed response values – which is not an issue for PLS as it requires no assumptions to be met regarding distributions.

In relation to each of Hoteliers and TOs in turn, the quantitative data and PLS model is analysed in accordance with guidance from Hair (2019). Firstly, the data is reviewed, then the measurement model for each reflective construct variable (all but RQ) is examined, next the formative measurement model for the formative latent variable (RQ) is examined. Finally, the structural model is examined.

## **7.2 Examination of Hoteliers Data and Model**

The examination begins with an analysis of the collected data (descriptive analysis and data screening), and then results of tests of the measurement model and structural model hypothesised with the empirical data are outlined in line with recommendations from Hair et al. (2019).

### **7.2.1 Adaption of Variable Measures**

This study investigates how the RQ is measured in quantitative research using SEM. Previous leading business journal research articles (e.g. 3 and 4\*) have involved SEM and the RQ concept and classified how the measurement of the RQ construct variable is approached. It is most frequently considered to be a multi-dimensional higher-order construct, but several different dimensions have been suggested as representing RQ in differing contexts. In addition, RQ is often represented by the dimensions of satisfaction, trust, and commitment (De Cannière et al., 2009; Skarmeas et al., 2008; Vesel and Zabkar, 2010; Rauyrueen and Miller, 2007; Chu and Wang, 2012; Akroun and Nagy, 2018; Han and Sung, 2008; Skarmeas and Shabbir, 2011).

This study used the measurement scale of RQ items described in Table 5.5 to measure the trust and satisfaction dimensions of the hotelier model. Items RQ1 and RQ4 were used for satisfaction, and items RQ2 and RQ5 were used for trust. Additionally, for TOs, the model used measurement items RQ1 and RQ5 (Table 5.6) for satisfaction and used RQ2 and RQ3 for trust.

### **7.2.2 Descriptive Analysis - Hoteliers**

A total of 252 Cretan hoteliers participated in this study. As Table 7.1 demonstrates, 27% (n=68) of the hotels had 50–100 rooms, while 25% had less than 50 rooms. Finally, the questionnaire noted the number of employees working at each respondent's hotel. The largest share of properties (28.2%) had 21–50 employees, while hotels with less than 10 employees constituted the second largest respondent group (25.4%). Thus, the majority of responding Cretan hoteliers fell into the SME category. Regarding the hoteliers' links with British and German TOs, those hoteliers owning a minority share of company capital (44 %) had the highest response rate, while hoteliers with a majority of company capital (2.2%) represented the lowest response rate.

**Table 7.1: Characteristics of the Cretan Hoteliers**

<b>Characteristics</b>	<b>Number of respondents (N=252)</b>	<b>Percentage (%)</b>
<b>Number of rooms</b>		
Less than 50	63	25
50-100	68	27
101-150	40	16
151-200	35	14
More than 200	46	18
<b>Number of Tour Operators interacted with whom the respondent interacted</b>		
Less than 5	53	21
5-10	108	42.9
10-30	65	25.8
30-50	16	6.3
More than 50	10	4
<b>Market share by</b>		
English	205	24.9
German	202	24.5
Scandinavia	103	12.5
Russian	149	18.1
Italian	54	6.5
France	69	8.38
Others	41	4.9
<b>Type of link with TOs</b>		
Guarantee	55	12.5
Allotment	167	37.9
Minority share of company capital	194	44.0
Indirect share of company capital	14	3.18

Total or majority share of company capital	10	2.2
<b>Number of employees at the respondent's hotel</b>		
Less than 10	64	25.4
10-20	53	21
21-50	71	28.2
51-100	42	16.7

Table 7.2 presents the demographic profile of the Cretan hoteliers. In terms of years of business experience, the largest share of the respondents had between 10–15 years of industry experience (35.3%). In addition, 21.0% of the respondents had between 15–20 years of work experience, while 20.6% had been 5–10 years, and 14.3% had less than 5 years. The participants held various managerial positions, including general manager (30.5%), owner/co-owner (16.2%), sales and marketing manager (12.3%), front office manager (11.9%), operations manager (8.3%), and other (20.8%). The majority of Cretan hoteliers cooperated with the British (24.9%, n=205) and German (24.5%, n=202) markets.

**Table 7.2: Demographics of Hotelier Respondents**

Demographics	Number of respondents (N=252)	Percentage (%)
<b>Gender</b>		
Male	177	70.2
Female	75	29.8
<b>Age</b>		
Under 30	31	12.3
30-39	48	19.0
40-49	75	29.8
50-59	60	23.0
60 and over	38	15.1
<b>Years of business experience</b>		
Less than 5 years	36	14.3
5-10 years	52	20.6
10-15 years	89	<b>35.3</b>
15-20 years	53	21.0

More than 20 years	22	8.7
<b>Position</b>		
General manager	77	30.5
Assistant general manager	6	2.3
Front office manager	30	11.9
Assistant front office manager	6	2.3
Contract manager	12	4.7
Operations manager	21	8.3
Communications coordinator manager	1	0.4
Sales and marketing manager	31	12.3
Owner/co-owner	41	16.2
Managing director	3	1.2
Consulting contract manager	1	0.4
IT support	1	0.4
Reservations manager	20	8
CEO of hotel development company	2	0.7

### 7.2.3 Data Screening- Hoteliers

A total of 252 questionnaires were completed and used for the analysis of the quantitative research stage. Before starting with the analysis, it is important to ensure that the data set is complete, accurate and meets the requirements for the selected statistical analysis approach (Hair et al., 2016). In this sense, data needs to be checked for missing values and extreme values – however normality assumptions as discussed above do not apply (Hair et al., 2019). In this case all questions are measured by Likert scale responses and generate ordinal data, and therefore no extreme values were found. No missing values were identified.

### 7.2.4 Reflective Measurement Model - Hoteliers

The reflective measurement model is assessed in three steps in line with Hair et al.'s guidance (2019):

1. Assess internal consistency
2. Assess convergent validity
3. Assess discriminant validity

### 7.2.4.1 Internal Consistency - Hoteliers

The internal consistency between the different measures of each reflectively measured latent variable is tested using composite reliability scores. Scores should exceed 0.6 for exploratory research, preferably 0.7 for established measurement scales per Hair et al. (2019). As can be seen from Table 7.3 below, the final model shows all retained measures have a composite reliability exceeding 0.7. Any measures not meeting this criterion (or convergent validity) were dropped. This approach of dropping measures not supporting convergent validity or internal consistency is supported by the fact that reflective measures should be interchangeable, substitutable, and driven by the latent variables (Bollen and Lennox, 1991).

**Table 7.3: Hoteliers Reflective Measurement Model Internal Consistency and Convergent Validity**

Construct Items	Loading	t Values	p Values	Composite Reliability	AVE
<b>Communication</b>				<b>0.920</b>	<b>0.590</b>
Communication1	0.701	13.004	0.000		
Communication2	0.723	14.416	0.000		
Communication3	0.791	27.248	0.000		
Communication4	0.774	24.496	0.000		
Communication5	0.736	19.082	0.000		
Communication6	0.815	29.08	0.000		
Communication7	0.826	32.691	0.000		
Communication8	0.769	26.437	0.000		
<b>Cooperation</b>				<b>0.895</b>	<b>0.740</b>
Cooperation1	0.830	31.063	0.000		
Cooperation2	0.889	46.559	0.000		
Cooperation3	0.861	45.917	0.000		
<b>Customer Satisfaction</b>				<b>0.891</b>	<b>0.731</b>
Cust Satisfaction2	0.849	33.171	0.000		
Cust Satisfaction3	0.888	56.691	0.000		
Cust Satisfaction4	0.828	23.136	0.000		
<b>Mutual Goals</b>				<b>0.929</b>	<b>0.687</b>
MutualGoals1	0.847	39.880	0.000		
MutualGoals2	0.806	27.170	0.000		
MutualGoals3	0.801	30.052	0.000		
MutualGoals4	0.858	36.678	0.000		
MutualGoals5	0.850	35.433	0.000		
MutualGoals6	0.808	22.580	0.000		
<b>CRM</b>				<b>0.948</b>	<b>0.786</b>
Technology1	0.878	38.969	0.000		
Technology2	0.933	90.105	0.000		
Technology3	0.928	80.992	0.000		
Technology4	0.888	41.741	0.000		
Technology5	0.797	20.660	0.000		
<b>Price</b>				<b>0.900</b>	<b>0.694</b>
Price1	0.715	16.509	0.000		

Price2	0.855	34.425	0.000		
Price3	0.887	73.995	0.000		
Price4	0.864	33.270	0.000		
<b>Service Quality</b>				<b>0.883</b>	<b>0.717</b>
ServiceQuality3	0.872	49.306	0.000		
ServiceQuality4	0.865	44.546	0.000		
ServiceQuality6	0.801	32.305	0.000		
<b>Commitment</b>				<b>0.867</b>	<b>0.765</b>
Commitment2	0.890	66.944	0.000		
Commitment8	0.859	39.529	0.000		
<b>Satisfaction</b>				<b>0.845</b>	<b>0.732</b>
Satisfaction1	0.840	38.915	0.000		
Satisfaction2	0.871	44.126	0.000		
<b>Trust</b>				<b>0.909</b>	<b>0.833</b>
Trust1	0.913	63.416	0.000		
Trust2	0.912	59.300	0.000		

#### 7.2.4.2 Convergent Validity - Hoteliers

Convergent validity is the extent to which a measure correlates positively with other measures of the same latent construct according to Hair et al. (2016). According to Hair et al. (2019) indicator reliability is first examined by looking at the outer loadings (known as indicator reliability). As a minimum the outer loadings of all indicators should be statistically significant. In addition, the standardised outer loadings should be greater than 0.708. As can be seen from Table 7.3 above, this is the case for the measures in the final model.

Next convergent validity is confirmed by examining Average Variance Extracted (AVE). AVE values should be greater 0.5 according to Hair et al. (2019). As can be seen from Table 7.4 above, again this is the case for the measures in the final model.

#### 7.2.4.3 Discriminant Validity - Hoteliers

Discriminant validity is the extent to which a construct is truly distinct from other constructs according to Hair et al. (2016). Discriminant Validity should be assessed using the HTMT criterion – HTMT values should all be below 0.9 (Hair et al., 2019). As can be seen from Table 7.4 below, Discriminant Validity is achieved for the reflective constructs.

**Table 7.4: Hoteliers Reflective Measurement Model Discriminant Validity**

	1	2	3	4	5	6	7	8	9
<b>CRM (1)</b>									
<b>Commitment (2)</b>	0.252								
<b>Communication (3)</b>	0.267	0.638							
<b>Cooperation (4)</b>	0.326	0.764	0.659						
<b>Customer Satisfaction (5)</b>	0.188	0.714	0.638	0.729					
<b>Mutual Goals (6)</b>	0.347	0.605	0.747	0.677	0.626				
<b>Price (7)</b>	0.082	0.488	0.373	0.488	0.676	0.49			
<b>Satisfaction (8)</b>	0.474	0.753	0.769	0.87	0.77	0.784	0.336		
<b>Service Quality (9)</b>	0.243	0.677	0.761	0.623	0.799	0.772	0.566	0.85	
<b>Trust (10)</b>	0.055	0.697	0.687	0.666	0.767	0.64	0.613	0.683	0.781

## 7.2.5 Formative Measurement Model - Hoteliers

The formative measurement model is assessed in three steps in line with Hair et al.'s guidance (2019):

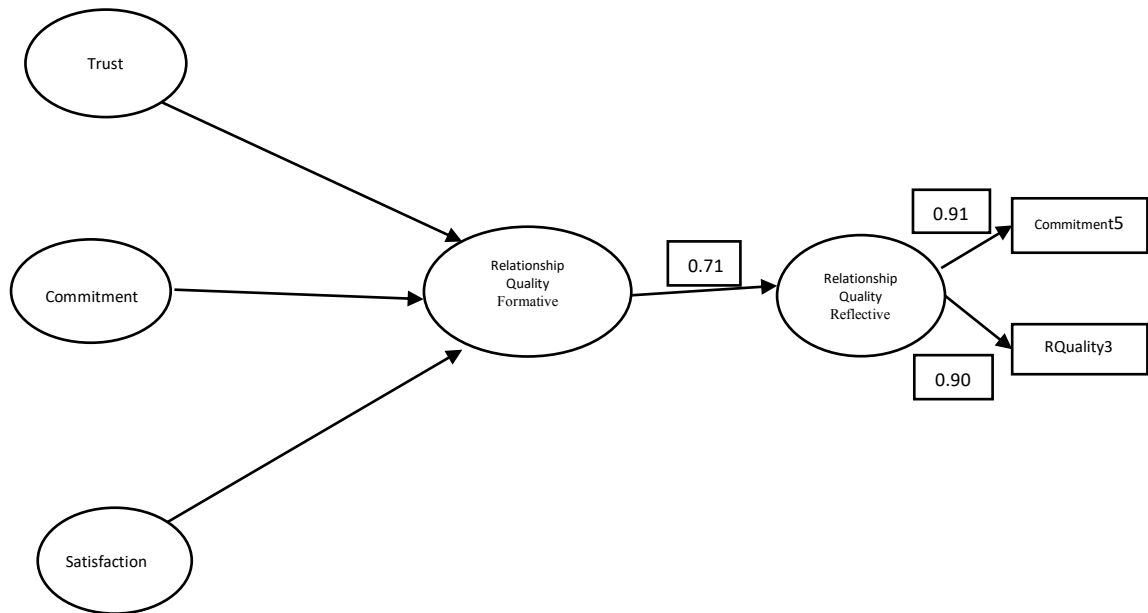
1. Assess convergent validity
2. Assess collinearity
3. Assess significance of formative indicators

### 7.2.5.1 Formative Convergent Validity - Hoteliers

For formative measurement models convergent validity is tested by whether a formatively measured construct is highly correlated with a reflective measure of the same construct (Hair et al., 2016). As can be seen from Figure 7.2 below, using two previously unused measures relating to RQ as reflective indicators, the minimum loading of 0.7 between the formative and reflective latent variables for RQ is achieved in line with Hair et al.'s guidance (2019).



