

# Unit 8

## CRM



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**Module:** CRM

**Primary Target Group:** SMEs in the tourism sector

**Secondary Target Groups:** expert VET providers, tourism representatives, and in-company trainers.

**Estimated time:** 1.5 hours

**Objectives:**

To create understanding of

- the rationale for customer relationship management (CRM)
- the fundamentals of an effective customer loyalty programme
- opportunities to stimulate word-of-mouth referrals.

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## 1.Introduction to CRM



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Customer Relationship Management (CRM) is a strategy that companies use to manage interactions with customers and potential customers. CRM helps organisations streamline processes, build customer relationships, increase sales, improve customer service, and increase profitability. The goal of a CRM system is simple: Improve business relationships to grow your business. CRM tools help you manage customer relationships across the entire customer lifecycle, at every marketing, sales, e-commerce, and customer service interaction. Source

<https://www.salesforce.com/eu/learning-centre/crm/what-is-crm/>

This bitesize will give you an indicative introduction to CRM – we will cover the following.

- The importance and benefits of CRM in the Tourism sector
- Optimisation of customer relations
- Guidelines to make CRM work for you
- The importance of word of mouth and a reflection on how word of mouth is changing due to social media

## 2.CRM in the Tourism Sector

Travel and tourism are a significant part of everyone's life. The travel and tourism industry is a developing industry that goes hand in hand with the invention of new technologies. Entities in the tourism sector seek to win the customer during intense competition, and need a system to help them organize their dealings with customers, facilitate their access, in addition to strengthening relations between the company and its customers, carrying out all transactions and completing all sales and purchases, in addition to receiving all incoming customer calls, whatever its purpose whether booking tickets, inquiries or complaints, as well as directing calls to customers.

CRM is a system that collects, analyses and manages all the customer data of travel companies or various bookings, from recording and keeping their personal information, through analysis of customer behaviour and problems, to achieving a better experience for existing customers and gaining more new customers, where CRM provides the owners of these tourism organizations with the latest information about their customers in real-time so that they can easily extract analysis and reports that help all employees in that sector to determine the basic requirements of the tourist or traveller. By organising customer and prospect information properly, one can build stronger relationships with their clients and grow their tourism business faster.

CRM systems start by collecting a customer's, email, telephone, social media data, and more, across multiple sources and channels. It may also automatically pull in other information, such as store personal details, such as a client's personal preferences on communications. A CRM tool organises this information to give a complete record of individuals and companies overall, so as a user, you can better understand your relationship over time. It also lets you store customer and prospect contact information, identify sales opportunities, record service issues, and manage marketing campaigns, all in one central location — and make information about every customer interaction available to anyone at your company who might need it. A CRM system gives everyone — from sales, customer service, business development, recruiting, marketing, or any other line of business — a better way to manage the external interactions and relationships that drive success. CRM tools can be used for a multitude of purposes. For example, you can use a digital solution to manage your social media presence and your communications with followers and potential customers. Or you can apply CRM solutions to a specific digital marketing campaign, to measure its performance and the interaction generated.

### Benefits of CRM in the tourism sector

CRM can help tourism entities of all sizes drive business growth, and it can be especially beneficial to a small business, where teams often need to find ways to do more with less. A CRM platform can connect to other business apps that help develop customer relationships. CRM solutions today are more open and can integrate with your favourite business tools, such as document signing, accounting and billing, and surveys. Built-in intelligence automates administrative tasks, like data entry and lead or service case routing, so you can free up time for more valuable activities. Automatically generated insights help you understand your

customers better, even predicting how they will feel and act so that you can prepare the right outreach.

- CRM helps you communicate effectively and provides tracking the wishes of prospective customers.
- CRM provides the possibility to target potential customers
- Through CRM, existing customer problems can be identified and resolved.
- CRM helps tour companies save and record all tourist or customer data.
- The system helps you identify traits and requirements
- Through that system, you can manage your marketing campaigns with ease., study the behaviour of tourists and their reactions to your offers and work to improve the quality of services provided in the future.
- The system provides you with detailed reports and statistics performance analysis of the most important places or tourist programs, profits, number of passengers, and bookings per month.

CRM has as its ultimate mission the optimisation of customer relations as a mechanism to:

1. Optimise satisfaction and loyalty levels.
2. Optimise the professional offer/activity.
3. Detect possible areas for improvement and growth.
4. Improve overall company/professional productivity.
5. Improve decision-making based on data analysis.

Broadly speaking, we can identify 4 types of CRM:

1. Operational CRM - focused on automating customer relationship management tasks and optimising workflow.
2. Analytical CRM - to collect, store and analyse your company's databases. Very useful for operational and strategic decision making or, for example, for measuring the performance of digital marketing campaigns.
3. Collaborative CRM - more useful for larger companies or teams. In this case, a collaborative CRM is intended to integrate different teams in a company and maintain smooth internal communication.
4. Sales CRM - for managing the online/offline sales funnel.

