

# CRM Implementation in Tourism Industry- Issues and Select Cases of CRM Software Vendors

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**Abstract-** Many countries, states, provinces, or districts depend on tourist travel to feed their local economies and so the tourism industry is a significant sector for revenue generation. The need to attract, acquire, influence, and maintain customers is one of the primary concerns to most businesses. The Customer Relationship Management (CRM) is one of the most critical business processes being adopted by the tourism industry which leads to augment perceived service quality of the tourists leading to the elevation in satisfaction level and subsequent repatriation of destination as well as the service provider. Customer Relationship Management involves numerous processes and activities to be performed to provide most relevant timely information to the customer. Customer data from various customer touch points need to be integrated and harnessed on a continuing basis so as to arrive at comprehensive database, from business intelligence to be derived so as to devise micro marketing programs. The present paper focuses on relevance of CRM practices and technologies, framework of CRM implementation, scope for building value chain, critical success factors in CRM implementation and select cases of CRM software providers in the context of travel and tourism industry.

**Key words:** CRM, Tourism Industry,

## I. INTRODUCTION

Tourism activities involve travelling whether for the sake of business or recreation, that takes people out of their home environments to other destinations. The vital services of tourism include hospitality and transportation services, facilitation on customs and border issues, insurance, marketing, public health and event options.

Tourists make their way via air, rail, road, water and now, unbelievably, space. Many countries, states, provinces, or districts depend on tourist travel to feed their local economies and so the tourism industry is a significant sector for revenue generation. There are many opportunities for partnering with other service providers to enhance and up-sell activities and services for tourists. In order to ensure the success of tourism sector services it is important to have access to destinations and activities with acceptable infrastructures in the form of good accommodations, facilities, and transportation systems.

The need to attract, acquire, influence, and maintain customers is one of the primary concerns to most businesses. Customer acquisition and retention remains a major determinant for revenue growth and for winning the strong competition struggle. A number of studies show that the average company loses half its customers every five years and that it costs five to ten times as much to obtain a new customer as to keep an existing one (Kalakota et al, 2001). CRM refers to all business activities directed towards initiating, establishing, maintaining, and developing successful long-term relational exchanges (Reinartz & Kumar, 2003). One of the results of CRM is the promotion of customer loyalty (Evans & Laskin, 1994), which is considered to bring copious benefits to a provider of services or products.

Combined with business intelligence software, CRM can help enterprises use information about customers more efficiently. Internal processes can become more efficient, for example by integrating business intelligence into property management or pricing systems. In the competitive modern tourism industry, the “simple” customer satisfaction is no longer sufficient to ensure customer loyalty and trustworthiness. Many factors combine together to push private and public organizations to ponder new differentiators in order to develop greater market share or to maintain the current one. Tourism managers must be able to tune their strategies to the needs of the customers and effectively tailor offerings and services.

CRM commits to accumulate and archive information about customers and disseminate this information throughout the organisation to ensure creation of customized services by an organisation to bestow a unique customer experience. CRM is widely used in the tourism industry, with loyalty programs keeping customers returning and travel websites yielding a large volume of e-transactions. Globalization in the travel and tourism industry forces the companies to have the understanding of the global and local complexities since the customers hail from different countries and cultures around the world.

**The objectives of CRM broadly include:**

- increasing the loyalty of profitable customer;
- improving cost efficiency and effectiveness of marketing campaigns;
- providing cross selling opportunities;
- tailoring prices, offers, or product components to specific market segments;
- providing single point of contact with a customer CRM benefits, including:
  - improved product offering and customer care;
  - enhanced customer loyalty;
  - reinforced organization brand and image;
  - better sales from first time and repeat customers;
  - employee retention and satisfaction;
  - improved access to information across the enterprise;
  - reduced effort and significant cost savings;
  - better decision-making power

## II. FRAMEWORK OF CRM

Customer Relationship Management involves numerous processes and activities to be performed to provide most relevant timely information to the customer. Customer data from various customer touch points need to be integrated and harnessed on a continuing basis so as to arrive at comprehensive database, from business intelligence to be derived so as to devise micro marketing programs. The following figure provide Knowledge Oriented Customer Relationship Model