**Figure 7.2 Hoteliers' Formative Convergent Validity**



### 7.2.5.2 Formative Collinearity - Hoteliers

High correlations (known as collinearity issues) are not expected between items in formative measurement models, and a VIF score of less than 5 is required to demonstrate no multicollinearity issues exist - see Hair et al. (2019). From Table 7.5 below it is clear all VIF scores are below 5. Please note some measures have two values, as in the formative model a two stage repeated indicators approach is followed (meaning indicators of the first order dimensions of RQ are also entered as indicators of the second order RQ variable - see Hair et al. (2019).

**Table 7.5: Hoteliers' Formative Measurement Model - Collinearity and VIF statistics**

Measure	VIF
Commitment2	1.392
Commitment2	1.728
Commitment8	1.392
Commitment8	1.524
RQuality1	1.275
RQuality1	1.447
RQuality2	1.794
RQuality2	2.046
RQuality4	1.275
RQuality4	1.531
RQuality5	1.794
RQuality5	2.003

### 7.2.5.3 Formative Measures Significance - Hoteliers

The formative latent variable must have statistically significant outer loadings. This can be seen from running the Bootstrapping algorithm and ensuring all loadings are statistically significant - see Hair et al. (2019). As can be seen in Table 7.6 below, all loadings are significant.

**Table 7.6: Hoteliers' Formative Measurement Model**

	Loading	T Statistics	P Values
Commitment -> RQ	0.276	3.006	0.003
Satisfaction -> RQ	0.435	14.943	0.000
Trust -> RQ	0.558	9.021	0.000

### 7.2.6 Structural Model Assessment - Hoteliers

There are 4 key steps to assessing the PLS-SEM structural (inner) model results see Hair et al. (2019):

1. Ensure no collinearity in the inner model
2. Ensure structural model loadings are significant
3. Assess R<sup>2</sup> Values
4. Assess Effect Size f<sup>2</sup>

Each of these are examined in turn

#### 7.2.6.1 Inner Model Collinearity - Hoteliers

A VIF score of less than 5 is required to demonstrate no multicollinearity issues - see Hair et al. (2019). See Table 7.7 below – all relevant VIF scores for the Inner Model are less than 5.

**Table 7.7: Hoteliers Structural Model - Collinearity and VIF statistic**

	Commitment	Satisfaction	Trust	RQ
CRM	1.236	1.236	1.236	
Communication	2.300	2.300	2.300	
Cooperation	1.979	1.979	1.979	
Customer Satisfaction	2.335	2.335	2.335	
Mutual Goals	2.558	2.558	2.558	
Price	1.737	1.737	1.737	
Service Quality	2.471	2.471	2.471	
Trust				1.524
Commitment				1.539
Satisfaction				1.471

### 7.2.6.2 Structural Model Loading - Hoteliers

The paths between the latent variables must have statistically significant loadings to demonstrate a meaningful relationship - see Hair et al. (2019). See Table 7.8 below – all loadings are significant with the exception of those with **bold** P values.

**Table 7.8: Hoteliers Structural Model Loadings**

Path	Loading	T Statistics	P Values	Significant
CRM -> Commitment	0.023	0.363	<b>0.717</b>	<b>NO</b>
CRM -> Satisfaction	0.124	2.595	0.009	YES
CRM -> Trust	-0.149	3.218	0.001	YES
Communication -> Commitment	0.134	1.564	<b>0.118</b>	<b>NO</b>
Communication -> Satisfaction	0.084	1.147	<b>0.251</b>	<b>NO</b>
Communication -> Trust	0.203	3.08	0.002	YES
Cooperation -> Commitment	0.305	3.905	0.000	YES
Cooperation -> Satisfaction	0.307	4.856	0.000	YES
Cooperation -> Trust	0.147	1.712	<b>0.087</b>	<b>NO</b>
Customer Satisfaction _ -> Commitment	0.165	1.9	<b>0.057</b>	<b>NO</b>
Customer Satisfaction _ -> Satisfaction	0.143	1.843	<b>0.065</b>	<b>NO</b>
Customer Satisfaction _ -> Trust	0.189	2.445	0.015	YES
Mutual Goals -> Commitment	0.025	0.287	<b>0.774</b>	<b>NO</b>
Mutual Goals -> Satisfaction	0.148	1.918	0.050	YES
Mutual Goals -> Trust	0.059	0.729	<b>0.466</b>	<b>NO</b>
Price -> Commitment	0.051	0.723	<b>0.470</b>	<b>NO</b>
Price -> Satisfaction	-0.158	2.78	0.005	YES
Price -> Trust	0.146	2.263	0.024	YES
Service Quality -> Commitment	0.112	1.239	<b>0.216</b>	<b>NO</b>
Service Quality -> Satisfaction	0.264	3.057	0.002	YES
Service Quality -> Trust	0.219	2.614	0.009	YES
Trust -> RQ	0.447	23.178	0.000	YES
Commitment -> RQ	0.402	21.528	0.000	YES
Satisfaction -> RQ	0.372	20.28	0.000	YES

### 7.2.6.3 Structural Model R2 Values -Hoteliers

The R<sup>2</sup> value is a measure of the model's predictive power in relation to endogenous variables (latent variables that are predicted by other latent variables). Values of 0.75, 0.5 and 0.25 can be described as substantial, moderate or weak - see Hair et al. (2019) From Table 7.9 below it can be seen that moderate values are obtained, with Commitment being slightly weaker.

**Table 7.9: R<sup>2</sup> in Structural Model - Hoteliers**

	<b>R Square</b>	<b>R Square Adjusted</b>
Commitment	0.429	0.412
Satisfaction	0.575	0.563
Trust	0.557	0.544
RQ	1	1

#### 7.2.6.4 Structural Model Effect Size f<sup>2</sup> Values - Hoteliers

Effect sizes measure whether a particular latent variable which is exogenous (independent) has a substantial impact on the R<sup>2</sup> values of the model. See Hair et al. (2019:201-202) Values for f<sup>2</sup> of 0.02, 0.15 and .35 are representative of small, medium and large effects (Cohen, 2013). In the table 7.10, Items in bold show insignificant impact on R<sup>2</sup> values and strongly correspond to the insignificant paths identified above.

**Table 7.10: Structural Model Effect Size f<sup>2</sup> Values - Hoteliers**

	<b>Commitment</b>	<b>Satisfaction</b>	<b>Trust</b>	<b>RQ</b>
CRM	<b>0.001</b>	0.029	0.040	
Communication	<b>0.014</b>	<b>0.007</b>	0.040	
Cooperation	0.082	0.112	0.025	
Customer Satisfaction	0.020	0.020	0.034	
Mutual Goals	<b>0.000</b>	0.020	<b>0.003</b>	
Price	<b>0.003</b>	0.034	0.028	
Service Quality	<b>0.009</b>	0.066	0.044	
Trust				9126.266
Commitment				7302.651
Satisfaction				6519.565

### 7.3 Examination of Tour Operators' Data and Model

The examination begins with an analysis of the collected data (descriptive analysis and data screening), and then results of tests of the measurement model and structural model hypothesised with the empirical data are outlined in line with recommendations from Hair et al. (2019).

#### 7.3.1 Descriptive Analysis - Tour Operators

Table 7.11 below provides demographic details on the respondents. Firstly, in terms of gender, 83.3% of the respondents were male, and 16.7% were female. Concerning age, the largest share of respondents were between 40–49 years old (51.4%), followed by 30–39 years (27.1%,

n=39); the smallest age group was those aged over 60 (9.7%). The largest group within the category of years of business experience was 5–10 years (25.7%, n=39), followed by 15–20 years (10%, n=86). The lowest group in the business experience category consisted of those who had experience of more than 20 years (0.7%, n=1). From the managerial position perspective, the highest response rate was observed within the contract manager category (29.8 %, n=43), and the lowest within the leisure executive, chief information officer, consultant, and business development categories (each 0.7%, n=1).

**Table 7.11: Demographic of Tour Operators’ Respondents**

<b>Demographics</b>	Number of Respondents (N=144)	Percentage (%)
<b>Gender</b>		
Male	120	83.3
Female	24	16.7
<b>Age</b>		
Under 30	14	9.7
30-39	39	27.1
40-49	74	51.4
50-59	8	5.6
over 60	9	6.3
<b>Years of business experience</b>		
Less than 5 years	10	6.9
5-10 years	37	25.7
15-20 years	86	10
More than 20 years	1	0.7
<b>Position</b>		
Area Manager	6	4.16
Business Development	1	0.7
CEO	4	2.77
Chief Information Officer	1	0.7
Commercial Manager/Director	32	22.2
Consultant	1	0.7
Contract Manager	43	29.8
Expansion Manager	1	0.69
Internet Reservation/ Yielding/ Contracting	2	1.38
Leisure Executive	1	0.7
Managing Director	3	2.08
Sales/Marketing Manager	23	15.97
Operation/ Executive Manager	7	4.86
Product manager	9	6.25
Quality manager	5	3.47
Vice president of purchasing	2	1.4
Yield manager	3	2.08

Table 7.12 below offers more detail on the British and German TOs. Most TOs used their own accommodations (53.5%), and a few had their own air transport services (9.7%). Regarding the number of tourists that the TOs send to Crete each year, the largest response rate came from those sending fewer than 100,000 tourists (77.8%), while those sending more than 3 million (0.7%, n=1) were responsible for the lowest response rate. The type of link between the responding TOs and Cretan hoteliers was also evaluated, and TOs with a minority share in a hotel company (47.1 %) had the highest response rate. On the other hand, TOs with either an indirect share of a hotel company's capital or with a 100% or majority share of company capital had the lowest response rates (each 2.1%). For the British and German TOs, the best-selling type of holiday was those categorised as entertainment tourism (47.1 %).

**Table 7.12: British and German TOs' Resources, Characteristics, and Links with Hoteliers**

Characteristic	Number of respondents (N=144)	Percentage (%)
<b>In-house resources</b>		
Air transport services	14	9.7
Ground transport services	53	36.8
Accommodation	77	53.5
<b>Number of tourists</b>		
Less than 100,000	112	77.8
100,000-500,000	23	16
500,000-1million	6	4.2
1-3 million	2	1.4
Over 3 million	1	0.7
<b>Type of link with hoteliers</b>		
Guarantee	13	6.9
Allotment	78	41.6
Minority share of company capital	127	47.1
Indirect share of company capital	4	2.1
Total or majority share of company capital	4	2.1
<b>Best-selling type of Cretan holiday</b>		
Business tourism (congress/B2B, etc.)	13	4.6
Cultural tourism (heritage/ religious/events)	93	32.9
Entertainment tourism (seaside/nature/wine & food/yachting/extreme tourism/sports)	133	47.1
Social tourism (health/wellness)	22	7.8

Personal reasons (family/friends)	21	74
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### 7.3.2 Data Screening-Tour Operators

A total of 144 questionnaires were completed and used for the analysis of the quantitative research stage. Before starting with the analysis, it is important to ensure that the data set is complete, accurate and meets the requirements for the selected statistical analysis approach (Hair et al., 2016). In this sense, data needs to be checked for missing values and extreme values – however normality assumptions as discussed above do not apply (Hair et al., 2019). In this case all questions are measured by Likert scale responses and generate ordinal data, and therefore no extreme values were found. No missing values were identified.

### 7.3.3. Reflective Measurement Model -Tour Operators

The reflective measurement model is assessed in three steps in line with Hair et al.'s guidance (2019):

1. Assess internal consistency
2. Assess convergent validity
3. Assess discriminant validity

#### 7.3.3.1 Internal consistency - Tour Operators

The internal consistency between the different measures of each reflectively measured latent variable is tested using composite reliability scores. Scores should exceed 0.6 for exploratory research, preferably 0.7 for established measurement scales per Hair et al. (2019). As can be seen from Table 7.13 below, the final model shows all retained measures have a composite reliability exceeding 0.7. Any measures not meeting this criterion (or convergent validity) were dropped. This approach of dropping measures not supporting convergent validity or internal consistency is supported by the fact that reflective measures should be interchangeable, substitutable, and driven by the latent variables (Bollen and Lennox, 1991)

**Table 7.13: Tour Operators Reflective Measurement Model Internal Consistency and Convergent Validity**

Construct Items	Loading	t Values	p Values	Composite Reliability	AVE
<b>Communication</b>				<b>0.920</b>	<b>0.697</b>
Communication1	0.806	16.191	0.000		
Communication3	0.857	23.429	0.000		
Communication5	0.795	15.031	0.000		

Communication6	0.897	27.462	0.000		
Communication7	0.816	14.663	0.000		
<b>Cooperation</b>				<b>0.886</b>	<b>0.662</b>
Cooperation1	0.817	14.674	0.000		
Cooperation2	0.702	6.036	0.000		
Cooperation3	0.913	43.477	0.000		
Cooperation4	0.808	13.104	0.000		
<b>Customer Satisfaction</b>				<b>0.922</b>	<b>0.664</b>
Cust Satisfaction2	0.745	14.446	0.000		
Cust Satisfaction3	0.827	21.427	0.000		
Cust Satisfaction4	0.854	30.581	0.000		
Cust Satisfaction5	0.779	12.303	0.000		
Cust Satisfaction6	0.871	38.501	0.000		
Cust Satisfaction7	0.805	15.547	0.000		
<b>Mutual Goals</b>				<b>0.886</b>	<b>0.565</b>
MutualGoals1	0.703	8.787	0.000		
MutualGoals2	0.686	8.906	0.000		
MutualGoals3	0.787	22.048	0.000		
MutualGoals4	0.799	15.053	0.000		
MutualGoals5	0.792	18.090	0.000		
MutualGoals6	0.737	11.498	0.000		
<b>CRM</b>				<b>0.970</b>	<b>0.867</b>
Technology1	0.928	6.798	0.000		
Technology2	0.924	7.981	0.000		
Technology3	0.933	8.241	0.000		
Technology4	0.927	7.746	0.000		
Technology5	0.944	8.123	0.000		
<b>Price</b>				<b>0.910</b>	<b>0.670</b>
Price1	0.824	6.077	0.000		
Price2	0.808	6.899	0.000		
Price3	0.847	7.803	0.000		
Price4	0.744	6.628	0.000		
Price5	0.864	8.273	0.000		
<b>Service Quality</b>				<b>0.896</b>	<b>0.634</b>
ServiceQuality2	0.783	12.662	0.000		
ServiceQuality3	0.855	24.938	0.000		
ServiceQuality4	0.858	21.722	0.000		
ServiceQuality5	0.677	9.237	0.000		
ServiceQuality6	0.795	16.977	0.000		
<b>Information Quality</b>				<b>0.945</b>	<b>0.851</b>
InformationQuality1	0.905	41.899	0.000		
InformationQuality2	0.913	39.606	0.000		
InformationQuality3	0.949	65.131	0.000		
<b>Commitment</b>				<b>0.847</b>	<b>0.735</b>
Commitment2	0.836	11.614	0.000		
Commitment8	0.878	20.558	0.000		
<b>Satisfaction</b>				<b>0.806</b>	<b>0.675</b>
Satisfaction1	0.810	16.955	0.000		
Satisfaction2	0.832	23.238	0.000		
<b>Trust</b>				<b>0.939</b>	<b>0.885</b>
Trust1	0.938	77.314	0.000		
Trust2	0.944	84.650	0.000		



### 7.3.3.2 Convergent Validity - Tour Operators

Convergent validity is the extent to which a measure correlates positively with other measures of the same latent construct according to Hair et al. (2016). According to Hair et al. (2019) indicator reliability is first examined by looking at the outer loadings (known as indicator reliability). As a minimum the outer loadings of all indicators should be statistically significant. In addition, the standardised outer loadings should be greater than 0.708. As can be seen from Table 7.13 above, this is the case for the measures in the final model.

