

Creating sustainable competitive advantage in the hospitality industry through commercial friendships: connecting the host and guest on a social and emotional level

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ABSTRACT: A large part of quality and competitive advantage in hospitality comes from friendly service. A lot of research in the hospitality industry is done from the viewpoint of management and aimed at how businesses should be designed to be friendly, yet little research is done into the perspective of the guest to show if the design works. This article tries to start the discussion and drive research towards a better understanding on how interaction between a host and a guest could lead to a concept called Commercial Friendship (CF), which comes from a connection on an emotional and personal level. CF is known to be beneficial to marketing investments, yet little research is done on friendship in marketing in general and even less in the hospitality industry in particular. This article puts forward a conceptual framework grounded in theory from hospitality, marketing, psychology and experience design. Research questions are given along with new ways to do research in hospitality design using a combination of verbal, behavioral and psychophysical measures.

Keywords: commercial friendship, experience design, guest behavior, human interaction, neuromarketing, social and emotional connection.

Cheers, my friend!

In the 1980s and the beginning of the '90s, the popular TV show *Cheers* aired in several countries around the world (<https://en.wikipedia.org/wiki/Cheers>). The show is about a bar with a lot of regular guests that have close personal relations with each other and the staff. They are somewhat friendly, which is the reason why these guests come back so often. The show had a theme song with the lyrics "*...and they're always glad you came. You want to be where you can see troubles are all the same. You want to go where everybody knows your name*" (Portnoy, 1982). The writer of the theme song captures some important elements of what it is that people long for in a place where they meet other people and become friends. The lyrics are commonsensical; however, very few researchers have attempted to substantiate if this is true or how these relations form in a hospitality setting, or how they lead to a drive for guests to come back over and over again, turning them into loyal customers. In this discussion paper, an attempt is made to show why creating friendships in commercial settings through building personal and emotional connections between hosts and guests can lead to better profit margins, what risks are involved and how this can be studied in the hospitality industry.

To build towards the final conceptual model in this article, which will explain how sustainable competitive advantage can

be reached through adding social and emotional connections to a service, it is argued that these connections are similar to friendship, which is the core of hospitality. A description of the current status quo on knowledge about commercial friendships in hospitality is given, leading to a series of questions that should be answered to address an existing knowledge gap.

Sustainable competitive advantage

Marketing managers are developing ways to attract and retain customers to increase the return on investment (ROI; Rust et al., 2004). Retaining is better than attracting because it leads to a higher ROI, due to lower costs (Reichheld & Teal, 2001). Customers choose to stay and spend their money at certain companies because these companies are adding value to an offering in better ways than the competition does. When a company succeeds in doing so, they have a competitive advantage. When the added value helps to outperform competitors over longer periods of time and at an acceptable cost level, it is known as a sustainable competitive advantage (SCA; Coyne, 1986).

In the services industry, it is hard to maintain an SCA for several reasons. Firstly, because services are easy to copy, competitors can create the same offering fairly quickly. The second reason comes from the fact that customers' perception of service

quality is influenced by previous experiences (Zeithaml, 1988). Once they have had a good experience, this level is what they will expect in a future service encounter, turning the current level of service into a "hygiene" success factor (Balmer & Baum, 1993). In other words, if an offering stays the same over time, recurring guests will eventually become dissatisfied with a service, because their expectations have changed. That is why an adage in the hospitality industry is "exceeding customer expectations" (Feng et al., 2015), which means to continuously improve the experience of the guest, or as Hemmington (2007, p. 752) suggests, "put in lots of little surprises". Businesses need to create better service experiences for their customers each time they come back, or their patrons might get bored. Yet innovating is a costly endeavour without certainty of financial returns (Christensen, 1997).

Jantzen (2013) describes two ways to prevent boredom or disappointment in experiences, namely by improving them or deviating from them. When companies keep improving, they will sooner or later run into the limits of their capabilities and resources. Not everybody is capable and willing to work to earn a Michelin star. The problem with deviating from a service is that customers might not recognise it as being part of the core offering. For instance, one could add a show element like a magician to a dining experience in a restaurant. But at what point does the restaurant turn into a dinner show, and when does the dinner show turn into a circus with an accompanying meal? Next to the guests' perception, when deviating too far, the company's core capabilities are not suitable anymore. A chef knows how to cook, but may not know how to train animals.