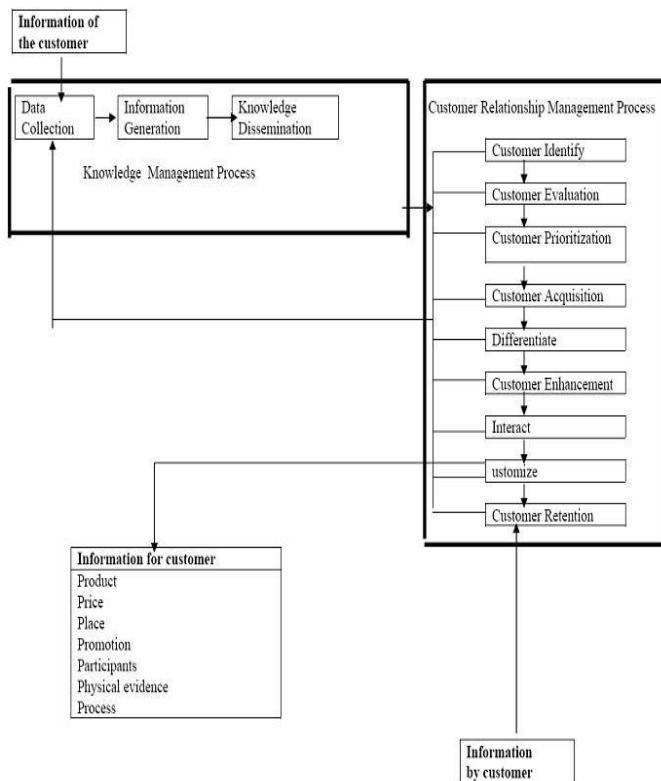


Fig 1: Knowledge oriented customer relationship management (KCRM) model

Source:

<https://anupillai.wordpress.com/2011/01/04/knowledge-oriented-customer-relationship-management-an-application-model-for-hotels-management/>

The above figure shows how knowledge oriented CRM enables an organization to interact with customers, customize various value offerings and retain the customers.

## III. BUILDING THE VALUE CHAIN THROUGH CRM IN TOURISM INDUSTRY

The profitability in travel and tourism market is focused on capacity in peak and off-peak seasons, fixed costs and variable costs, and the pricing of a product; therefore, capacity utilization and the development of demand balancing are the solutions. For that reason, instead of selling products or services separately, companies bundle them into the combinations of products and services that are more valuable because they serve the customers from the customers' perspective. Purchases of complex products, such as holiday packages, will increasingly be made by groups of decision makers, not by individual purchasers. The customers are more informed about the products, services and competitor options than they ever have been before. As a result, organizational processes, technology, sales and marketing strategies such as customer knowledge competence strategy and customerization strategy, and as well as organizational structure and labor quality are crucial for the relationships building.

The value cycle has four key components: customer experience, customer insights, refined business actions, and strategic capabilities. To create strong, unique and continuously improved customer experiences is the primary goal of the value cycle. The improvement process is based on generating customer insights across segments and individual customers, and translating those insights into actions that provide new and improved experiences. The company has to enhance their strategic capabilities continuously in order to drive optimal value for customers and the company.

## IV. CRITICAL ISSUES IN CRM IMPLEMENTATION IN TOURISM INDUSTRY

CRM implementation requires the creation of a database of customer's information, such as demographics, preferences, lifestyle, attitudes and beliefs about the destination, purchase behavior, reactions to marketing messages and promotions, frequency and volume of visits, spending patterns, probability of future visitation etc. The issue of what are the ingredients of successful CRM implementation has always been debated and rightly so, because the requirements vary from time to time and across the firms and sectors. Extensive research has been carried to bring out the critical success factors- CSFs for effective CRM implementation. Farnaz Arab et al (2010) identified critical success factors in effective implementation of CRM, which could well be adopted in the context of

tourism industry. The authors provided a three-fold classification to explain the same: human, process and Technology related factors as shown in fig 2.