Next convergent validity is confirmed by examining Average Variance Extracted (AVE). AVE values should be greater 0.5 according to Hair et al. (2019). As can be seen from Table 7.13 above, again this is the case for the measures in the final model.

### 7.3.3.3 Discriminant Validity - Tour Operators

Discriminant validity is the extent to which a construct is truly distinct from other constructs according to Hair et al. (2016). Discriminant Validity should be assessed using the HTMT criterion – HTMT values should all be below 0.9 (Hair et al., 2019). As can be seen from Table 7.14 below, Discriminant Validity is achieved for the reflective constructs.

**Table 7.14: Tour Operators Reflective Measurement Model Discriminant Validity**

	1	2	3	4	5	6	7	8	9	10
<b>CRM (1)</b>										
<b>Commitment (2)</b>	0.070									
<b>Communication (3)</b>	0.089	0.796								
<b>Cooperation (4)</b>	0.315	0.725	0.723							
<b>Customer Satisfaction (5)</b>	0.069	0.193	0.241	0.264						
<b>Information Quality (6)</b>	0.062	0.671	0.694	0.629	0.184					
<b>Mutual Goals (7)</b>	0.089	0.731	0.581	0.555	0.388	0.583				
<b>Price (8)</b>	0.138	0.193	0.323	0.113	0.326	0.160	0.256			
<b>Satisfaction (9)</b>	0.092	0.615	0.465	0.410	0.704	0.538	0.842	0.317		
<b>Service Quality (10)</b>	0.083	0.366	0.415	0.383	0.426	0.537	0.640	0.458	0.876	
<b>Trust</b>	0.025	0.195	0.127	0.062	0.554	0.093	0.468	0.336	0.886	0.435

### 7.3.4 Formative Measurement Model - Tour Operators

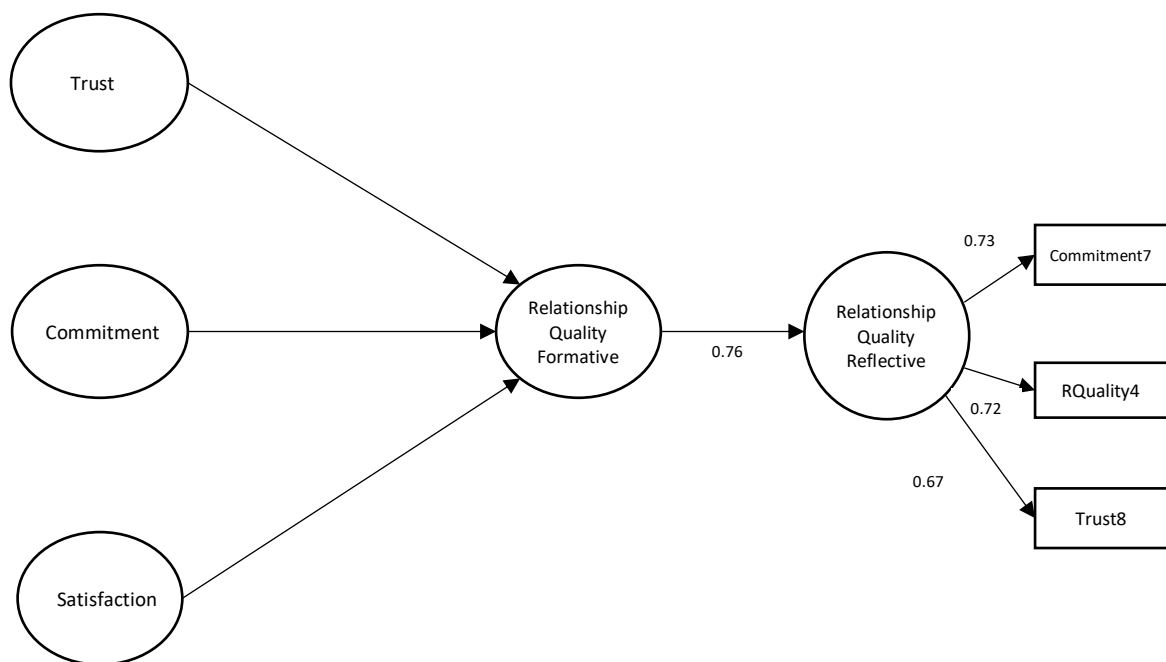
The formative measurement model is assessed in three steps in line with Hair et al.'s guidance (2019):

1. Assess convergent validity
2. Assess collinearity
3. Assess significance of formative indicators

### 7.3.4.1 Formative Convergent Validity - Tour Operators

For formative measurement models convergent validity is tested by whether a formatively measured construct is highly correlated with a reflective measure of the same construct (Hair et al., 2016). As can be seen from Figure 7.3 below, using two previously unused measures relating to RQ as reflective indicators, the minimum loading of 0.7 between the formative and reflective latent variables for RQ is achieved in line with Hair et al.'s guidance (2019).

**Figure 7.3 TOs' Formative Convergent Validity**



### 7.3.4.2 Formative collinearity -Tour Operators

High correlations (known as collinearity issues) are not expected between items in formative measurement models, and a VIF score of less than 5 is required to demonstrate no multicollinearity issues exist - see Hair et al. (2019). From Table 7.15 below it is clear all VIF scores are below 5. Please note some measures have two values, as in the formative model a two stage repeated indicators approach is followed (meaning indicators of the first order dimensions of RQ are also entered as indicators of the second order RQ variable - see Hair et al. (2019)).

**Table 7.15: Hoteliers’ Formative Measurement Model -Collinearity and VIF statistics**

Measure	VIF
Commitment2	1.286
Commitment2	1.311
Commitment8	1.286
Commitment8	1.498
RelationshipQuality1	1.139
RelationshipQuality1	1.431
RelationshipQuality2	2.460
RelationshipQuality2	2.703
RelationshipQuality3	2.460
RelationshipQuality3	2.671
RelationshipQuality5	1.139
RelationshipQuality5	1.472

### 7.3.4.3 Formative Measures Significant - Tour Operators

The formative latent variable must have statistically significant outer loadings. This can be seen from running the Bootstrapping algorithm and ensuring all loadings are statistically significant - see Hair et al. (2019). As can be seen in Table 7.16 below, all loadings are significant.

**Table 7.16: Tour Operators Formative Measurement Model**

	<b>Loading</b>	<b>T Statistics</b>	<b>P Values</b>
Commitment -> RQ	0.276	3.053	0.002
Satisfaction -> RQ	0.435	14.963	0.000
Trust -> RQ	0.558	9.013	0.000

### 7.3.5 Structural Model Assessment - Tour Operators

There are 4 key steps to assessing the PLS-SEM structural (inner) model results see Hair et al. (2019):

1. Ensure no collinearity in the inner model
2. Ensure structural model loadings are significant
3. Assess R<sup>2</sup> Values
4. Assess Effect Size f<sup>2</sup>

Each of these are examined in turn

#### 7.3.5.1 Inner Model Collinearity -Tour Operators

A VIF score of less than 5 is required to demonstrate no multicollinearity issues - see Hair et al. (2019). See Table 7.17 below – all relevant VIF scores for the Inner Model are less than 5.

**Table 7.17: Variance Inflation Factor Scores for the Tour Operator Model**

	<b>Commitment</b>	<b>Satisfaction</b>	<b>Trust</b>	<b>RQ</b>
<b>CRM</b>	1.145	1.145	1.145	
<b>Communication</b>	2.282	2.282	2.282	
<b>Cooperation</b>	2.045	2.045	2.045	
<b>Customer Satisfaction</b>	1.257	1.257	1.257	
<b>Information Quality</b>	2.108	2.108	2.108	
<b>Mutual Goals</b>	1.788	1.788	1.788	
<b>Price</b>	1.383	1.383	1.383	
<b>Service Quality</b>	1.847	1.847	1.847	
<b>Satisfaction</b>				1.755
<b>Trust</b>				1.561
<b>Commitment</b>				1.160

#### 7.3.5.2 Structural Model Loading - Tour Operators

The paths between the latent variables must have statistically significant loadings to demonstrate a meaningful relationship - see Hair et al. (2019). See Table 7.18 below – all loadings are significant with the exception of those with **bold** P values.

**Table 7.18: Tour Operators Structural Model Loadings**

	<b>Loadings</b>	<b>T Statistics</b>	<b>P Value</b>	<b>Significant</b>
CRM -> Commitment	-0.039	0.538	<b>0.590</b>	<b>NO</b>
CRM -> Satisfaction	0.046	0.652	<b>0.514</b>	<b>NO</b>
CRM -> Trust	-0.008	0.095	<b>0.924</b>	<b>NO</b>
Communication -> Commitment	0.298	2.532	0.011	<b>YES</b>
Communication -> Satisfaction	0.026	0.289	<b>0.773</b>	<b>NO</b>
Communication -> Trust	-0.040	0.306	<b>0.759</b>	<b>NO</b>
Cooperation -> Commitment	0.184	1.663	<b>0.096</b>	<b>NO</b>
Cooperation -> Satisfaction	-0.082	0.959	<b>0.337</b>	<b>NO</b>
Cooperation -> Trust	-0.159	1.375	<b>0.169</b>	<b>NO</b>
Customer Satisfaction -> Commitment	-0.049	0.668	<b>0.504</b>	<b>NO</b>
Customer Satisfaction -> Satisfaction	0.285	3.792	0.000	<b>YES</b>
Customer Satisfaction -> Trust	0.36	4.144	0.000	<b>YES</b>
Information Quality -> Commitment	0.132	1.423	<b>0.155</b>	<b>NO</b>
Information Quality -> Satisfaction	0.036	0.352	<b>0.725</b>	<b>NO</b>
Information Quality -> Trust	-0.120	1.111	<b>0.267</b>	<b>NO</b>
Information Quality -> Commitment	0.132	1.423	<b>0.155</b>	<b>NO</b>
Mutual Goals -> Commitment	0.311	3.130	0.002	<b>YES</b>
Mutual Goals -> Satisfaction	0.296	2.907	0.004	<b>YES</b>
Mutual Goals -> Trust	0.339	2.720	0.007	<b>YES</b>
Mutual Goals -> Commitment	0.311	3.130	0.002	<b>YES</b>
Price -> Commitment	0.031	0.385	<b>0.700</b>	<b>NO</b>
Price -> Satisfaction	-0.081	0.875	<b>0.382</b>	<b>NO</b>
Price -> Trust	0.104	1.083	<b>0.279</b>	<b>NO</b>
Price -> Commitment	0.031	0.385	<b>0.700</b>	<b>NO</b>
Service Quality -> Commitment	-0.115	1.025	<b>0.305</b>	<b>NO</b>
Service Quality -> Satisfaction	0.354	3.888	0.000	<b>YES</b>
Service Quality -> Trust	0.151	1.363	<b>0.173</b>	<b>NO</b>
Trust -> RQ	0.558	9.013	0.000	<b>YES</b>
Satisfaction -> RQ	0.435	14.963	0.000	<b>YES</b>
Commitment -> RQ	0.276	3.053	0.002	<b>YES</b>

### 7.3.5.3 Structural Model R<sup>2</sup> Values - Tour Operators

The R<sup>2</sup> value is a measure of the model's predictive power in relation to endogenous variables (latent variables that are predicted by other latent variables). Values of 0.75, 0.5 and 0.25 can be described as substantial, moderate or weak - see Hair et al. (2019). From Table 7.19 below it can be seen that moderate values are obtained, with Trust being slightly weaker.

**Table 7.19: R<sup>2</sup> in Structural Model - Tour Operators**

	<b>R Square</b>	<b>R Square Adjusted</b>
<b>Commitment</b>	0.475	0.443
<b>Satisfaction</b>	0.501	0.471
<b>Trust</b>	0.390	0.353
<b>RQ</b>	1	1

#### 7.3.5.4 Structural Model Effect Size f<sup>2</sup> Values - Tour Operators

Effect sizes measure whether a particular latent variable which is exogenous (independent) has a substantial impact on the R<sup>2</sup> values of the model. See Hair et al. (2019) Values for f<sup>2</sup> of 0.02, 0.15 and .35 are representative of small, medium and large effects (Cohen, 2013). Items in bold in Table 7.20 below show insignificant impact on R<sup>2</sup> values and strongly correspond to the insignificant paths identified above. They suggest each of CRM, Price and Information Quality have no meaningful impact on the dimensions of RQ for TOs.

**Table 7.20: Structural Model Effect Size f<sup>2</sup> Values - Tour Operators**

	<b>Commitment</b>	<b>Satisfaction</b>	<b>Trust</b>	<b>RQ</b>
<b>CRM</b>	<b>0.002</b>	<b>0.004</b>	<b>0.000</b>	
<b>Communication</b>	0.074	<b>0.001</b>	<b>0.001</b>	
<b>Cooperation</b>	0.031	<b>0.007</b>	0.020	
<b>Customer Satisfaction</b>	<b>0.004</b>	0.130	0.169	
<b>Information Quality</b>	<b>0.016</b>	<b>0.001</b>	<b>0.011</b>	
<b>Mutual Goals</b>	0.103	0.098	0.105	
<b>Price</b>	<b>0.001</b>	<b>0.009</b>	<b>0.013</b>	
<b>Service Quality</b>	<b>0.014</b>	0.136	0.020	
<b>Trust</b>				445.759
<b>Satisfaction</b>				240.988
<b>Commitment</b>				146.800

#### 7.3.6 Common Method Bias Testing

Common method bias occurs where respondents' answers to a questionnaire are influenced by the way in which the questions are asked – by features relating to the design or administration of the questionnaire. Research has illustrated a variety of ways in which data obtained using questionnaires may be compromised in this way (e.g. Podsakoff et al., 2003).