Although developing an ad hoc CRM tool for your business or professional activity can be a very costly innovation, you can use digital solutions already available online that best suit your needs.

### 3.Increasing Customer Loyalty



Source <http://thedynamicdomain.com/crm-loyalty.aspx>

A customer relationship management (CRM) programme that increases customer loyalty is valuable to the business because it reduces marketing costs and increases yield. An effective CRM programme is not only a potential source of competitive advantage but is also an intangible asset on the balance sheet that adds to the financial value of the brand. Loyalty programmes offering economic incentives can have a positive effect on customer satisfaction, customer retention and market share.

#### Key Terms in CRM

##### **Customer relationship management (CRM) in building customer loyalty**

A philosophy, technology, strategy and tactics, making use of customer information to stimulate increased customer loyalty.

##### **Loyalty**

The commitment by a customer to return to the business to make further purchases, and/or to recommend the business to others.

##### **Word-of-mouth (WOM and eWOM) referrals**



A powerful organic source of brand image development that occurs naturally, and where a firm can actively encourage satisfied customers to create conversations about the brand with others in their network. Also known as *influencer* marketing.

## Customer Loyalty in Tourism

A customer relationship management (CRM) programme that increases customer loyalty is valuable to your tourism business because it reduces marketing costs and increases yield. An effective CRM programme is not only a potential source of competitive advantage, but is also an intangible asset on the balance sheet that adds to the financial value of the brand. Loyalty programmes offering economic incentives can have a positive effect on customer satisfaction, customer retention and market share. The ultimate aim of any promotion is to generate customers (sales). The greater the amount of sales that are in the form of repeat purchases, the greater the benefits for the business. Small tourism businesses put in a lot of effort to attract new customers, who should then be regarded as a resource for the firm to capitalise on for mutual benefit.

Customer loyalty should not be confused with customer satisfaction - Loyalty is built on satisfaction, but satisfaction does not always lead to loyalty. Satisfaction is a perception about how needs were met during a past service transaction, whereas loyalty is future behavioural intention/action. A customer could be very satisfied with a service, and yet quite easily switch to another brand offering a cheaper deal, or not be in a position to visit the business again.

CRM is therefore ideal for tourism businesses operating in markets where there is potential for repeat visitation. It can be more efficient use of scarce promotional resources to stay in touch with previous customers, than only attempt to attract the attention of consumers with costly mass media advertising. The starting point is to set up a customer database.

It makes sense then to supplement the promotional plan objectives to increase new customers, with a customer relationship management (CRM) programme to foster increased loyalty. The key aims of CRM are to increase **customer retention** and stimulate **repeat purchases**. CRM can be used to boost capacity, increase the contribution towards fixed costs of the business, and save on marketing costs. It can be at least five times more cost-effective to retain existing customers, rather than continually acquiring new ones.

## General performance indicators

Many sophisticated CRM programmes for tourism firms have failed due to high costs and incorrect strategy. A well implemented CRM system however should work on the following general performance indicators.

- Increased purchase frequency
- Customer advocacy
- Extended relationship lengths
- Development of consumer community and connectedness
- Increased company performance
- Decreased customer price sensitivity.



## 4.Guidelines to make CRM work in the tourism business

Here are some guidelines to make an effective CRM system work for you.

### Nurturing long term mutually beneficial customer relationships

1.Develop a philosophy of nurturing long term mutually beneficial customer relationships that foster a sense of community and belonging

While a feature of a loyalty programme is rewards, the focus should be developing relationships Aim is to make the cost of switching brands expensive for the customer so that the benefits of a relationship should outweigh the costs to the business

Building a relationship with customers is not an easy task, but putting in the effort can be extremely rewarding for both parties.Building meaningful customer relationships is beneficial to both customers and organizations. In fact, 86% of customers who have an “emotional connection” with a brand are more likely to continue business in the future.This reinforces the idea that a good first impression and nurturing consumer relationships from the start can pay off down the road.

### Customer databas

2.Develop a customer database

CRM is reliant on customer information Recorded transactions provide the business with information on purchases and effectiveness of rewards initiatives. It is a repository of customers’ information that can be accessed by sales staff and service staff . A Database does not have to be technologically complex or expensive.

Remember small businesses can get closer to their customers than big firms as it can be more responsive to changing conditions and better able to adapt as market conditions change. Because a small business is closer to its customers, it is in a better position to hear feedback and observe changing preferences With a small business, employees are more likely to be cross-trained;.This adaptability comes in handy when you need to rethink your business model and it enables you to keep quality people on staff and to draw on their knowledge of your business and customer base.