As a result, businesses are left with the gradual devaluation of service quality in the eyes of repeat guests. The more often a customer returns, the less their expectations are exceeded, and thus arguably the lower the quality perception. However, repeat patronage is something worth striving for because it leads to a higher ROI. The solution to this problem might therefore lie in focusing on friendships between a company's host and its customers. An important part of friendship is that it grows each time people have pleasant interactions with each other. And this is perhaps where the key lies in creating a sustainable competitive advantage. In this way, the service quality would be perceived as better every time a customer returns and has pleasant interactions without exceeding the resources and competencies of the operation. To show how this could work, the following sections will discuss the concepts of the experience economy, commercial friendship and hospitality.

Experiences in the experience economy

The term *experience* as an economic offering was coined by Pine and Gilmore (1998). The difference between a service and an experience is characterised by a shift (1) from the mechanic to the humanic (sic) cues (Carbone & Haeckel, 1994), (2) from the physical to the social (Pullman & Gross, 2004), and (3) beyond transactional exchanges (Gill, 2018). This process has also been described as connecting on a personal, social and emotional level (Pine & Gilmore, 2019). These three differentiating points are very similar to what constitutes a friendship, i.e. "a voluntary interdependence between two persons over time, which is intended to facilitate socio-emotional goals of the participants" (Hays, 1988, p. 395). Feelings of trust, spontaneity and intimacy grow due to enjoyable interactions in which self-disclosure

becomes more intimate, eventually leading to self-validation, positive affect, support and reaching socio-emotional goals (Banerji et al., 2020).

When these definitions of the experience economy and friendship are considered, many similarities can be found in the hospitality industry. Brotherton (1999) describes hospitality as a human exchange based on products and services, and which can be seen as adding "hostmanship" to products and services. This is said to be "the art of making people feel welcome" (Gunnarsson et al., 2011). This feeling of welcome is created by a genuine connection between a host and a guest, where the guest (1) feels appreciated, (2) connected to a person or a community and (3) has a sense of belonging (Medema & de Zwaan, 2020), making it almost equal to friendship. This similarity between hospitality and friendship becomes apparent when we look at the German word for hospitality being *Gastfreundschaft* which translates to "guest friendship". It could therefore be argued that the combination of friendship and service is the same as an experience and is the same as hospitality. Therefore, practitioners that want to create experiences that have an SCA need knowledge about how to design experiences such that they will lead to a friendship, yet the knowledge on how to do this does is incomplete.

Social and emotional connection

An experience is built from physical and human interacting parts which are governed by systems and processes. Human interaction is arguably the most important element because it leads to positive emotions and loyal behaviour (Pullman & Gross, 2004). Experiences can be broken down into a series of experiential episodes (Bastiaansen et al., 2019) which evolve over time and where five components (sensory, affective, cognitive, behavioural and relationships) rise and fall in importance (Pearce & Zare, 2017). This links to the appraisal theory of emotion (ATE), where emotions are conceived of as episodes where there are changes in feelings (affective), information processing (cognitive), action tendencies and physical responses (behavioural) (Moors, 2017), suggesting that the proper design of an experience leads to the elicitation of emotions. ATE also shows that different stimuli lead to a multitude of different emotions, each with its subjective feelings and behavioural responses (Moors et al., 2013).

It is perhaps surprising that most research only measures the valency of an emotion instead of the description of a discrete emotion, like happiness, joy, or contentment, which is seen as an omission by Prayag et al. (2019) in their review on consumer satisfaction in hospitality. They state that the relationship between discrete emotions and satisfaction should be examined more. Zhang and Zwaal (2021) also call for more research on using psychology in hospitality.

Another lack of knowledge comes from the fact that much research in hospitality and tourism management measures emotions via self-reports and that measurement scales are "largely borrowed from psychology without considering the specific characteristics of hospitality and tourism contexts", according to Tuerlan et al. (2021, p. 2741). The literature on neuromarketing shows multiple measuring techniques (e.g. verbal, behavioural and psychophysical) that can be combined to create more reliability and validity (Wang & Minor, 2008; Zeeland, 2016). Tuerlan et al. (2021) also show that there is a lack of consensus on the elicitation of consumer emotions. They

show that we do not know how experiences can be designed to create emotions that lead to a feeling of social connection and friendship.