The full collinearity test suggested by Kock (2015) showed all VIF scores below 3.3 when using a latent marker variable, indicating common method bias should not be a concern in this study.

## 7.4 Comparison of the Relationship Quality Models for Cretan Small and Medium-Sized Enterprise Hoteliers and Tour Operators

As the above tables illustrate, each construct was initially assessed through its observed metrics. In the first stage of model validation, the latent variables were evaluated in terms of their reliability and validity using three main properties: individual item reliability, convergent validity, and discriminant validity. Individual item reliability was assessed using factor loading.

This study conceptualized RQ as a reflective second-order factor described by the three first-order latent variables: Satisfaction, Trust and Commitment. This proposition is supported by the fact that all the factor loadings between the first and second order latent variables are significant based on the 5% significance level (Satisfaction: 0.000, Commitment: 0.002, Trust: 0.000 for the TOs' model; Satisfaction: 0.000, Commitment: 0.003, Trust: 0.000 for the hoteliers' model).

The hypothesised structural model for Cretan hoteliers was examined in the second stage, including the 24 paths representing the hypotheses. Ten paths were not found to be significant. Table 7.21 shows that 14 of the 24 paths were significant. Service Quality, Price, CRM, Mutual Goals, Customer Satisfaction and Cooperation were supported as having an impact on dimensions of RQ for SME hotel organisations. These findings are important to SME hoteliers in their quest to establish long-term relationships with British and German TOs.

Furthermore, the data in Table 7.21 demonstrate that, out of the 27 path relations for TOs representing the hypotheses, 10 were significant and 17 were insignificant. CRM, Price, and Cooperation were not found to have a relationship with any of the dimensions of RQ. However, a relationship between RQ and Service Quality, Communication Mutual Goals and Customer Satisfaction was established. Notably, Information Quality had no significant relationship with Trust, Satisfaction or Commitment in contrast to the qualitative findings.

**Table 7.21: The Result of Hypothesis Testing of Tour Operators' and Hoteliers' Model**

	Hypothesis Tested	P value TOs	TOs	P value Hoteliers	Hoteliers	Both
SQ→S	Service quality is positively related to satisfaction.	0.000	Accept	0.002	Accept	X
SQ→T	Service quality is positively related to trust.	0.173	Reject	0.009	Accept	

<b>SQ→CM</b>	Service quality is positively related to commitment.	<b>0.305</b>	<b>Reject</b>	<b>0.216</b>	<b>Reject</b>	<b>X</b>
<b>P→S</b>	Price is positively related to satisfaction.	<b>0.382</b>	<b>Reject</b>	<b>0.005</b>	<b>Accept</b>	
<b>P→T</b>	Price is positively related to trust	<b>0.279</b>	<b>Reject</b>	<b>0.024</b>	<b>Accept</b>	
<b>P→CM</b>	Price is positively related to commitment.	<b>0.700</b>	<b>Reject</b>	<b>0.47</b>	<b>Reject</b>	<b>X</b>
<b>CRM→S</b>	Customer relationship management is positively related to satisfaction	<b>0.514</b>	<b>Reject</b>	<b>0.009</b>	<b>Accept</b>	
<b>CRM→T</b>	Customer relationship management is positively related to trust	<b>0.924</b>	<b>Reject</b>	<b>0.001</b>	<b>Accept</b>	
<b>CRM→CM</b>	Customer relationship management is positively related to commitment.	<b>0.590</b>	<b>Reject</b>	<b>0.717</b>	<b>Reject</b>	<b>X</b>
<b>CN→S</b>	Communication is positively related to satisfaction.	<b>0.773</b>	<b>Reject</b>	<b>0.251</b>	<b>Reject</b>	<b>X</b>
<b>CN→T</b>	Communication is positively related to trust.	<b>0.759</b>	<b>Reject</b>	<b>0.002</b>	<b>Accept</b>	
<b>CN→CM</b>	Communication is positively related to commitment.	<b>0.011</b>	<b>Accept</b>	<b>0.118</b>	<b>Reject</b>	
<b>MG→S</b>	Mutual goals are positively related to satisfaction.	<b>0.004</b>	<b>Accept</b>	<b>0.05</b>	<b>Accept</b>	<b>X</b>
<b>MG→T</b>	Mutual goals is positively related to trust.	<b>0.007</b>	<b>Accept</b>	<b>0.466</b>	<b>Reject</b>	
<b>MG→CM</b>	Mutual goals is positively related to commitment.	<b>0.002</b>	<b>Accept</b>	<b>0.774</b>	<b>Reject</b>	
<b>IQ→S</b>	Information quality is positively related to satisfaction	<b>0.725</b>	<b>Reject</b>	<b>N/A</b>	<b>N/A</b>	
<b>IQ→T</b>	Information quality is positively related to trust	<b>0.267</b>	<b>Reject</b>	<b>N/A</b>	<b>N/A</b>	
<b>IQ→CM</b>	Information quality is positively related to commitment	<b>0.155</b>	<b>Reject</b>	<b>N/A</b>	<b>N/A</b>	
<b>CS→T</b>	Customer satisfaction is positively related to trust	<b>0.000</b>	<b>Accept</b>	<b>0.015</b>	<b>Accept</b>	<b>X</b>
<b>CS→S</b>	Customer satisfaction is positively related to satisfaction	<b>0.000</b>	<b>Accept</b>	<b>0.065</b>	<b>Reject</b>	
<b>CS→CM</b>	Customer satisfaction is positively related to commitment	<b>0.504</b>	<b>Reject</b>	<b>0.057</b>	<b>Reject</b>	<b>X</b>
<b>CP→S</b>	Cooperation is positively related to satisfaction	<b>0.377</b>	<b>Reject</b>	<b>0.000</b>	<b>Accept</b>	
<b>CP→T</b>	Cooperation is positively related to trust	<b>0.169</b>	<b>Reject</b>	<b>0.087</b>	<b>Reject</b>	<b>X</b>
<b>CP→CM</b>	Cooperation is positively related to commitment	<b>0.096</b>	<b>Reject</b>	<b>0.000</b>	<b>Accept</b>	
<b>T→RQ</b>	Trust is a first order dimension of RQ	<b>0.000</b>	<b>Accept</b>	<b>0.000</b>	<b>Accept</b>	<b>X</b>
<b>S→RQ</b>	Satisfaction is a first order dimension of RQ	<b>0.000</b>	<b>Accept</b>	<b>0.000</b>	<b>Accept</b>	<b>X</b>
<b>CM→RQ</b>	Commitment is a first order dimension of RQ	<b>0.002</b>	<b>Accept</b>	<b>0.000</b>	<b>Accept</b>	<b>X</b>



Below each antecedent is examined in turn in more detail.

### *Customer Relationship Management*

Customer Relationship Management does not affect Commitment for both partners ( $p=0.590$ ,  $p=0.717$ ). Additionally, CRM affects relationship Satisfaction and Trust for hoteliers ( $p=0.009$ ,  $p=0.001$ ) but not for TOs ( $p=0.514$ ,  $p=0.924$ ). Our findings support the argument that CRM is a crucial antecedent of RQ only for hoteliers, primarily through its influence on Satisfaction and Trust. Traditionally, the industry has focused on applying CRM to support the suppliers of services to tourists (e.g., reservation systems and property management systems). With the advent of the Internet and adoption of CRM policies, some of these systems were directly extended to customers. Access to information naturally helps customers to plan complex tourist activities and plan their trips independently. CRM has no identified impact on RQ for TOs based on the above. This may well be because TOs operate a portfolio of hotels and focus on their own data on levels of booking and key analytic indicators and are less concerned about specific customer level relationship management.

### *Price*

For both hoteliers and TOs, Price does not affect Commitment  $p=0.700$  (TO's) and  $p=0.470$  (Hoteliers). In this context Price is not a critical issue for the relationship because the most important element for both partners is the sale of a high-quality product. Nevertheless, the Price affects Satisfaction ( $p=0.005$ ) and Trust ( $p=0.024$ ) for hoteliers, while this is not observed for TOs ( $p=0.382$ ,  $p=0.279$ ). Our findings support the argument that Price is a significant antecedent of RQ for hoteliers primarily through its impact on Satisfaction and Trust. Price has no significant relationship with any of the dimensions of RQ for TOs.

Since the demand for tourism services is highly elastic with respect to price in order to maintain high profit margins, TOs put fierce pressure on Greek hoteliers to keep prices down. TOs have the power to drive prices down, reducing yield per customer for destination supplier (Bastakis et al., 2004; Mohammad and Ammar, 2015). Therefore, TOs have more power, and can typically control aspects of pricing. On the other hand, hoteliers have the hope that TOs will share profits more fairly over time and may perceive aspects of the relationship as being impacted by how TO's behave in relation to price.

### *Service Quality*

For both partners, Service Quality does not affect Commitment ( $p=0.305$  (TO's),  $p=0.216$  (Hoteliers)). However, for both partners, Service Quality influences relationship Satisfaction ( $p=0.000$ ,  $p=0.002$ ). Service Quality is positively correlated to Trust for hoteliers ( $p=0.009$ ) but not for TOs ( $p=0.173$ ). In our model, the findings support the argument that Service Quality is an important antecedent of RQ for both hoteliers and TOs, primarily through its impact on Satisfaction. Notably, Service Quality does not seem to lead to Commitment for either party. This supports the argument that Satisfaction and Commitment are different dimensions of RQ with different drivers.

### *Customer Satisfaction*

Customer Satisfaction is positively related to Trust for TOs ( $p=0.000$ ) and for hoteliers ( $p=0.015$ ). However, Customer Satisfaction affects Satisfaction for TOs ( $p=0.000$ ) but not for hoteliers ( $p=0.065$ ). Additionally, Customer Satisfaction does not affect Commitment for either partner ( $p=0.504$ ,  $p=0.057$ ). Our findings support the argument that Customer Satisfaction is an important antecedent of RQ for both TOs and hoteliers through its effect on Trust, while Customer Satisfaction only affects Satisfaction for TOs.

The findings suggest that Customer Satisfaction does not affect Satisfaction for hoteliers. This is plausible, as satisfied hotel customers has no direct influence on how satisfied we are with the TO and its behaviour. It is more surprising that Customer Satisfaction doesn't make the TO more committed to the Hoteliers, but this may be because TO's rely more and booking levels and analytic data when deciding on continued relationships with a hotel than on individual hotel customer feedback.

### *Communication*

Communication does not affect Satisfaction for TOs ( $p=0.773$ ) or hoteliers ( $p=0.251$ ), and Communication is positively related to Trust for hoteliers ( $p=0.002$ ) but not for TOs ( $p=0.759$ ). This is surprising since Needs Fulfilment, Communication, and Needs Comprehension are used as attributes of RQ and are intrinsically similar to satisfaction (Naude and Buttle, 2000). Additionally, Communication does not affect commitment for hoteliers ( $p=0.118$ ), but it does affect it for TOs ( $p=0.011$ ). Our findings support the argument that Communication is an important antecedent of RQ for the hoteliers and TOs through its influence on Trust (for

Hoteliers) and Commitment (for TOs). Additionally, hoteliers typically are dependent on retaining the business of the TOs therefore hoteliers are committed simply because of necessity, and other factors have a dampened or limited impact on level of commitment. TOs requiring communication to remain committed makes sense, as they have the power to replace a hotel in their portfolio should they not receive information they need from the hotel.

### *Cooperation*

Cooperation is positively correlated to Satisfaction and Commitment for hoteliers ( $p=0.000$ ,  $p=0.000$ ) but not TOs ( $p=0.337$ ,  $p=0.096$ ). However, for both partners, Cooperation is not positively correlated to Trust ( $p=0.169$ ,  $p=0.087$ ). Our findings support the argument that Cooperation is an important antecedent for hoteliers only primarily through its effect on Satisfaction and Commitment.

Here it is striking that Cooperation has no influence on RQ for TO's. It might have been expected that cooperation was necessary for Commitment and Satisfaction at least, as a lack of cooperation could adversely affect their ability to make profit. Cooperation having no significant impact on Trust is easier to understand, as TO's may not need to Trust Hoteliers – seeing them as 'substitutable'. It may simply be the case that TO's have found that there is no need for anything but initial or basic cooperation to succeed in their short-term objectives, and so cooperation is not a critical driver for them.

### *Mutual Goals*

Mutual Goals positively affect Satisfaction for both TOs ( $p=0.004$ ) and hoteliers ( $p=0.05$ ). However, for hoteliers, Mutual Goals do not affect Trust ( $p=0.466$ ) or Commitment ( $p=0.774$ ). For TOs, Mutual Goals affect both Trust ( $p=0.007$ ) and Commitment ( $p=0.002$ ). These findings support the argument that Mutual Goals are the most important antecedent of RQ for TOs through their effects on Satisfaction, Trust and Commitment. Although the partners are committed to fulfilling their own goals, the rules and means of achieving those goals take account of common goals as well always with an eye on the future (Morgan and Hunt, 1994). To establish a satisfactory relationship with TOs, hoteliers should emphasise mutual goals and mutual fulfilment of promises in their communications.

As stated earlier, TOs are needed by Hoteliers to gain customer volumes, and so Hotelier commitment is driven by need more than other factors, and Mutual Goals not significantly driving commitment for hoteliers is not surprising. It is surprising that for hoteliers having mutual goals doesn't appear to drive trust in the relationship with TOs. This may be because for hoteliers' short term actions and facts rather than longer term goals may be more important (as seen in relation to Price and Communication above for example). Hoteliers may hope that in the future they can work more independently from TOs.