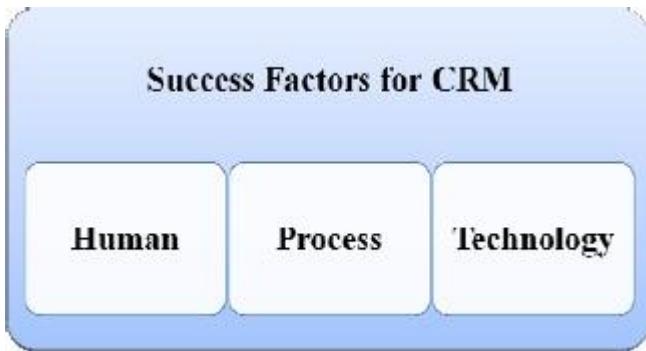


Figure 2: Success Factors for CRM.

The process factor is further elaborated in to factors such as marketing, sales, services, define and communicate CRM strategy, customer involvement, personalization process, and time and budget management., as shown in fig 3:

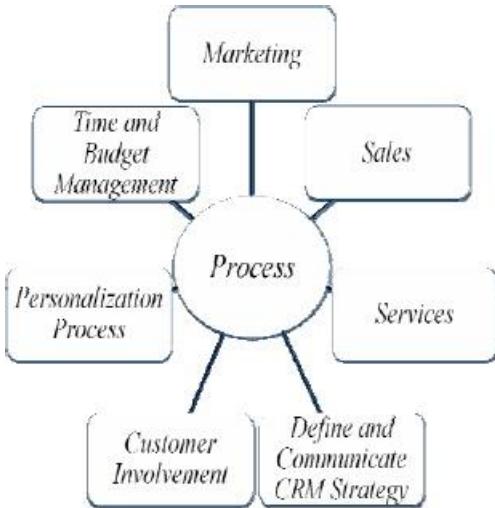


Figure 3: Success Factors of Process Component

According to Mohammad Almotairi [2008], the main objective of CRM is to translate the customer information into customized products and services that meet the changing needs of customers in order to gain their loyalty. Nevertheless, a full commitment of the organization's staff and management is essential for an effective CRM implementation to best serve customers and satisfy their needs. Human related factors are sub classified in to client related and organization related factors; the former encompasses value, satisfaction, and retention and loyalty, whereas the latter consists of factors such as role played by the employee, role of managerial staff and the cultural factors. The human interface in CRM implementation is depicted in fig 4 as below:



Figure 4: Success Factors of Human Component

The technology has often been the origin of new paradigms and ways of doing business, which many companies have been forced to adopt. On the other hand, technology has also offered solutions to these very challenges. The technological component dominated six factors: sales force automation (SFA), software for CRM, data warehouse and data mining, help desk, call centers, internet influence



Figure 5: Success Factors of Technology Component

Summarizing various scholars' views and based on authors' empirical observations, the following activities considered to be essential if CRM to yield results in Tourism industry:

- Understand how customers define quality, and design corresponding service strategy
- access all customer-relevant data in a single database
- define any number of properties as search and filter criteria
- run an extensive campaign management with three levels of expertise
- provide sales and controlling departments with consolidated statistics and reports on customer and booking data
- adhere to a strict approach to data visibility
- maintain customer history using automated processes
- automatically enrich customer data depending on their booking behavior
- integrate CRM with IT environments to exchange data with other systems
- Tourism CRM should support the entire process of the tourism value chain — from initial travel advisories to follow-up to the customer getting back for arranging the next trip
- Automate the management and scheduling of sales calls
- Keep track of all types of customer contact from all channels for analysis and campaign design
- Deliver online billing options and up-to-date rate plan services
- Offer multiple self service options
- Maintain information on services, booking information and assistance 24/7
- Recognize and address potential problems quickly
- Offer user-friendly mechanisms to register customer complaints to address service deficiencies

## V. TOURISM CRM SOFTWARE PROVIDERS

Numerous CRM software service providers are making it possible and much easier to implement CRM in tourism industry, providing range of services including campaign management, complaint management, dynamic questionnaires, Outlook integration, Automatic Data Enrichment, Duplicate Management, Mobile Version and the like. The major features of prominent CRM Software providers such as Emerald CRM, Sage CRM, Salesboom.com and SMS Exprez Enterprise are briefed as below:

### Case 1: Emerald's CRM

Emerald has been specially designed for the travel industry and supports the entire process chain in collecting, organizing and effectively using your customer data

