



CUSTOMER RELATIONSHIP MANAGEMENT IN TOURISM – A LITERATURE REVIEW

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Abstract

Customer Relationship Management is a very niche concept developed in Marketing which goes beyond just selling. It lies at the very crux of sustainable Marketing. It follows the pareto principle that 80% of the sales come from 20% of the customers who will become repeat customers and remain loyal to the firm. The researcher has tried to study the evolution of the concept of Customer Relationship Management in Tourism. The researcher has studied 28 research articles for the period 2000 to 2020. The researcher has tried to limit the study for the two decade period from 2000 to 2020. An analysis of the selected research papers will throw light on the concept of Customer Relationship Management and how it has evolved over time. The study is purely conceptual to analyse the concept of Customer Relationship Management

Introduction

A strategy and technology-driven approach used by businesses to manage and analyse interactions and connections with their customers and future customers is called customer relationship management (CRM). In order to better understand customer wants and preferences, increase customer happiness, and ultimately spur growth and profitability, it entails a combination of practises, processes, and technologies. Businesses can gain from CRM in a number of ways, including greater customer service, more revenue, improved client retention, and improved customer insights. Businesses can customise their goods and communications to build deeper, more meaningful relationships with their customers by studying the behaviours and preferences of their target market. The CRM's essential elements include:

- Customer Data Collection - CRM systems gather and retain a variety of customer data, including as contact details, purchase history, preferences, and comments. Building client profiles and comprehending their behaviours starts with this data.
- Customer Segmentation - CRM enables companies to divide their client base into several categories according to a variety of factors, including demographics, past purchases, and behaviour. This segmentation makes it easier to target particular client segments with marketing and communication initiatives.
- Customer Engagement - CRM enables companies to control customer communications via email, phone, social media, and in-person. It makes it possible to communicate with customers in a personalised and consistent way, which enhances their experience overall.
- Sales and Lead Management - CRM systems frequently come with facilities for handling sales leads, opportunities, and projections. This aids in prospect management, lead prioritisation, and prospect tracking for sales teams.
- Marketing Automation - Many CRM solutions provide marketing automation features that let companies design and carry out marketing campaigns, monitor their success, and guide leads through the sales funnel.



- Customer service and support - CRM systems can be integrated with tools for customer service and support, giving companies the ability to effectively handle and address customer questions, issues, and complaints. This improves the experience of using customer support.
- Analytics and Reporting - Through data analysis and reporting, CRM software offers insights. Businesses may assess client involvement, evaluate the effectiveness of their CRM initiatives, and pinpoint areas for development.
- Integration with Other solutions - CRM solutions must have the ability to integrate with other business tools and databases in order to keep customer data current and available throughout the organisation.
- Mobile Access - A lot of contemporary CRM solutions have mobile applications that let sales and service staff access customer information and carry out tasks while on the road.
- Security and Compliance - Due to the sensitive nature of client data, CRM systems place a high priority on security and adherence to data protection laws like the California Consumer Privacy Act (CCPA) and the General Data Protection Regulation (GDPR).
- Scalability: CRM systems need to be scalable in order to meet a company's expanding needs as its clientele grows.

Concept Analysis

The idea of CRM was first introduced in developed countries, namely in businesses where keeping existing customers is a top priority in a cutthroat business environment. CRM stands for customer relationship management and is a philosophy, process, and concept. (Definition of Customer Relationship Management (CRM) - Gartner Information Technology Glossary, n.d.) Customer relationship management (CRM) is a business strategy that optimizes revenue and profitability while promoting customer satisfaction and loyalty. CRM technologies enable strategy, and identify and manage customer relationships, in person or virtually. Understanding a company's clients is the goal of customer relationship management (CRM), a combination of people, processes, and technology. By concentrating on client retention and relationship building, it is an integrated approach to relationship management.