### *Information Quality*

Information Quality does not affect Commitment ( $p=0.155$ ), Trust ( $p=0.267$ ), and Satisfaction ( $p=0.725$ ) for TOs. In a B2B context, Chenet et al. (2010) demonstrated that information quality does not significantly affect relationship satisfaction and that cooperation between partners does not influence trust. These findings do not support the argument that Information Quality is an antecedent of RQ for TOs. Rather, these findings suggest that TOs are not concerned with the quality of information exchange for the destination and hotel description. By promoting basic and mainstream features of the destinations and hotels and ignoring any other attractions, facilities and characteristics, TOs succeed in making places and enterprises even more vulnerable to the threat of substitution from a competitor. This is particularly a concern of mass-market resorts where the long reliance on TOs' clientele has led to the commodification of the resort product by intermediaries. Hoteliers are threatened by substitutability more intensely than the larger destination suppliers. Unfortunately, hoteliers are dependent on powerful TOs and should try to comply fully with the demands of the current co-operating TOs.

### *Relationship quality*

For both hoteliers and TOs, RQ is formed by Trust ( $p=0.000$ ,  $p=0.000$ ), Commitment ( $p=0.002$ ,  $p=0.000$ ), and Satisfaction ( $p=0.000$ ,  $p=0.000$ ). Several empirical studies (De Cannière et al. 2009; Skarmeas et al., 2008) have found support for this model and have identified trust, commitment, and satisfaction as key dimensions of RQ. We have determined that that Trust, Commitment and Satisfaction have different antecedent relationships (i.e., Price, Cooperation, Service Quality, CRM, Communication, Information Quality, and Mutual Goals) as they are being as formative dimensions (Jarvis et al., 2003). The different antecedents on the

relationship between TOs and hoteliers defined different meaning and drivers in relation to other important constructs in tourism and marketing RQ studies.

## **7.5 Chapter Summary**

The results of the structural models conducted have been presented in this chapter. Also, a two-stage PLS analysis was performed. To begin, the measurement items were assessed to ensure their reliability and validity. Factor loadings checked the individual item reliability, and the results indicated that all constructs were reliable. To confirm the validity of each construct, the convergent validity, composite reliability, and AVE were also assessed, as was discriminant validity using the HTMT criterion. Convergent validity was assessed using the  $R^2$  value. The final analysis tested the hypotheses using PLS. The hypothesis testing results for both models were presented.

As a result, the research models was appropriate. Additionally, this chapter examined the path coefficient of research models. In addition, this study tested the bootstrapping method to examine whether commitment, cooperation, relationship satisfaction and trust had a mediation effect. Finally, this chapter examined the hypothesis of effect of B2B relationship quality. Moving forward, the next chapter discusses the findings.

## CHAPTER EIGHT: DISCUSSION

### 8.1 Introduction

In this chapter each of the first four research objectives are discussed in turn, to examine the extent to which they have been met and summarise key findings from each. The fifth research objective is discussed more fully in Chapter 9, as part of the discussion concerning managerial implications.

### 8.2 First and second objective

Set out below are the first and second objectives, which together were met via the literature review.

**First objective: to critically review business relationship theories related to the tourism industry with an emphasis on TOs and hotels**

**Second objective: discussion on the effects of RM and RQ on B2B relationships**

There is currently a debate regarding the relationship between RQ and RM, on the one hand, and the RBV, collaboration, and stakeholder theories, on the other hand. Consequently, RQ and RM represent separate but interdependent strategies for applying the RBV and collaboration and stakeholder theories. All these theories highlight the value of successful, long-term business relationships (Alves, 2015). The difference is that while RQ and RM emphasise individual partners' unique qualities, the RBV and collaboration and stakeholder theories stress general stakeholder characteristics. Moreover, RQ and RM also indicate that if partners want to be successful, they should reorient their business strategies towards achieving a 'collaborative advantage' rather than towards realising a 'competitive advantage' (Rafiq, Fulford and Lu, 2013; Fyall, Garrod and Wang, 2012).

A review of the literature has also confirmed **trust**'s essential role with respect to the formation of successful collaborations (Greenwood and Van Buren, 2010; Hattori and Lapidus, 2004). Specifically, numerous previous studies applying collaboration and stakeholder theories (Chiocchio et al., 2011; Chua, Morris and Mor, 2012) have corroborated that trust is critical in

promoting teamwork, inter-organisational cooperation, inter-organisational partnerships, strategic alliances, and high-performing business networks. The literature (Blomqvist, 2002) on RBV theory and the VRIO framework has also indicated that business relationships characterised by trust can create positive and dynamic capabilities, such as open communication, information-sharing skills, and conflict management abilities. Partners in such relationships can gain a competitive advantage through their links with other organisations, alliances, and joint ventures. More specifically, in a dynamic business environment, if partners engage in collaborations marked by trust, they can enhance their abilities and obtain additional resources. The result is a competitive advantage, improved customer relationships, and motivated employees.

Literature on collaboration has confirmed that the positive effect of social relations and partners' long-term **commitment** to one another (Cao and Zhang, 2011). Stakeholder theory claim's that to establish and foster a commitment to collaboration, business partners must perceive themselves as independent but capable of benefiting from joining forces and developing shared problem definitions (Powell and Meyer, 2004). According to Peng, Wang and Jiang (2008), the RBV does not generally suggest that a supplier's commitment guarantees business success. Therefore, suppliers may find that buyers do not return their level of commitment or generate additional business opportunities. Partners that are committed to a relationship do not necessarily improve their performance (capabilities) or their products to align with market trends. This finding corroborated Fyall et al.'s (2012) results indicating that inter-organisational collaborations produce this kind of motivation because the rewards are largely dependent on the involved parties' own performance results. The present study's findings also agreed with the RBV's assertion that collaborating organisations should combine their external resources and internal resource endowments to achieve a competitive advantage for the focal organisation (McDonald and Wilson, 2011).

The literature highlights the importance of **satisfaction** within the relationship to RQ. Several studies (Medina-Munoz et al., 2002; Mattila, 2006; Chu and Wang, 2012) have indicated that deep and long-lasting relationships are the result of parties' satisfaction with the outcomes of their work. Moreover, low levels of satisfaction caused partners to exit relationships (Vesel and Zabkar, 2010). Lin and Lu (2010) stated that RM has six components: commitment, trust, empathy, orientation, experience, and satisfaction. According to Huntley (2006) RQ is a higher-order construct that consists of numerous positive relationship outcomes reflecting both

the overall power of the relationship and the extent to which partners' needs and expectations are satisfied. RQ has frequently been conceptualized to include **satisfaction** as one of its key dimensions (together with Trust and Commitment), both generally and within Tourism and Hospitality literature (Skarmeas et al., 2008; De Cannière et al., 2009; Palmatier et al., 2007; Walter et al., 2003; Sarmiento et al., 2015; Dant et al., 2013; Marquardt, 2013; Itani et al., 2019; Akrouf and Nagy, 2018).

Generally, the literature supports the concept of RQ as a higher order variable, with dimensions of trust, satisfaction and commitment – with contributions from a range of theories and empirical settings. Additionally, the literature review enabled identification of a range of other key factors influencing RQ – such as mutual goals (Rauyruen and Miller, 2007), communication (Lages et al., 2008), end customer (tourist) satisfaction (Zhang and Feng, 2009) and price (Monty and Skidmore, 2003).

### **8.3 Third objective**

#### **Third objective: to identify the key factors influencing RQ between TOs and hoteliers**

To achieve the third objective semi-structured interviews shed light on key RQ factors with an effect on TO-hotelier collaborations. Interviews were conducted with British and German TOs, while data from interviews with Cretan hoteliers realise the third aim. All interviews were conducted on the island of Crete.

Analysing the expert interviews with representatives of the Cretan tourism industry revealed nine key RQ factors: trust, cooperation, price, communication, customer satisfaction, service quality, commitment, CRM, and mutual goals. For Cretan SME hotel organisations, these factors were the most significant (in Chapter 6). However, for British and German TOs, ten factors emerged as RQ elements of perceived significance. These were the same variables of interest listed above for the TOs, along with an additional factor: information quality.

Overall, this study demonstrated that British and German TOs and Cretan hoteliers must form relationships based on trust and honesty (see Section 6.4). The interviews also suggested that trust is a key factor in relationships between TOs and hoteliers. Cretan hoteliers explained that ensuring that rooms reserved by TOs were indeed set aside was a problem, as overbooking issues clearly underscored. Many scholars (e.g., Reichheld and Scheffer, 2000; Chung and



Shin, 2010) have agreed that relationships based on mutual trust form the foundations of fruitful collaborations and ultimately lead to success. This study's results supported findings by Kim and Hun (2008) and Doma (2013) that partners must treat each other with respect, trust, commitment, and courtesy if they are to establish successful business operations. The findings also confirmed the conclusions of Powell and Meyer (2004), who found that as theories concerning stakeholders, collaboration, and the RBV claim, when collaborations take place in a friendly, collegial, and trustworthy environment, members will be more likely to act responsibly.

The interviews with the hotel managers indicated that prices can prompt partners to start working together. Due to the economic crisis in Europe, more customers have become interested in less expensive vacations or all-inclusive holidays with no additional fees. However, the qualitative analysis revealed that hoteliers could not honour their service quality promises when selling rooms for low prices (see Section 6.5). Therefore, the empirical findings demonstrated that agreeing on prices that are satisfactory for both parties is critical. Analysing the TO manager interviews revealed that competitive prices are key for TOs, allowing them to sell products offering solid value to customers. Sales benefit both the hotel in particular and the destination in general. In contrast, British and German TO managers try to compel Cretan hoteliers to offer the lowest possible prices because that approach enables them to earn higher profits. High mark-ups mean that the final product sells for two or more times the TOs purchase price. The previous literature (Alrubaiee and Al-Nazer, 2010; Harewood, 2008; Sigala, 2008; Sousa and Voss, 2012) has also hinted that prices are an important RQ factor, as TOs have revealed that they seek to negotiate low prices to provide their customers with competitive offers and to increase their profit margins. However, hoteliers must provide customers with value through consistent and fair prices. According to them, the RBV holds that having a competitive advantage does not directly lead to a higher performance relative to the breakeven industry competitor. What element of the value linked to competitive advantage is appropriated by the firm depends on the organisation's product price. However, product pricing is part of determining the organisational strategy. The finding also supported Bramwell and Lane's (2000) conclusions on cooperative alliances. Those authors found that when establishing product prices, a firm is influenced by its competitive environment, and especially by the negotiating power of its customers, competitors' current prices, and other firms' anticipated reactions to the chosen price.

The interviews with the hotel managers revealed that open communication improved their relationships with TOs, helping both parties to overcome obstacles, better understand each other, and avoid problems (see Section 6.6). This finding corroborated Fyall et al.'s (2012) conclusion that communication among organisations influences the effectiveness of collaborations. If collaborating organisations enjoy open communication channels, they can work more effectively (Greenwood and Van Buren, 2010). Smooth information flows among members can enhance their relations and make it easier to understand the opportunities created via the collaborative process. According to Chua et al. (2012), the RBV suggests that knowledge-transfer considerations play a particularly significant role in determining the validity of an alliance. When business partners have a relatively interdependent relationship, those links facilitate face-to-face interactions. Interdependence also leads to closer working relationships than what less equitable arrangements would be able to produce. Balanced relationships and open communication are effective vehicles for transferring tacit know-how. Building on the knowledge-based approach, alliances sometimes bring together partners as they make similar contributions to the group by, for example, sharing the risk of an investment in assets.

Most of the literature on collaboration and stakeholder theories has confirmed that information-sharing and opportunities for networking with tourism industry professionals are more likely when stakeholders work together; collaboration requires using personal information and resources held by multiple organisations (Yodsuwan and Butcher, 2012; Robledo, 2001; Briggs et al., 2007). The findings also agreed with the RBV that information-sharing and resources should be at the heart of an organisation's competitive strategy (see Section 6.11). The results also highlighted the strategic importance of considering external resource acquisition as a means of developing absorptive capacity, and they stressed that investing in isolating mechanisms is critical. A knowledge-based perspective addresses an alliance's resources and capabilities, and especially the transfer of critical know-how across partners. The knowledge-based perspective is thus an alternative to the RBV for explaining organisational interactions. According to March and Wilkinson (2009), 'knowledge' refers to those skills, capabilities, and processes that are potentially critical for enhancing an organisation's competitiveness.

The literature on the RBV and collaboration theory (Kozlenkova, Samaha and Palmatier, 2013) has agreed that mutual cooperation can bring numerous benefits to each member of a partnership (see Section 6.12). Obtaining new knowledge and other capacities can reduce

expenses and result in greater access to limited resources. Specifically, previous studies applying collaboration and stakeholder theories (Dedeoglu, Demirer and Okumus, 2015; Yodsuwam and Butcher, 2012) have confirmed that collaborative alliances illustrate the changing business management landscape and the shift towards partnerships and interdependence. If the disadvantages of inter-organisational cooperation could be partially mitigated, businesses could cooperate to acquire access to resources and skills that they otherwise would be unable to develop.

The interviews with the hotel managers revealed that commitment (see Section 6.9) is vital for both partners. This finding supported claims made by previous studies on collaboration and stakeholder theories (Chenet et al., 2010; Fyall et al., 2012) that a long-term outlook is essential, as is honouring all agreed-upon facility and service agreements. Analysing the interviews with the Cretan hotel managers revealed that mutual goals play a key role in the relationship between hoteliers and British and German TOs. The findings also supported prior work on collaboration theory and the RBV (Patel et al., 2012; Bronstein, 2003) indicating that interdependence allows partners to pursue mutual goals and results in higher levels of satisfaction with the collaboration.

The hotel manager interviews also revealed that customer satisfaction is critical (see Section 6.10). If customers are dissatisfied, they will not return to a hotel and will instead ask the TO for compensation (Zhang and Feng, 2009). The findings supported Hammervoll and Toften's (2010) work on the RBV and stakeholders. If hoteliers keep that knowledge in mind, they can provide higher quality services and increase customer satisfaction levels. Cretan hoteliers have to maintain higher service standards to prevent TOs from facing customer complaints and demands for compensation. High levels of customer satisfaction result in positive reviews and word-of-mouth publicity on TripAdvisor and other social media channels. Such reviews are immensely important for the TO-hotelier relationship, as well as for Crete's overall image as a tourism destination.