Commercial friendship

Even less is known about friendship in marketing. In a literature review on this topic, Banerji et al. (2020) proposed a taxonomy of friendships. They categorised research based upon a "friendship formation dimension" and a "consumption timeline dimension". They classified a friendship between an employee and a customer as a commercial friendship. The consumption timeline is divided into before, during and after a purchase or consumption. Only 21 articles were found to address commercial friendship, of which two were focused on during consumption. None of them were done in a hospitality setting. In these articles, it is shown that relations between employees and customers are beneficial for marketing investments, but none of them are about ways to influence or enhance these relationships. What is known is that a genuine connection is correlated to a feeling of welcome (Medema & de Zwaan, 2020). This feeling shows several similarities with guest satisfaction. However, no quantitative scales have been developed.

It must be noted that having commercial friendships is not without risk for businesses. Grayson (2007) showed there could be a negative effect because people have exclusively intrinsic expectations from a friendship. When they are simultaneously confronted with more instrumental goals of business, they could feel they are being exploited, which would have a negative effect on business results.

This distinction between intrinsic expectations and instrumental goals is recognised in hospitality literature, where there is a distinction between authentic hospitality, which takes place in a private and social environment, and commercial hospitality, where it is part of a transaction. Lashley (2008, p. 1) says that "it is not inevitable that commercial hospitality is necessarily inauthentic", meaning that it lacks true intrinsic motivations and therefore is not hospitable in the true sense of the word. However, "customers prefer a synthetic smile to a genuine scowl and therefore staff are actors displaying parts of their whole to meet expectations of the customer" (Nailon, 1982, p. 140). This suggests that there is a need to pretend to be a friend through acting in the hospitality industry. It might be wise to borrow a concept known as the suspension of disbelief from the theatre world. It describes how artists try to take "a semblance of truth sufficient to procure for these shadows of imagination that willing suspension of disbelief for the moment" (Coleridge, 1985, p. 6), which means that if done correctly, people are willing to accept the fake as being real under certain circumstances.

Research questions

This discussion in the literature raises a series of unanswered questions. First and foremost is the question: (1) what are the causal relationships between elements of human interactions in a hospitality experience and the elements of commercial friendship? A pragmatic view on research is taken here. Answering this question is done in two stages. First, one would start with the conceptualisation of all the important elements of friendship and human interaction in hospitality. Since

friendship is a social construct stemming from the minds of the participants, an interpretive view on the research method is called for. Through a qualitative study of the literature about friendship and a series of interviews with hosts and guests, it can be deduced what elements exist in their minds. The same can be done for human interactions. A categorisation of elements in human interaction can come from literature research and interviews with hosts and managers of hospitality businesses. The inquiry will be on what elements of interactions can be distinguished. From this, hypotheses can be formed. After this is made clear, experiments need to be set up to find causality. The elements of human interactions should then be manipulated to find changes in elements of friendship. This calls for a combination of both a positivist view as well as an interpretivist view, because emotions have different components (Moors et al., 2013), of which some are subjective such as feelings or cognitive appraisals, others are more objective such as the physical responses and the actual behaviour. To measure the social and psychological constructs, proper measurement techniques need to be developed and tested. When combining several measurement techniques, an attempt is made to close the gap between the two philosophies. In consumer research, three different types of measurement techniques can be used: verbal, behavioural and psychophysical. The first two are interpretations of social constructs by either the respondent or the researcher. Measurements of bodily functions can be seen as observable phenomena independent of social actors and which are free of value. Methods that combine verbal techniques with behavioural and psychophysical are more valid, but knowledge on how to do this accurately is still being developed. To answer these questions, a quasi-experimental setup can be planned in a restaurant or bar setting where staff will receive instructions on how to act. At the same time, both host and guest are monitored using different techniques.

The next question is: (2) how can we measure components of friendship in situ? The same philosophical view for answering the causal relationships of the first research question is used here. The reason that the research needs to be done in situ is because the experiment would need to feel genuine to participants. Putting two people in a lab and having them interact with each other would be unnatural and would impede normal human interactions.

Because of the limited knowledge on friendship in marketing, the phenomenon needs to be explored. Instinctively, one can assess that a true friendship between two persons is different than a friendship between a host and a guest. The latter probably being more equal to what Aristotle (2009) describe as friendships based on usefulness and pleasure. So, it is known that there is a difference in types of friendship, but how to measure the strength of such a relationship is not defined. This then raises another question: (3) are there different stages or levels in commercial friendships? This question can then be combined with: (4) how does friendship evolve during a series of experiential episodes? This would mean that a longitudinal study is necessary.