Papadopoulos (1989) in his study researched the customer-oriented tourism marketing planning model. This model is a conceptual framework that highlights the key factors influencing the global marketing initiatives of public and private tourist organizations. In particular, the approaches used by marketing executives to gather, process, and use relevant data in the complex tourism environment are looked at. Luk (1997) When a travel agency successfully cultivates a customer-oriented marketing culture marked with a strong emphasis on service quality orientation and interpersonal relationships, high quality service can be delivered. In a high-contact service industry like tourism, marketers must understand that commitment to quality service and service mentality are integral elements in the firm. Beckett-Camarata et al. (1998) in their article concludes that customer relationship management based on social exchange and equity significantly assists the firm in developing collaborative, cooperative, and profitable long-term relationships. Managing relationships with their customers—especially with employees, channel partners, and strategic alliance partners—is critical to the firm's long-term success

Research Methodology

A comprehensive analysis was conducted of 42 papers on the Customer Relationship Management. It was narrowed down to 28 papers which analysed the evolution of Customer Relationship Management



over a two decade period. The findings of the review were summarised at the end based on the Objectives set out in the study

Objectives of the Study

The Objectives of the study were classified as under

1. To understand the process of evolution of the concept of Customer Relationship Management
2. To analyse the different variables employed in the Tourism Industry for Customer Relationship Management.
3. To understand how the different variables have evolved over time with the advent and usage of technology

Literature Review

A systematic review of the literature was conducted over a period 2000 – 2020 to understand how the concept of Customer Relationship Management has evolved over the 20 year period. The papers that were analysed for the study were as follows:

Claycomb and Martin (2002) insist that greater understanding of current practices was achieved by inventorying the range of relationship-building objectives, quantifying their priority levels, and identifying specific practices used to build customer relationships. Findings suggest that "customer relationship building" means different things to different people and that practices to build such relationships vary considerably.

Ryals (2002) argues that even economic value has a drawback: calculations of the total value of the customer should include relationship benefits as well as economic value. Strategies to maximize relationship benefits are discussed. The paper goes on to suggest that economic value, which reflects risk, is a better measure of the value of the customer

Leek et al. (2002) find that about two thirds of the sampled companies have implemented a formal, documented system based on "hard" data; however, 90% also rely on subjective and informal analysis, according to the research's findings. We also find that buyers are more likely to have a formal, documented system than suppliers; who tend to rely more on personal judgement in their interactions with custodians

Reinartz and Kumar (2003) also compare other frameworks with the conventional methods such as the recency, frequency, and monetary value framework and past customer value and illustrate the superiority of the proposed framework by identifying factors under a manager's control that explain the variation in the profitable lifetime duration

O'Leary et al. (2004) found that the integration of Internet, offers advantages such as increased consumer data collection accuracy and speed, cost savings, greater interaction, and better relationships with customers. This research also identifies that organizational culture, top management support, and collaboration between marketing and IT teams need to be in place to provide a strong foundation for database marketing

Coviello et al. (2006) found that more modern practices such as database marketing, e-marketing, and network marketing are in evidence, but they are not found to influence performance. Furthermore, success with customer acquisition rather than customer retention leads to profitability for these firms.



Success with customer acquisition rather than customer retention requires an emphasis on both transaction marketing and interaction-based relationship marketing to acquire customers and achieve sales growth

Torres and Kline (2006) found a model is developed using the existing literature. Managers can use the proposed model to achieve customer delight in their organizations. Customer delight is a better measure of customer relationship management than customer satisfaction. Delight is likely to generate positive business results such as word-of-mouth communications, loyalty, and increased profitability

Castellanos-Verdugo et al. (2009) found that the results of the study are useful for academics and practitioners because they add support for the proposed model and increase its potential for generalization. They also suggest a wide range of measures that hotel managers could take to develop and maintain the quality of employee–customer relationships. Partial least squares (PLS) was used to assess the reliability/validity of the measures and make a causal–predictive analysis

Ernst et al. (2010) demonstrate that new product performance mediates the relationship between CRM and company performance and that the effect of CRM on new product performance is moderated by CRM reward systems but not CRM technology. These findings have significant implications for research and practice in both the CRM and New Product Development (NPD) fields, demonstrating that new product performance mediates the relationship between CRM and company performance

Choo and Petrick (2011) by examining the differences and similarities between first-timers and repeat visitors, this study suggests that visitors' relationships not only with service providers but also with other customers and companions should be embraced into the components of relationship marketing models in tourism. Most relationships with service providers, other customers, and companions were found to be important but differently related to satisfaction