The interviews also demonstrated that CRM influences hoteliers' relationships with TOs (see Section 6.13). Hoteliers must provide high-quality services to avoid poor customer reviews on sites such as TripAdvisor. If a hotel has received negative online feedback, TOs will be unwilling to send their clients to that property (Wang and Qualls, 2007). The TO manager interviews underscored that if a hotel accumulates numerous negative customer reviews, TOs

might discontinue their relationship with it since customers now use sites such as TripAdvisor to review their booking choices. An exorbitant number of negative reviews makes it impossible for TOs to sell a particular hotel to their clients. Moreover, the research findings supported the stakeholder and collaboration theories (Buhalis and Laws, 2001; Wang and Qualls, 2007) in claiming that CRM has played an increasingly pivotal role in transforming the structure of the tourism industry. Furthermore, CRM has rapidly altered the efficiency and effectiveness of that sector, and it has influenced how businesses communicate and interact with customers. Online package tours are gaining an increased market share through dynamic packaging. The results also concurred with Briggs et al. (2007) that customer behaviour has changed because of the internet. Hotel management teams must understand the opportunities and threats that sites like TripAdvisor introduce to the market, and they must respond to the new generation of online evaluation sites.

In summary, theoretical explanations partially explain the increased use of the alliance model. Under that framework, organisations can simultaneously participate in cooperative arrangements in multiple market areas and with multiple partners, bringing different strengths to each partnership as needed. Each of the business relationship theories reviewed in the above sections (e.g., the RBV and the RQ/RM, collaboration, and stakeholder theories) contributes to explaining and justifying those strategies aimed at cooperation and the transfer of knowledge in fiercely competitive environments.

## **8.4 Fourth objective**

### **Fourth Objective: To test and develop RQ models describing relations between British and German TOs and Cretan SME hotel organisations**

To achieve the fourth objective, a quantitative approach was employed, with a questionnaire collecting numeric data from British and German TOs and Greek hotel managers. These questionnaires were designed to reflect the key components of the models. The results from the questionnaires were used to empirically test a theoretical model with SmartPLS 2.0 software being utilised to analyse these key themes, shedding light on the influence of various factors.

RQ in the study was conceptualised as a higher-order construct composed of Commitment, Satisfaction and Trust, leading to the following hypotheses:

*H<sub>1</sub>: Trust is a first order dimension of relationship quality.*

*H<sub>2</sub>: Satisfaction is a first order dimension of relationship quality.*

*H<sub>3</sub>: Commitment is a first order dimension of relationship quality.*

All the tests conducted in relation to the formative higher order model were statistically significant leading to the conclusion that these hypotheses are fully supported (see Figure 8.1 below).

This successful evaluation of RQ as a higher order formative construct of the underlying dimensions Trust, Commitment and Satisfaction is an original contribution to the literature. The only 3 or 4\* journal published studies correctly examining RQ with a formative approach are Castellanos-Verdugo et al., 2009, and Ernst et al., 2011. These studies however had different underlying first order dimensions.

The remaining hypotheses relate to antecedents to RQ. For each antecedent the key hypothesis for each of TOs and Hoteliers was that the antecedent had a positive effect on RQ via one or more of its underlying dimensions. Each of those hypotheses is examined below:

*H<sub>5</sub>: Price is positively related to relationship quality*

This Hypothesis was accepted for Hoteliers but not for TOs. In relation to Hoteliers, Price appears to be positively related to both Satisfaction and Trust but not to Commitment. In this context price is not a critical issue for the relationship because the most important element for both partners is the sale of a high-quality product. Hoteliers may hope that TOs will share profits more fairly over time and may perceive aspects of the relationship as being impacted by how TOs behave in relation to price.

*H<sub>8</sub>: Communication is positively related to relationship quality.*

This Hypothesis was accepted both for Hoteliers and for TOs. In the case of Hoteliers, Communication only appears to be positively related to Trust. In the case of TOs, Communication only appears to be positively related to Commitment. Communication does

not appear to affect Satisfaction for TOs or hoteliers - this is surprising since Needs Fulfilment, Communication, and Needs Comprehension are used as attributes of RQ and are intrinsically similar to satisfaction (Naude and Buttle, 2000). Hoteliers typically are dependent on retaining the business of the TOs therefore hoteliers are committed simply because of necessity, and other factors have a dampened or limited impact on level of commitment. TOs requiring communication to remain committed makes sense, as they have the power to replace a hotel in their portfolio should they not receive information they need from the hotel.

*H<sub>6</sub>: Service quality is positively related to relationship quality.*

This Hypothesis was accepted both for Hoteliers and for TOs. In the case of Hoteliers, Service Quality appears to be positively related to Trust and Satisfaction. In the case of TOs, Service Quality only appears to be positively related to Satisfaction. Service Quality does not seem to lead to Commitment for either party. This (together with the many different relationships between antecedents and underlying dimensions) supports the argument that Satisfaction and Commitment are different dimensions of RQ with different drivers, and therefore use of a formative modelling approach.

*H<sub>9</sub>: Cooperation is positively related to relationship quality.*

This Hypothesis was accepted for Hoteliers but not for TOs. In relation to Hoteliers, Cooperation appears to be positively related to both Satisfaction and Commitment but not to Trust. It is surprising that Cooperation has no influence on RQ for TOs. It might have been expected that cooperation was necessary for Commitment and Satisfaction at least, as a lack of cooperation could adversely affect their ability to make profit. Cooperation having no significant impact on Trust is easier to understand, as TOs may not need to trust Hoteliers – seeing them as ‘substitutable’. It may simply be the case that TOs have found that there is no need for anything but initial or basic cooperation to succeed in their short-term objectives, and so cooperation is not a critical driver for them.

*H<sub>11</sub>: Information quality is positively related to relationship quality.*

This hypothesis was rejected for TOs and was not tested for Hoteliers. These findings suggest that TOs are not concerned with the quality of information exchange for the destination and

hotel description. This may well be because TOs see Hoteliers as easily substituted and are satisfied with a basic level of information exchange (or because information exchange is managed prior to contracting with a hotelier and becomes of minor significance thereafter).

*H<sub>4</sub>: Customer relationship management is positively related to relationship quality.*

This Hypothesis was accepted for Hoteliers but not for TOs. In relation to Hoteliers, Cooperation appears to be positively related to both Satisfaction and Trust but not to Commitment. CRM appears to have no identified impact on RQ for TOs based on the above. This may well be because TOs operate a portfolio of hotels and focus on their own data on levels of booking and key analytic indicators and are less concerned about specific customer level relationship management.

*H<sub>10</sub>: Mutual goals are positively related to relationship quality.*

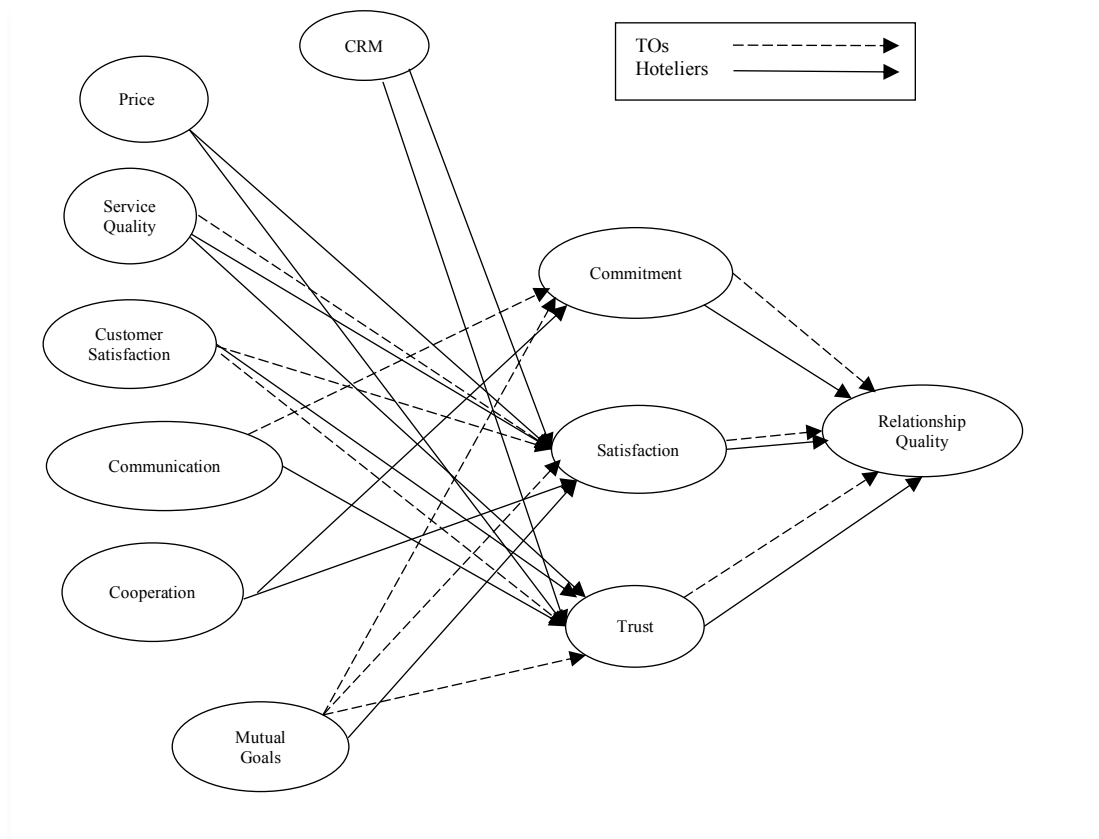
This Hypothesis was accepted both for Hoteliers and for TOs. In the case of Hoteliers, Mutual Goals appears to be positively related to Satisfaction. In the case of TOs, Mutual Goals appears to be positively related to Trust, Satisfaction and Commitment. These findings support the argument that Mutual Goals are the most important antecedent of RQ for TOs through their effects on Satisfaction, Trust and Commitment. Although the partners are committed to fulfilling their own goals, the rules and means of achieving those goals take account of common goals as well always with an eye on the future (Morgan and Hunt, 1994). To establish a satisfactory relationship with TOs, hoteliers should emphasise mutual goals and mutual fulfilment of promises in their communications.

*H<sub>7</sub>: Customer satisfaction is positively related to relationship quality.*

This Hypothesis was accepted both for Hoteliers and for TOs. In the case of Hoteliers, Customer Satisfaction appears to be positively related to Trust. In the case of TOs, Customer Satisfaction appears to be positively related to Trust and Satisfaction. The findings suggest that Customer Satisfaction does not affect Satisfaction for hoteliers. This is plausible, as satisfied hotel customers has no direct influence on how satisfied we are with the TO and its behaviour. It is more surprising that Customer Satisfaction doesn't make the TO more committed to the

Hoteliers, but this may be because TO's rely more and booking levels and analytic data when deciding on continued relationships with a hotel than on individual hotel customer feedback.

**Figure 8.1 Significant Relationships for Tour Operators and Hoteliers Model**



## 8.5 Fifth objective

**Fifth objective: To draw conclusions and make recommendations concerning successful business relationships between British and German TOs and Cretan SME hotel organisations**

The fifth and final objective of this thesis is to provide a business framework for successful long-term collaboration between British and German TOs on one hand and Cretan hoteliers on the other by comparing and contrasting the aforementioned business relationship models and antecedents of RQ. A number of noteworthy findings arise in this study, for example no link is established for TOs between the following antecedents; cooperation, price or customer relationship management, and RQ via the dimensions of Trust, Satisfaction and Commitment.



However significant relationships for those antecedents with varying dimensions of RQ are identified for hoteliers. Also, significantly the hypothesis and qualitative finding that information quality has an impact on RQ for TOs is not supported. The major importance of mutual goals to RQ for TOs is also identified.

## **8.6 Chapter Summary**

This chapter has presented the study's primary findings, specifically describing the RQ dimensions identified by the empirical analysis and examining all major antecedents that influence RQ for the relationship between TOs and hoteliers. The literature review has provided further support for the identification of key antecedents and dimensions, and their relationships.

RQ is strategically important and desirable in business relationships (Johnson, Sohi and Grewal, 2004) and is often considered the measure of relationship strength between TOs and hoteliers. RQ is widely considered a full mediator between different organisational variables and relationship performance (Grover et al., 1998). All but one of the analysed antecedents (information quality) link to the three lower order dimensions of RQ; (trust, commitment and satisfaction) for either TOs, Hoteliers or both. The choice of these lower order dimensions as formative measures of a higher order RQ variable is fully supported statistically and in the literature.

The next and final chapter draws conclusions regarding this work's theoretical and managerial contributions. It concludes by discussing the study's limitations and offering suggestions for future research.

## CHAPTER NINE: CONCLUSION

### 9.1 Introduction

This final chapter focus on the synthesis of the findings and the conclusions of the study. In this manner, it underscores this thesis' contribution to the literature and the broader body of related knowledge. In discussing the study's implications and contributions, this chapter considers both theoretical and managerial perspectives. It concludes by acknowledging the limitations of the study and making suggestions for future research.

### 9.2 Fifth Research Objective

**Fifth objective: To draw conclusions and make recommendations concerning successful business relationships between British and German TOs and Cretan SME hotel organisations**

This study supports the argument that RQ is key to business success for both TOs and hoteliers, based both on the review of the literature and qualitative interviews.

The study argues that RQ can best be measured as a higher order construct of three key dimensions; trust, satisfaction and commitment – and the quantitative findings fully support this. Having a common understanding of and conceptualisation a quantitative measure of RQ is key if quantitative studies are to be generalised or compared successfully.

The study broadly supports the fact that the following antecedents (see Table 9.1 below) are important to both TOs and hoteliers in the context of this study.

**Table 9.1: Common Antecedents**

<b>Antecedent</b>	<b>TO dimensions affected</b>	<b>Hotelier dimensions affected</b>
Service quality	Satisfaction	Satisfaction and Trust
Communication	Commitment	Trust
Mutual goals	Trust, Satisfaction & Commitment	Satisfaction
Customer Satisfaction	Trust & Satisfaction	Trust

The study broadly supports the fact that the following antecedents (see Table 9.2 below) are only important to hoteliers in the context of this study (but note that no antecedents are relevant only to TOs – implying RQ from the perspective of hoteliers is sensitive to a broader range of antecedents. Also note that information quality as an antecedent of RQ for TOs only was rejected.