### Customer selection

3. Select customers who offer maximum yield

It is not always feasible to develop a relationship with every customer. It is important to identify those who are less price sensitive, and less likely to switch brands for a better deal. Therefore your selection criteria will include:

- frequency and volume of purchase, spending patterns and probability of future visitation
- A tier system can be developed to differentiate members by their value level
- Selection of profitable customers that the business is best able to cater to their needs.

This selection criteria is highly dependent on your Business Information System and the data analysis you keep. You can reflect back on Module 2 to assess whether you have the capacity to extract this information

## Added Value

### 4. Provide added value to loyal customers

- Financial rewards are essential
- Can be short term (eg make a purchase and receive a reward)
- Or long term (eg repeat purchase points accrue towards a prize target)
- A tiered system provides enhanced sense of status

Your loyal customers are in a relationship with your brand, so don't treat them like strangers.

Have a read through these articles to get some more ideas

<https://blogs.oracle.com/marketingcloud/post/7-ways-to-add-more-value-to-your-loyalty-program>

<https://www.linkedin.com/pulse/customer-loyalty-crm-putting-pieces-together-fai-th-benjaathonsirikul>

Options include:

- Exclusive offers
- Service upgrades
- Priority seating
- Exclusive opportunities to preview new service and product offerings
- Preferential reservation contact number
- Guaranteed reservations at any time
- Members only events
- Special dedicated amenities such as a members' lounge

Communicate with loyal customers via direct media in a *meaningful* way. While Mass distribution of customer newsletters are useful, effective CRM involves personalised messages.

This should be based on the customer's personal information in the database. Here are some ideas.

- special offers related to their purchase preferences.
- targeting previously frequent customers who are overdue for a visit.

- Special offers to customers on the database who have reported a negative service experience.
- Competitions that acknowledge customers' tier status
- An off-peak offer of added value that recognises the customer's personal preferences.
- Email seeking feedback on the recent service
- Birthday and anniversary special offers

Consider what mechanisms you have in place to capture valuable data about your customers' purchases and purchase behaviour. Then use that data to strengthen your relationship. Are they due for a service call? Send them reminders. Acknowledge milestones. Has it been six months or a year since they bought that big-ticket item? Check in to see if they are satisfied. Keep them updated about promotions or product updates. Tailor your communications as much as possible. Personalised messages make customers feel valued, stand out in their inbox and contribute to brand loyalty. Reward those who are loyal to your brand. Send out coupons and promotions, or create a point program. Feature member-only discounts or special sale preview hours that incentivize loyal customers to shop. Do keep in mind loyalty programs don't need to be just about freebies. Find creative ways to let your loyal customers know you appreciate their devotion to your brand and give them a good reason to shop!

There are numerous studies that demonstrate the effectiveness of personalized communications, email in particular.

According to the [2018 Bond Brand Loyalty Report](#):

- 77% of consumers say they are likely to stay with a brand that has a loyalty program.
- 70% of consumers are more likely to recommend a brand with a good loyalty program.
- 63% of consumers say they're prepared to modify their spending habits in order to maximize the benefits of a loyalty program.

## Word of Mouth

Delighted customers can be an asset to the business, even if they are unlikely to return themselves. Exceeding a customer's expectations is the foundation of Word of Mouth. Yes, it is indeed difficult to keep exceeding the same customer's expectations over time yet Word of Mouth referrals are a powerful *organic* brand image building agent. Therefore one should encourage Word of Mouth from customers and make it easy for them to do so...ask for feedback and referrals

### **Encouraging your customer to share their positive experiences**

- Social media photo opportunity, Facebook 'check in', Twitter hashtag
- Offering incentives for *influencers* to post on their feed
- Incentivise online testimonials on TripAdvisor etc
- Online competition, where entry requires the participant to share the post

Have a look here for some more ideas

[https://medium.com/@libby\\_popdeem/14-actionable-tips-to-encourage-customers-to-share-brand-experiences-a797385299c2](https://medium.com/@libby_popdeem/14-actionable-tips-to-encourage-customers-to-share-brand-experiences-a797385299c2)

<https://www.monsterinsights.com/conversion-rate-optimization-stats-show-what-youve-been-missing/>

We all know that social media marketing is one of the best ways to build rapport with your audience and grow your business. Platforms like YouTube, Instagram, and Twitter have grown rapidly and are not showing signs of slowing down.

It is possible to use social media to share helpful content, promote products, forge connections with partners, and so much more.

When you look at how customers use social media, it becomes clear why these sites are so crucial for consistent growth. The average person spends nearly 2.5 hours on social media every day. Meanwhile, these platforms drive 31% of traffic to other websites.