- Emerald is the central focal point to access, mine and transform customer, potential customer, travel agency and supplier information
- Covers all customer related activities with easy-to-use workflow steps

- Run co-campaigns with travel agency partners to support boost sales
- Customer Profile Management
- Travel Agency Partner Management
- Brochure Fulfillment
- Complaints Management
- Business Partner Management
- Campaign Management
- Active Sync Manager to Reservation system

### *Emerald allows its clients to:*

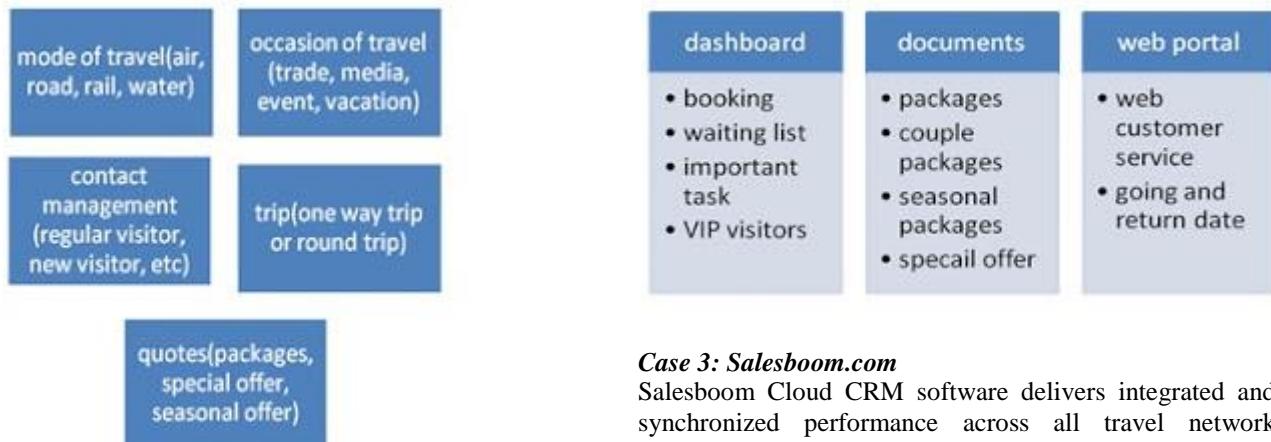
- access all customer-relevant data in a single database
- work completely web-based using a safe Internet connection
- define any number of properties as search and filter criteria
- operate in logically coordinated procedures
- run an extensive campaign management with three levels of expertise
- provide your sales and controlling departments with consolidated statistics and reports on customer and booking data
- adhere to a strict approach to data visibility
- maintain customer history using automated processes
- automatically enrich customer data depending on their booking behavior
- integrate your CRM with IT environments to exchange data with other systems

### *Emerald modules include:*

- Campaign Management
- Business Partner Management
- Complaint Management
- Duplicate and Address Management
- Outlook Integration
- Connection to Tour Operator System
- Brochure Fulfillment

### *Case 2: Sage CRM Solution Highlights for the Travel Industry*

Sage CRM for Tourism excels in delivering its potential to these industries through Lead Management, Data Management, Customer Management, Finance Management and case management. The performance oriented tools of Sage CRM makes the workflow happening and productive for the tours and travel industry and thereby improves the retention and turnover. The source of revenue generation is the qualified leads which are monitored by the Campaign management whether it is done through advertisement, media or newspaper. Travelers choose their mode of transportation (air, road, rail, and water), occasion of travel (trade, media, event, and vacation), etc, Sage CRM excels in keeping up the workflow.



Campaign management: marketing activities are managed like breeze. And further it results in lead management.



#### Data management:

1. Monitors high volume booking engine to manage information and reservation and thereby resulting in flexibility, scalability and 360° view.
2. Keeps the records updated since it is integrated with call centers and captures old records instantly and saves the time.

Sage CRM performs well when it comes to technical and operational solutions; it integrates and manages the supply chain. It has excellent contact management, so agents can quickly capture and handle hundreds of inquiries per day. Follow-up is the imperative part for any activity to be proactive, which is just click task in Sage CRM. The unique tool of Sage CRM, DASHBOARD acts as the cover page for all the important activities and user can customize it according to his priorities.