**Table 9.2: Hotelier Only Antecedents**

<b>Antecedent</b>	<b>TO dimensions affected</b>	<b>Hotelier dimensions affected</b>
Price	NONE	Satisfaction & Trust
CRM	NONE	Satisfaction & Trust
Cooperation	NONE	Satisfaction & Commitment

Taken together, the above tables give a conceptual model for both hoteliers and TOs to understand in order consider how to maintain RQ by influencing key factors impacting on perception of RQ. For example, Hoteliers can see that key antecedents for them to focus on when trying to improve or build RQ with TOs are mutual goals, customer satisfaction, communication and service quality. For TOs, those antecedents, plus price, CRM and cooperation are all important to focus on when trying to improve or build RQ with Hoteliers.

### **9.3 Contributions to the Field**

This section discusses the study’s implications and contributions from several perspectives. It is divided into two parts, one exploring the paper’s theoretical contributions and the other addressing its managerial implications.

#### **9.3.1 Theoretical and Methodological Contributions**

This research contributes to the literature in that it offers and tests theoretical model of RQ from the perspective of both TOs and hoteliers, clearly distinguishing between dimensions of RQ and antecedents of those dimensions, using a properly specified statistical model. Diamantopoulos and Sigauw (2006) agreed that the misspecification of a formative latent construct as reflective can have significant theoretical and methodological problems. In this study, the higher-order construct of RQ is correctly measured formatively via the three first-order constructs of Trust, Commitment, and Satisfaction.

This study extends the literature on RQ in travel and tourism by identifying new factors impacting upon RQ between TOs and hoteliers. It uncovered two new potential antecedents (information quality and CRM) that the previous literature on RQ within B2B contexts had not mentioned. It should be noted that although information quality was supported by qualitative findings, it was not supported statistically in the quantitative phase of the research.

Furthermore, this study's literature review resulted in a theoretical framework summarising RQ studies within the tourism and hospitality industry. The framework provides a valuable distinction between antecedents and dimensions of RQ as a theoretical and methodological contribution. This study went a step further by examining RQ between TOs and hoteliers and using a range of business theories to analyse and compare multiple RQ dimensions and antecedents.

It also offers an important contribution to the field regarding RQ in an inter-organisational context by bringing together the perspectives of both TOs (buyer) and hoteliers (seller) and testing an essentially common models from the perspective of both sides. This more realistic 'two-way' perspective strengthens the distinctiveness of this investigation. Previous approaches to modelling RQ in the tourism industry have primarily drawn on B2C perspectives and have less frequently adopted a B2B viewpoint. This methodological choice is probably related to the difficulty of collecting data from tourism companies, a difficulty that this research has overcome. This study's qualitative and quantitative findings provide a clear conceptualisation of RQ and its key dimensions and antecedents.

Although this study examined a particular context, it is expected that the proposed model could be replicated in other mature and highly competitive service settings (e.g., banking or insurance). It could also be repeated in any other B2B environment in which relationships contain a significant interpersonal component.

This study also found that the factors that facilitate collaboration also enhance B2B relationships. By making suggestions as to how firms can overcome the challenges of collaboration, this thesis builds on existing research that has explored how to build and improve 'collaborative advantage'. On that note, seeking a collaborative advantage, rather than a competitive advantage, might be a particularly effective business strategy when such outcomes simply are not possible for organisations operating independently from one another (Bramwell,

2011). This is especially relevant for the tourism industry, since the presence of so many small organisations results in significant opportunities for achieving such a collaborative advantage. By cooperating in this manner, firms that do not have a sizable competitive advantage might be able to gain a collaborative advantage, allowing them to outperform their competitors (Fyall, et al., 2012; Zapata and Hall, 2012).

### **9.3.2 Managerial Implications**

This study, and especially its qualitative component, have underlined the importance of social bonds, as these promote contractual relationships and have a positive impact on perceived RQ (see Section 6.14). If social bonds can encourage repeat business and loyalty, then they can also influence overall profitability. This study suggests that concrete managerial guidelines, based on the proposed model and its constituents, can help managers enhance their customer orientation, inspire commitment in their clients, and promote mutual goals. By following these recommendations, managers can thus improve the quality of their relationships with their counterparts (Doney et al., 2007).

As outlined above, the study suggests that hoteliers should focus on the following to improve TOs' perception of RQ; a sense of both parties having mutual goals, maintaining high levels of service quality in relation to services provided to TOs, communicating interpersonally (see Table 7.21) well with their tour operator counterparts and ensuring that hotel customers are satisfied, reflected in customer feedback (see Table 9.1 above). In driving commitment – which is perhaps most important to hoteliers to preserve business volumes, the study suggests there are only two statistically significant antecedents for TOs – mutual goals and communication. Therefore, these are suggested as key areas for focus by hoteliers.

In the case of TOs, the study suggests that they should focus on each of the factors of mutual goals, service quality, communication and support for customer satisfaction but also additionally be aware of the following; the importance to hoteliers of a fair price, CRM – use of technology by TOs to support communications, and fostering a sense of cooperation (give and take) between the parties (see Table 9.2 above). In driving commitment from hoteliers, the study suggest TOs should focus on the single following statistically significant antecedents – cooperation (see Table 7.21) but may note that it is likely that in general most hoteliers are likely to be highly committed to large TOs to preserve business levels.

## 9.4 Research Limitations

This study faced a number of limitations that academics and industry practitioners should bear in mind, related to the data collection and result interpretation processes. The survey respondents were selected via convenience sampling, meaning that the representativeness of the sample was open to question.

Additionally, the study focused on one industry within a single country at a single point in time, so as to gather richer information on the phenomena under analysis. This research setting constituted an appropriate choice for studying RQ as a higher order construct and use three first order constructs trust, commitment and satisfaction. However, future investigations should validate the findings in different settings.

One of the primary limitations connected to the qualitative interviews was that only one researcher analysed the transcripts; the researcher's bias must consequently be considered, as other persons might have identified different factors and themes. However, as a PhD project is an independent piece of work, this limitation was unavoidable. Additionally, the research methodology and research participants themselves also introduced a number of limitations. First, in any study, the researcher brings biases and prior experiences that can affect the outcomes. In this case, the researcher was familiar with the industry and could therefore relate to the terminology and concepts under discussion, and this knowledge brought both benefits and drawbacks. On a positive note, the researcher could establish a level of credibility in the eyes of the participants.

As such, this study faced constraints regarding the analysis of the proposed theoretical model. RQ between TOs and hoteliers is complex and should be approached from various perspectives, including those of destination management companies, tourists, tourism organisations, and other tourism industry professionals. However, due to financial and time constraints, this study focused only on tour operator and hotelier perspectives.

This research was particularly focused on a single industry on a specific island. The population of Crete was accurately represented, since the late response bias, non-response bias, and the sample's similarity to Cretan census data were all examined. However, it was expected that the survey would generate more responses. The survey had limited geographical coverage, as well as a low response rate. Data was only collected from one tourist destination in Crete. The

primary purpose of this study was to develop and empirically test a theoretical model. However, if this study were repeated on other islands or in other destinations or countries, the results may diverge to some extent. Therefore, researchers should explore additional geographic regions and travel populations.

The relationships amongst constructs may be subject to change in other industries included in a cross-industry sample. This study investigates the relationship between the buyer and their third most significant suppliers, instead of the relationships with a portfolio of suppliers. This creates the effect that respondents focus their answers on single suppliers, rather than considering a broader picture of crucial business relationships.

Whilst we used an appropriate statistical model to formulate and test RQ and selected what the literature suggests are the three most common lower dimensions (i.e., trust, satisfaction and commitment), our study has when examining other antecedents only has relevance when RQ is similarly measured as a composite of those same three underlying dimensions. In other words, we have adopted a particular ‘meaning’ of RQ, and findings in relation to antecedents rely on that meaning.

All the survey data collected came from Cretan, Germans and UK respondents. Therefore, our derived model might be country or culture sensitive. This should be investigated if the approach is transferred to other geographic contexts.

To obtain more complete results on a full range of stakeholders, data would have needed to be gathered from other actors, such as tourists. Including visitors’ perspectives in this research would have expanded the scope of the thesis considerably. Future research might address these gaps. Considering visitors’ perspectives and those of other tourism industry stakeholders involved in TO–hotelier relationships could identify other factors affecting competitiveness. The above limitations consequently open avenues for future research. Additional studies should consider these constraints to produce more comprehensive results.

## **9.5 Reflection of the Research Journey**

During the PhD research process, the author produced several publications.

The author wrote a journal article entitled ‘Tourism distribution channels in European island destinations’ during the PhD research process. It was published on 2 January 2018 in the *Journal of Contemporary Hospitality Management*.

A conference paper entitled ‘Business-to-Business Relationship Quality: The Case of British and German Tour Operators’. Euro Council on presented at Hotel, Restaurant and Institutional Education (Euro-CHRIE) 2016 in Budapest in October 2016.

A conference paper entitled ‘Distribution Channels for Travel and Tourism: The Study of Crete’ was presented at the International Conference ENTER 2015 in Lugano from 3–6 February 2015.

A conference paper entitled ‘Predictors of Relationship Quality for Cretan SME hotel organisations’ was presented at the Eurochrie conference on 15–17 October 2015. That event was organised by MMU 2015.

A conference paper entitled ‘The Key Factors of Relationship Quality between Tour Operators and SME Hotels’ was presented at Eurochrie 2014 in Dubai.

## **9.6 Directions for Future Research**

This section makes several recommendations for future research based upon the study’s findings and limitations. This thesis has examined RQ theory but has not considered how successful business relationship lead to profitability or strategic growth. Further research could measure various aspects of a collaboration’s success (e.g., competitive strength, economic growth, or profits).

In this study, trust, commitment and satisfaction were used as a first order dimensions of RQ. Future research on the new antecedents of RQ could focus on new dimensions or additional conceptualisations of RQ. Additionally, other variables connected RQ could be further explored and developed, particularly those crucial for establishing successful long-term business relationships, marked by loyalty and sustainable profits. While few studies would be unable to generate such results, longitudinal case studies would be well-suited for this purpose.

One of the findings of this research was to draw attention to theoretical distinctions between formative and reflective measurement models of RQ. Our study suggests that there are important theoretical and empirical distributions between formative and reflective indicator measurement models and that many previous measures of RQ as a latent construct were incorrectly treated as reflective when they should have been formative measures. This implies much future research could reproduce extant studies of RQ but utilising the (it is argued) correct formative approach.



In this study the samples included only hotel and TO managers active during the summer season, due to time and cost restrictions. Moreover, the data was gathered at a single point in time. Therefore, this research comprised a cross-sectional survey, rather than a longitudinal study, and thus provided a static perspective, rather than a more dynamic one. It would be interesting to chronologically deconstruct the TO–hotelier relationship and examine why perceptions of relationship satisfaction, trust, commitment, service quality, and loyalty vary over time.

Researchers might conduct similar studies in other destinations to evaluate the applicability of the nine factors within a wider tourism context. Hoteliers located in cities might be less dependent on TOs, due to a larger number of individual bookings from websites or other distribution channels. Therefore, as each destination exhibits unique collaborations and TO relationships, market complexity increases, and research findings become difficult to generalise.

Although the investigation’s results were obtained in a context that respected the nature of RQ and was supported by the literature and empirical evidence, the issue of causality should be viewed with a degree of caution, due to the cross-sectional nature of the study. In effect, while the assessment of alternative models offers further support for this study’s proposed framework, it also suggests that trust and commitment might have the potential to act as both determinants and dimensions. This reflects those variables’ prominence as building blocks of RQ and supports the argument that dynamic realities (e.g., marketing relationships) call for dynamic approaches (e.g., RQ models). Thus, evaluating the model in different contexts and, ideally, from a longitudinal perspective represent crucial avenues for future research.

As this study was conducted for a PhD thesis, the researcher conducted the data analysis on her own. In particular, having multiple researchers review participants’ input could yield more comprehensive findings. Future research comparing data on two or more stakeholders within the traditional tourism supply chain would overcome the limitations of examining a single case.

## **9.7 Chapter Summary**

This concluding chapter presented the study’s theoretical contributions, managerial implications and limitations, and made recommendations for future research. Additionally, this chapter fulfilled the study’s fifth objective—namely, to draw conclusions and offer proposals

concerning successful business relationships between British and German TOs and Cretan SME hotel organisations.

Within dynamic industries, relationships appear increasingly fragile, especially in light of future competitive challenges. Executives must thus determine how to establish and manage such relationships, and they must maintain their reputation as an attractive business partner. A focus on RQ and its antecedents helps to do this.

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## **Appendix A - Pilot interview guide**

Q1: Please tell me how long are you working in the tourism Industry in Crete?

Q2: How would you describe the relationship between TOs and hoteliers?

Q3: What factors affect the satisfaction concerning the relationship between TOs and hoteliers?

Q4: What aspects of this relationship are important between TOs and hoteliers? Can you give me any examples?

Q5: What relational factors would you value the most in a relationship in order to consider it as a good quality relationship?

Q6: What affect have the relationship on you?

Q7: How important is the trust between the two partners (hoteliers and TOs)?

Q8: What are the differences between a relationship with a signed contract and a relationship without a signed contract? To sign contracts with corporate clients is a main goal for the hotel or Tour Operator?

## **Appendix B - Final Interview guide**

Q1: How long have you been working in the tourism Industry in Crete?

Q2: How would you describe the relationship between tour operators and hoteliers?

Q3: What factors affect the satisfaction concerning the relationship between TOs and hoteliers?

Q4: What relational factors would you value the most in a relationship in order to consider it as a good quality relationship?

Q5: How important is the trust between the two partners (hoteliers and TOs)?

Q6: What are the differences between a relationship with a signed contract and a relationship without a signed contract? To sign contracts with corporate clients is a main goal for the hotel or Tour Operator?

## Appendix C - Questionnaire - Cretan hoteliers

**1. How many different tour operators does your hotel co-operate with?**

Select appropriate range

Less than 5    5-10    10-30    30-50   more than 50  

**2. Indicate the approximate number of tourists, which tour operators, send to your hotel each year.**

Less than 100,000    100,000–500,000    500,000–1 million    1–3 million

Over 3 million

**3. What type of hotel do you have?**

Hotel chain    Independent hotel

**4. How many rooms does your hotel have?**

Less than 50     
50-100     
101-150     
151-200     
More than 200  

**5. How many employers are working at your hotel?**

Less than 10     
10-20     
21-50     
51-100     
More than 100  

**6. Indicate the type of links, which your hotel has with the TOs.**

Only a contractual relationship (indicate what type:    With guarantee,    allotment)

Minority share of company capital    Indirect share of company capital

Total or majority share of company capital    other link (specify) \_\_\_\_\_.