### **Encouraging customers to recruit other customers**

- Incentives such as discounts or prizes
- Get feedback from customers on preferred rewards
- Promote the referral programme

Asking existing customers to refer your business to prospects in exchange for incentives can increase your trustworthiness, credibility, scope, and reach — all crucial components of effective selling and strategies for attracting more customers. A good referral program can be of big help to businesses of all sizes.

The program should encourage your loyal customers to share your brand with their friends, colleagues, and family members. You should typically offer a reward like a small discount or gift card in exchange for their effort.

### **Things That Changed with social media Word of Mouth**

1. People trust each other more than brands.

Trust in peer suggestions is only helped by social media. For instance, Facebook has a function that [lets users make product suggestions](#).

2. Influencer marketing is on the rise.

Influencer marketing spending grew almost [34%](#) in 2021.

Influencer marketing is only growing and helps businesses gain brand awareness, increase sales and conversions, and reach new audiences. Audiences trust influencers and they're able to engage directly with that audience as an ambassador for your brand.

3. Social media likes don't necessarily mean a recommendation.

A well-performing tweet shows that you know your audience — but it doesn't guarantee a recommendation.

Drive your audience to the comment section by including language like, "Let us know what your favourite breakfast is in the comments below" or "How has our new guide to local heritage sites helped you?"

Indicators of successful WOMM include:

- People recommending your product to other users
- Users tagging their friends to try your brand's products or services

4. Online product research has made WOMM more relevant.

People trust online reviews that feel authentic. In fact, [89% of consumers](#) are more likely to use a business that responds to all of its online reviews.

By encouraging your customers to give reviews of your business on social media you'll attract customers who are drawn to reviews and scores.

5. User-generated content is more important than ever.

User-generated content is potentially more effective than paying influencers. For example, according to [Nosto](#), 79% of people say user-generated content highly impacts their purchasing decisions.

To encourage user-generated content, make followers aware that you support it in posts. A simple *"Tag us in a picture of your .....efeatured on our feed,"* encourages your followers to exercise their brand loyalty in hopes of getting a shout-out. This practice also builds community on social media.

## 5.Other Materials

### Resources

<https://www.forbes.com/sites/forbesagencycouncil/2020/01/29/the-value-of-investing-in-loyal-customers/?sh=359a70d421f6>

<https://cdn2.hubspot.net/hubfs/352767/Loyalty%20Report%202018%20Files/Boyd%20TheLoyaltyReport%202018%20US%20Exec%20Summary.pdf>

<https://smashballoon.com/social-media-marketing-statistics/>

<https://www.yummyvideos.com/15-foolproof-strategies-to-attract-more-customers-to-your-business/>

<https://blog.hubspot.com/agency/how-online-word-of-mouth-marketing-is-changing>

<https://www.insiderintelligence.com/insights/influencer-marketing-report/>

<https://www.nosto.com/blog/report-consumer-marketing-perspectives-on-content-in-the-digital-age/>

### Articles

<https://www.benchmarkone.com/blog/articles-on-crms/>

<https://www.superoffice.com/blog/what-is-crm/>

## Videos

What is CRM ?

<https://www.youtube.com/watch?v=ndPabqQ4osk>

How CRM was implemented in a hotel chain

<https://www.youtube.com/watch?v=s6jqxr7LfDE>

( please note that this video promotes a specific brand , we are in no way affiliated to )

## Case Studies

Customer Relationship Management- A Case Study of Four Star Hotels in London”  
Uday Gurung\* & Dr. Vipin Nadda

<https://journals.lpu.in/thrr/pdf/Customer%20Relationship%20Management%20%E2%80%9CA%20Case%20Study%20of%20Four%20Star%20Hotels%20in%20London%E2%80%9D.pdf>

CASE STUDY OF HOTEL TAJ IN THE CONTEXT OF CRM AND CUSTOMER RETENTION

[https://www.arabianjbmr.com/pdfs/KD\\_VOL\\_4\\_7/1.pdf](https://www.arabianjbmr.com/pdfs/KD_VOL_4_7/1.pdf)

Impact of Customer Relationship Management on Tourist Satisfaction, Loyalty, and Retention: Saint Martin’s Island

[https://www.researchgate.net/publication/352006250\\_Impact\\_of\\_Customer\\_Relationship\\_Management\\_on\\_Tourist\\_Satisfaction\\_Loyalty\\_and\\_Retention\\_Saint\\_Martin's\\_Island/link/60b52be9299bf106f6ed95d1/download](https://www.researchgate.net/publication/352006250_Impact_of_Customer_Relationship_Management_on_Tourist_Satisfaction_Loyalty_and_Retention_Saint_Martin's_Island/link/60b52be9299bf106f6ed95d1/download)