Taghipoor, N (2013) in his findings led to a better understanding of behavioral mechanisms, which is an acceptable fundamental for maintaining and improving customer relationship management in the tourism industry. Results also showed that all factors of customer relationship management are effective. The model in this research is a decent model for assessing the condition of customer relationship management in Isfahan travel and tourism agencies

Eid and El-Gohary (2014) in their study is one of the very few studies to provide an integrative perspective of CSFs for implementing CRM in the tourism sector and developing economies; it adds to the extremely limited number of empirical studies that have been conducted to investigate CRM implementation in developing countries. Overall results from the empirical assessment were positive, reflecting the appropriateness of the proposed CSFs

Meléndez and Garrido-Moreno (2013) in their findings show that investing in technology is a necessary but not sufficient condition for achieving positive results with CRM. To do this, hotel managers should exert effective leadership and motivate their staff to engage with the system.

Zehrer et al. (2014) argue that there is a need to reduce this imbalance since ontologies and epistemologies are largely output oriented and customer centred, i.e., performance of services, number of satisfied customers, loyal repeat visitors, overnight stays, financial performance, and others. This conceptual article reviews the pertinent literature before developing our own theoretical framework



Chiang (2014) study uses the C50 decision tree algorithm on the discovered ranked markets, transactional variables, and socioeconomic variables to create four useful classification rules. The discovered rules can be applied in web-based customer relationship management (CRM) marketing systems for airlines and online air travel agencies to help them better target their online marketing campaigns.

Mastorakis et al. (2014) by utilizing data mining techniques like predictive visual analytics, this model enables for the design of efficient advertising strategies in the tourism industry. The e-marketing system that is created based on the proposed model is used to optimally display the collected data, revealing customers' preferences to e-marketers through emerging user-friendly interfaces

Iriqat and Daqar (2017) in this study, the researchers discovered that service quality significantly predicted customers' satisfaction ($s=.191$, $p=0.001$), as did CRM system integration ($s=.727$, $p=0.000$), and that there is a positive significant relationship between customer relationship management dimensions ($s=.191$, $p=0.001$) and CRM system integration ($s=.727$, $p=0.000$).

Todd et al. (2017) presents a typology identifying five primary stakeholder roles and phenomenological interviews with twenty-one primary stakeholders, which revealed that most fulfilled multiple roles. Existing concurrently and historically, these differed throughout stakeholders' lived experiences and engagement. In its findings, this paper extends knowledge about the multiple and shifting roles of primary stakeholders in a long-established hallmark event tourism context (Edinburgh's Festival Fringe)

Tüzüncan (2018) conducted Interviews with employees in businesses that engage in business-to-business marketing in the tourism sector and other business areas have been conducted to evaluate how customer relationship management systems are created, how they are implemented, and what benefits they offer. it has been determined that effective customer relations management is crucial for B2B tourism businesses to be more productive, operate more effectively, support marketing initiatives significantly, and subsequently increase sales volume

Alanzeh, O et al (2018), in the current study's findings showed that while front office services, tourist attractions and facilities, and restaurants (F&B) have a significant impact on visitor satisfaction, there is no significant impact of these factors on visitor satisfaction as a function of gender. The ANOVA test results showed that there is no statistically significant difference between the impact of tourist satisfaction that can be attributed to age, occupation, educational level, the purpose of the visit, holiday booked on a date, and the number of prior visits

Diffley et al. (2018) results show that the social CRM activities of hotels enhance hotel service innovation activities, which positively impacts the capacity to develop a customer-linking capability, leading to higher levels of customer performance, which in turn leads to higher levels of financial performance. The proposed model was tested using partial least squares structural equation modelling.

Del Vecchio et al. (2018) Findings from the research show that the three facets of CKM (knowledge for, from, and about customers) can be used as a lens for analyzing the vast amount of data produced for, from, and about tourist experiences and for transforming them into valuable assets supporting the competitiveness of tourism destinations. To establish the approach's validity and ensure its broad applicability, more study is required



Maggon and Chaudhry (2018) Customer satisfaction (CS) and attitude towards the hotel in the relationship are major predictors of RS, and CS also indirectly influences RS through the customer's attitude towards the hotel, according to the findings of the current study, which aims to identify the factors that influence RS for hotels that cater to leisure travelers