**7. In which markets do the TOs you work with in?**

English       German       Russian       Scandinavia   
 Italy       France       Other (Specify) \_\_\_\_\_

**8. On average, how high is the occupancy of your Hotel from the TOs?**

Less than 5%       10-20%       20- 30%       30-% 50%   
 50%- 70%       more than 70%

**9. Please mark the number of the scale that best expresses your degree of agreement or disagreement with the following statements: Price**

	I strongly disagree			I strongly agree	
	1	2	3	4	5
1. Tour Operators have a clear pricing and discount structure					
2. Tour Operators give us the best acceptable prices, discounts and promotions offered to our hoteliers					
3. Tour Operators usually accept the payment conditions, guarantee and release conditions set by the hoteliers					
4. Tour Operators accept the guarantees and compensation offered by us hoteliers? (for overbooking, unsatisfactory service)					

**10. Please rate your agreement with each of the following statements, regarding your relationship activities with the Tour operators. (Cooperation)**

	I strongly disagree			I strongly agree	
	1	2	3	4	5
1. Our hotel and the tour operators regularly interact.					
2. There is an open communication when cooperating with tour operators.					
3. Overall, we are satisfied with the interaction with the tour operators					
4. The tour operators are able to handle our complaints.					

**11. Please rate your agreement with each of the following statements, regarding your relationship activities with the tour operators. (Customer Satisfaction)**

	I strongly disagree			I strongly agree	
	1	2	3	4	5
1. We are satisfied with the leisure and entertainment activities offered by tour operators					
2. We are satisfied with condition of the contracts					
3. We are satisfied with bookings and reservation policy of the TOs					
4. We are happy with information, sales and marketing activities the tour operators provide us with					
5. We are satisfied with investment and growth-oriented actions undertaken by the tour operators					
6. We are satisfied with reward/penalization (e.g., in the terms of contract) depending on performance					
7. Tour Operators request high quality services without being prepared to give any extra payment for these services.					
8. TOs accept condition e.g. the guarantees and compensation requested by our hotel (for overbooking, unsatisfactory service)					

**12. Please rate your agreement with each of the following statements, regarding your relationship activities with the tour operators (Communications)**

	I strongly disagree			I strongly agree	
	1	2	3	4	5
1. There are excellent communications with tour operators so there are never any surprises that might be harmful to our working relationship					
2. Tour operators genuinely enjoy helping us					
3. It is easy to communicate with tour operators					
4. Tour operators try to establish a personal relationship					
5. Tour operators seem interested in us not only as partners, but also as people					
6. Tour Operators are active					
7. Tour Operators are friendly					
8. Tour Operators are helpful					

**13. Please rate your agreement with each of the following statements, regarding your relationship activities with the Tour operators (Trust).**

	I strongly disagree			I strongly agree	
	1	2	3	4	5
1. Tour Operators are open and honest with us					
2. We trust the information that tour operators provide					
3. When making important decisions, tour operators consider our welfare as well as their own					
4. Tour Operators are trustworthy					
5. We can always trust the tour operators					
6. Tour Operators have high integrity					
7. We trust tour operators to keep our best interests in mind					
8. We believe that tour operators are keen to fulfil our needs and wants					
9. We believe that tour operators have our best interests in mind					

**14. Please rate your agreement with each of the following statements, regarding your relationship activities with the Tour operators (Commitment)**

	I strongly disagree			I strongly agree	
	1	2	3	4	5
1. Tour Operators deserve our loyalty					
2. We have a strong commitment to tour operators					
3. We intend to maintain and develop this relationship					
4. Our relationship requires maximum effort and Involvement					
5. We are fully open and honest in our relationship with the tour operators					
6. Tour Operators devote sufficient time and effort to our Relationship					
7. Deciding to work with tour operators was a definite success for our hotel					
8. Our relationship with tour operators is a long-term partnership					

15. Please rate your agreement with each of the following statements, regarding your relationship activities with the Tour operators (Service Quality).

	I strongly disagree			I strongly agree	
	1	2	3	4	5
1. Tour operators solve our problems with them quickly.					
2. Tour Operators' service personnel works quickly and efficiently					
3. Tour Operators' service personnel competently handles most of our requests					
4. Turnaround time for work performed typically meets our expectations for service delivery					
5. Tour Operators have professional training and education about service					
6. Tour Operators deliver superior service in every way					

16. Please rate your agreement with each of the following statements, regarding your relationship activities with the Tour operators (Mutual Goals).

	I strongly disagree			I strongly agree	
	1	2	3	4	5
1. Though circumstances change, we believe that Tour operators will be ready and willing to offer us assistance and support					
2. When making important decisions, Tour Operators are concerned about our welfare					
3. When we share our problems with tour operators, we know that they will respond with understanding					
4. In the future, we can count on Tour operators to consider how their decisions and actions will affect us					
5. When it comes to things that are important to us, we can depend on Tour Operators support					
6. Overall, our goals are compatible with the goals of Tour Operators					

17. Please rate your agreement with each of the following statements, regarding your relationship activities with the Tour operators (Relationship quality).

	I strongly disagree			I strongly agree	
	1	2	3	4	5
1. We are satisfied with transportation and TOs services					
2. We believe that tour operators are trustworthy					
3. We feel happy about the cooperation with Tour Operators					
4. We are satisfied with all services offered by the TOs					
5. Tour Operators can be relied on to keep their promises and commitments.					

18. Do you think that technology advancement influences your relationship with the tour operators?

- Yes   
 No

**19. Please rate your agreement with each of the following statements, regarding your relationship activities with the Tour operators (Customer Relationship Management).**

	I strongly disagree			I strongly agree	
	1	2	3	4	5
1. These technology advancements have radically changed the nature of the business processes with the tour operators					
2. E-mail provides an effective way of exchanging information rapidly with tour operators.					
3. Communications between tour operators and us have become quicker due to technology.					
4. Technology has made communications with tour operators more accurate.					
5. Modern technology has reduced the need for face to face meetings.					

**Demographics**

**20. Please supply the following details about yourself:**

**What is your Gender?**

Male

Female

**21. How long are you hotelier?**

Less than 5years

5-10years

10-15 years

15-20 years

More than 20 years.

**22. How old are you?**

Under 30

30-39

40-49

50-59

60 plus

**23. Please specify your job title: \_\_\_\_\_**

**Thank you very much for your time and answers!**



## Appendix D - Questionnaire- Tour Operators

### 1. What does your company own:

- Air transport services   
Ground transport services   
Accommodation

### 2. What are the main reasons for tourists coming to Crete?

- a. Business tourism (congress, B2B etc)   
b. Cultural tourism (heritage, religious, sites, events,)   
c. Entertainment tourism (seaside, nature, wine & food, yachting, extreme tourism, sports)   
d. Social tourism (health, wellness)   
e. Personal reasons (family/friends)

### 3. Which is the profile of your primary group of customers?

(you may choose one or more answers)

- Solo travellers   
Travelers in couples   
Travelers with friends   
As Families

### 4. How long have you been offering tours to Crete ?

- 1-3 years   
4-7 years   
8-11 years   
12-15 years   
More than 15 years

### 5. How much do you think the demand for Crete tourism products has grown over the last 10 years?

6. 0-24%   
25-49%   
50-74%   
75-100%

### 7. Which is the primary age group of your clients?

- Below 18   
18-30   
31-40   
41-50   
51-60   
Above 60

### 8. Indicate the approximate number of tourists, you send to Crete each year.

- Less than 100,000   
100,000–500,000   
500,000–1 million   
1–3 million   
Over 3 million

**9. What is the type of hotel with whom you contract the largest number of beds ?**

- Hotel chain   
 Large independent hotels   
 Small to Medium hotel Organisation.

**10. Indicate the type of link which your TO has with this accommodation company in question.**

- Only a contractual relationship (indicate what type: With guarantee, Allotment)   
 Minority share of company capital   
 Indirect share of company capital   
 Total or majority share of company capital   
 Another link (specify): .

**11. Please mark the number of the scale that best expresses your degree of agreement or disagreement with the following statements: Price**

	I strongly disagree			I strongly agree	
	1	2	3	4	5
1. Hoteliers have a clear pricing and discount structure					
2. Hoteliers understand customers' needs and wants					
3. Hoteliers give us the best acceptable prices, discounts and promotions offered to our TO					
4. Hoteliers usually accept the payment conditions, guarantee and release conditions set by the TO					
5. Hoteliers accept the guarantees and compensation offered by our TO (for overbooking, unsatisfactory service)					

**12. Please rate your agreement with each of the following statements, regarding your relationship activities with the hoteliers. (Cooperation)**

	I strongly disagree			I strongly agree	
	1	2	3	4	5
1. Our firm and the hoteliers regularly interact					
2. The cooperation with the hoteliers is based on open communication.					
3. Overall, we are satisfied with the interaction with the hoteliers.					
4. The hoteliers are able to handle our complaints.					

**13. Please rate your agreement with each of the following statements, regarding your relationship activities with the hoteliers. (Customer Satisfaction)**

	I strongly disagree			I strongly agree	
	1	2	3	4	5
1. We are satisfied with the leisure and entertainment activities offered by hoteliers					
2. We are satisfied with security and safety conditions inside the hotels					
3. We are satisfied with the environmental management by this hotel (noise, waste)					
4. We are happy with information, sales and marketing activities the hoteliers provide us with					
5. We are satisfied with investment and growth-oriented actions undertaken by the hoteliers					
6. We are satisfied with the characteristics of the establishments and rooms allocated to our customers (location etc.).					
7. We are satisfied with the characteristics and condition of facilities, equipment and furnishings.					
8. Hoteliers provide good accommodation services (reception, room cleaning) to our customers.					

**14. Please rate your agreement with each of the following statements, regarding your relationship activities with the hoteliers. (communications)**

	I strongly disagree			I strongly agree	
	1	2	3	4	5
1. There are excellent communications with Greek hoteliers so there are never any surprises that might be harmful to our working relationship					
2. Hoteliers genuinely enjoy helping us					
3. It is easy to communicate with hoteliers					
4. Hoteliers try to establish a personal relationship					
5. Hoteliers seem interested in us not only as partners, but also as people					
6. Hoteliers are cooperative					
7. Hoteliers are friendly					
8. Hoteliers are helpful					

**15. Please rate your agreement with each of the following statements, regarding your relationship activities with the hoteliers (Trust)**

	I strongly disagree			I strongly agree	
	1	2	3	4	5
1. Hoteliers are open and honest with us					
2. We trust the information that hoteliers provide					
3. When making important decisions, hoteliers consider our welfare as well as their own					
4. Hoteliers are trustworthy					
5. We can always trust the hoteliers					
6. The hoteliers have high integrity					
7. We trust the hoteliers to keep our best interests in mind					
8. We believe that hoteliers are keen to fulfil our needs and wants					
9. We believe that hoteliers have our best interests in mind					

16. Please rate your agreement with each of the following statements, regarding your relationship activities with the hoteliers. (Commitment)

	I strongly disagree			I strongly agree	
	1	2	3	4	5
1. Hoteliers deserve our loyalty					
2. We have a strong commitment to hoteliers					
3. We intend to maintain and develop this relationship					
4. Our relationship requires maximum effort and Involvement					
5. We are fully open and honest in our relationship with the hoteliers					
6. Hoteliers devote sufficient time and effort to our Relationship					
7. Deciding to work with hoteliers was a definite success for our company					
8. Our relationship with hoteliers is a long-term partnership					

17. Please rate your agreement with each of the following statements, regarding your relationship activities with the hoteliers (Service Quality).

	I strongly disagree			I strongly agree	
	1	2	3	4	5
1. The hoteliers solve my tour operator's problems quickly.					
2. Hoteliers' service personnel work quickly and efficiently					
3. Hoteliers' service personnel competently handle most of our requests					
4. Turnaround time for work performed typically meets our expectations for service delivery					
5. Hoteliers have professional training and education in regard to service					
6. Hoteliers deliver superior service in every way					

18. Please rate your agreement with each of the following statements, regarding your relationship activities with the hoteliers (Mutual Goals).

	I strongly disagree			I strongly agree	
	1	2	3	4	5
1. Though circumstances change, we believe that hoteliers will be ready and willing to offer us assistance and support					
2. When making important decisions, hoteliers are concerned about our welfare					
3. When we share our problems with hoteliers, we know that they will respond with understanding					
4. In the future, we can count on hoteliers to consider how their decisions and actions will affect us					
5. When it comes to things that are important to us, we can depend on hoteliers' support					
6. Overall, our goals are compatible with the goals of hoteliers					

19. Please rate your agreement with each of the following statements, regarding your relationship activities with the hoteliers (Information Quality)

	I strongly disagree			I strongly agree	
	1	2	3	4	5
1. Hoteliers' information is accurate					
2. Hoteliers provides helpful information regarding your questions or problems					
3. Hoteliers provides high quality information (i.e. facilities, services etc.)					

**20. Please rate your agreement with each of the following statements, regarding your relationship activities with the hoteliers (Relationship Quality).**

	I strongly disagree			I strongly agree	
	1	2	3	4	5
1. We are satisfied with all service offered by hoteliers					
2. We believe that hoteliers are trustworthy					
3. Hoteliers can be relied on to keep their promises and commitments.					
4. We feel happy about the cooperation with hoteliers					
5. We are satisfied with food and beverage products and services					

**21. Do you think that technology advancement influences your relationship with the tour operators?**

Yes   
 No

**22. Please rate your agreement with each of the following statements, regarding your relationship activities with the hoteliers (Customer relationship management).**

	I strongly disagree			I strongly agree	
	1	2	3	4	5
1. These technology advancements have radically changed the nature of the business processes with the hoteliers					
2. E-mail provides an effective way of exchanging information rapidly with hoteliers.					
3. Communications between hoteliers and us has become quicker due to enhanced technology.					
4. Technology has made communications with suppliers more accurate.					
5. Modern technology has reduced the need for face to face meetings.					

**Demographics:**

**23. How long have you been working as a Tour Operator?**

- Less than 5years
- 5-10years
- 10-15 years
- 15-20 years
- More than 20 years.

**24. How old are you?**

- Under 30
- 30-39
- 40-49
- 50-59
- 60 plus

**25. What is your gender?**

- Male
- Female

**26. Please specify your job title :** \_\_\_\_\_