#### Web-Portal:

E-commerce which is the backbone for any successful business is now available on Sage CRM.

1. It offers e-ticketing services, billing, account inquiries, package selection etc.
2. Itineraries are generated and sent to the customers spontaneously.

#### Case 3: Salesboom.com

Salesboom Cloud CRM software delivers integrated and synchronized performance across all travel network channels from call center, administration, sales and marketing, pricing, distribution and dealer networks, financial administration and to name a few.

BUSINESS	CRM CAPACITY - TRAVEL INDUSTRY
Data Management	<ul style="list-style-type: none"> <li>• High volume booking engine to           <ul style="list-style-type: none"> <li>○ Manage flight information</li> <li>○ Manage reservations</li> </ul> </li> <li>• Offer flexible, scalable and user-friendly systems and services</li> <li>• Integrated with databases, call centers and fulfillment systems (i.e. Partners)</li> <li>• Share updates instantly with partners and customers</li> <li>• Manage customer information to offer competitive custom travel options</li> </ul>
Customer Management Solutions:	<ul style="list-style-type: none"> <li>• Increase Up-sell and Cross-sell opportunities</li> <li>• Refined targeting of highly personalized content</li> <li>• Compensate for the traveler's price sensitivity with added value from improved and varied services</li> <li>• Handling the consumer traveler, the business traveler and their employer company, in distinct, personalized ways</li> <li>• Analytics tools</li> <li>• Identify high value customers</li> </ul>
Finance and Revenue Management	<ul style="list-style-type: none"> <li>• Web-based Sales and Care such as eTicketing Services (issue and deliver client ticket electronically)</li> <li>• E-Billing options for Processing, Billing, Account Inquiries</li> <li>• Manage employee incentive/commission programs</li> </ul>
Technical Operations Solutions	<ul style="list-style-type: none"> <li>• Integrating the front-office system with different booking systems</li> <li>• Integrate and manage the supply chain</li> </ul>
Operations Solutions	<ul style="list-style-type: none"> <li>• Efficient contact management, so agents can capture and handle hundreds of inquiries per day</li> <li>• Sophisticated, multi-channel Campaign Management specially geared to the Travel Industry</li> <li>• Effective Offer Management pushed real time to consumers and partners online and</li> </ul>

	<ul style="list-style-type: none"> <li>• through Call Center, and Partner Sites</li> <li>• Customize and Partner on Loyalty Programs</li> <li>• Create sales opportunities across the board with access and management of <ul style="list-style-type: none"> <li>○ direct sales</li> <li>○ independent travel agents</li> <li>○ company-owned travel agents</li> <li>○ franchisees</li> <li>○ multiple customer channels</li> </ul> </li> <li>• Integrate into reservation systems to capture travel data</li> </ul>
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Salesboom.com facilitates scale the degree of integration according to client's business plan, and also undertakes to deliver solid customer support with training and professional services as needed for improvements in the following areas:

- Automation of basic business processes (marketing, sales, service)
- Analysis tools to identify and service high value customers,
- Customer collaborations on multiple channels and with integrated partner servicing
- Ensure collaboration between organizational team members for excellent customer service
- Front and back end integration options (supply chain)
- Utilize workflow and assignment processes to ensure consistent customer care and delivery of business services

Leading world travel service provider SOTC is a leading outbound travel operator. SMS Xprez Enterprise was deployed at SOTC for better Customer Relationship Practices (CRM). The present and potential customers were able to get up to date information on various queries like alerts regarding important document submission, visa obtainment, ticket booking, rescheduled timings etc. There was a substantial reduction in telephone bills and underutilization of human resources besides a steady stream of happy customers.

## VI. CONCLUSION

The Customer Relationship Management (CRM) is one of the most critical business processes being adopted by the tourism industry which leads to augment perceived service quality of the tourists leading to the elevation in satisfaction level and subsequent repatronization. CRM is widely used in the tourism industry, with loyalty programs keeping customers returning and travel websites yielding a large volume of e-transactions. This is high time for researchers, particularly academic and government, are participating enough in industry CRM-based market research to transform consumer behavior research into more holistic consumer profiles and dynamic models of travel demand and supply.

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