Alves et al. (2019) in their study show that overall satisfaction serves as a mediator between the variables that make up relationship quality in reference to loyalty, and the results show that the model has a substantial to moderate explanatory capacity for both. The main limitations of this research stem from the paucity of works which aim to understand relationship quality in tourism destinations

Mi et al. (2019) in their findings offer important implications for hot spring management and practice, and the contribution of this study is using a novel approach to establish a hierarchical structural model for comprehensive understanding of factor relationships that influence hot spring tourists' satisfaction and to elucidate the relationship between environment quality, special resource, convenience, food, service quality, and facilities

Sifolo et al. (2019) in their study also presents the mitigation plan approach to deal with the TSC barriers in the near future. Results showed that customer relationship management is an SC driver for tourism operation in Pretoria. The barriers included issues like being insensitive to the environment, not developing environmentally friendly SCs and logistics practices, and not being able to assess the performance against criteria defined in the organization's policy

Guillet and Shi (2019) The revenue and marketing executives' attitudes toward integration, IT system infrastructure support to enable integration, loyalty and membership programs as a means for integration, and executive management level support for integration all affect the hotel's potential for revenue management (RM) and customer relationship management (CRM) integration. The hotels do not systematically segment customers by value because of limitations on the RM systems' capabilities and the industry's conventional segmentations

Hao (2020) Scrutiny of customer engagement studies in hospitality and tourism presents four sub-forms, including online customer engagement, tourist engagement, customer brand engagement, and customer engagement behavior. Additionally, the research methods, dimensionality, and measurement scales of customer engagement are systematically reviewed., A comprehensive definition of customer engagement is proposed based on five fundamental propositions

Shafiee et al. (2020) in their research can help researchers and hotel managers find ways to strengthen relationship quality between hotels and customers, considering hotels' limited resources for promotional activities. results indicate that tourist engagement dimensions have a positive impact on the relationship quality dimensions, while relationship quality dimensions have a positive effect on tourist citizenship behavior.

Findings

The two decade period was preceded by certain models that were developed by several authors to under the concept more clearly. Some of the noteworthy models were x customer-oriented tourism marketing planning model, that highlighted the key factors influencing the global marketing initiatives. It was also marked by service quality orientation and interpersonal relationships that were considered



as markers to under the concept thoroughly. There were also studies that pointed out to the various theories such as social exchange theory and equity that had a significant impact on creating profitable long term sustaining relationships.

The era began with identifying customer relationship building variables which had a long term impact on CRM. There were studies that pointed out that there should be a balance between relationship benefits and economic values. It also goes on to reiterate that providing economic value is quantifiable measure of value for the customer. Studies also showed that personal interactions played a very crucial role in defining long term relationships. Accurate data collection and having a database of customer added to their relationships. The three triad of database marketing, e-marketing, and networking were found to be at the crux of CRM. Customer satisfaction was slowly getting replaced by customer delight. Customer delight also added to the relationship by word of mouth communication, loyalty and profitability. The decade ended with understanding that CRM and company performance were interdependent and CRM also dictates its significance on New Product Development.

The second decade period was significant with the employment of technologies in the usage of Tourism products. This era was characterised by interactions between users and others and hence ushered a paradigm shift in the period of Tourism. There were modals also developed to understand behavioural mechanisms. Studies were undertaken in developing economies to understand its implications. Heavy investments and interactions with technologies were seen imperative to understanding its significance. Studies also pointed out there needs to be urgent mechanisms in place to reduce the imbalance of being largely output oriented and customer centered. This period is also significant in the usage of web based CRM methods to attract their online campaigns. User friendly interfaces were also significant in developing engagement. Service quality had a positive impact on customer relationship management. It was the need of the hour to don multiple roles to fulfil the concept of CRM. Studies also pointed out that demographic variables had a very role to play in satisfaction. Customer Knowledge Management added to enhancing customer experience. Loyalty also played a very significant role in relationship quality and thereby CRM. Several variables like environment quality, convenience and food, service quality and facilities play a vital role in determining relationship. Towards the end of the decade, online customer engagement, tourist engagement and customer brand engagement along with customer engagement behaviour were seen as critical factors for the success of Tourism. Engagement was seen crucial for a positive relationship in Tourism.

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