Since a commercial friendship would be the result of a designed experience, the question arises if it would be believable in the eyes of a guest. This leads to the question: (5) under what circumstances is the act of friendship accepted as genuine by the guest? Only then would it be possible to answer the more practical question: (6) how can we design experiences in such a way that they would lead to a commercial friendship? For practitioners that

want to create SCA, this is very important to know and will fill a gap in current academic literature and knowledge. Design-based research would be the best way to go about doing this, since this is a more purpose-driven type of research.

Scope

This research will be done in the hospitality industry, which is logical because "hospitality is rooted in social engagement" (Lashley, 2008, p. 1) and hospitality is about making people feel welcome through genuine connections (Medema & de Zwaan, 2020). So, the researched phenomena can be assumed to appear here. Commercial friendship was chosen out of the different types of friendships (Banerji et al., 2020), because "personal friendships" have already formed before the individual uses the experience. "Contextual friendships" were discarded because of the difficulty of influencing the independent variables. Employees can be instructed while two different guests are mostly autonomous. "Business friendships" would not lead to SCA and were also omitted.

Contributions

Several theoretical contributions will come from this research. It will make clear what causal relations there are between the components of a hospitality experience and a social and emotional connection between the host and the guest. Existing measurement techniques are combined, and it will be shown that they increase the validity and reliability of the measured phenomena. The relationship between commercial friendship and sustainable competitive advantage is shown. Through the literature on suspension of disbelief, it is shown that emotional and social connections between a host and a guest are seen as genuine under certain circumstances.

With all this knowledge in hand, a practitioner is now well equipped to design experiential episodes to create social and emotional connections leading to a sustainable competitive advantage. Figure 1 shows the conceptual framework that comes

from this discussion. It shows that the experience is made up of physical and human/relational components connected through systems and processes. It shows that part of the experience is a series of interactions between the host and the guest. This interaction then leads to a commercial friendship, which is built up from discrete emotions and social connections. This in turn can lead to a sustainable competitive advantage.

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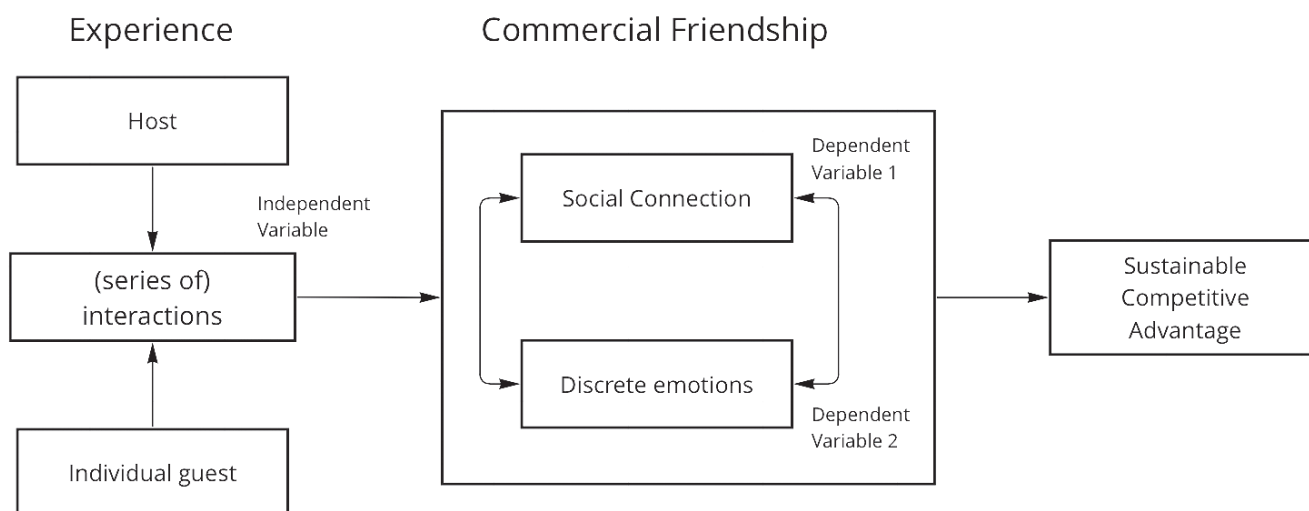


FIGURE 1: Conceptual map

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