Chapter 13
Electronic Customer Relationship Management in Tourism

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ABSTRACT

Tourism companies, like other companies producing goods and/or services, practice different strategies to achieve competitive advantage and satisfy the needs and wants of customers/guests. The most important recent strategy is electronic customer relationship management (e-CRM). In today’s competitive environment, a successfully implemented e-CRM enhances a customer centric culture that is key to tourism growth and competitive advantage. For tourism companies, e-CRM succeeds only if it is totally integrated strategically and operationally in the business and in the information system of the company. This chapter focuses on e-CRM concept, its importance in tourism, dimensions of e-CRM, major challenges of e-CRM and its opportunities for companies, its implementation in tourism, e-CRM Technologies used in tourism, e-CRM success factors, and the reasons of e-CRM failures.

INTRODUCTION

In a globalised world, the competition between enterprises has increased both in nationally and internationally. In order to gain a competitive advantage, businesses have begun to use modern marketing tools. In this context, a customer-oriented concept which is called customer relationship management (CRM) that adopts the demands and needs of customers has emerged. Customer Relationship Management (CRM) has become one of the most important marketing strategies of the late 20th and early 21st centuries. CRM is used in various fields including tourism industry for developing customer relationship and sustain the enterprise’s existence in the competitive environment.

Internet-based technology has been growing in business-to-consumer and business-to-business environments. From a customer point of view, Internet-based services decrease the cost of searching; facilitate the selection of service providers, provide control over products or services and increase the availability (Anderson & Srinivasan, 2003).

By the rapid development in the Internet technologies, Electronic Customer Relation Management (e-CRM) has come into prominence in the last decade. The new technologies including the Internet, e-mails, mobile phones and digital televisions facilitate the CRM activities and provide its cost-effective use. E-CRM is defined as part of an enterprise’s comprehensive business and marketing strategy that enabled through the use of the Internet (Feinberg & Kadam, 2002). In today’s complex and dynamic competitive market, organizations aim is to create long-term relationships with their customers and increase their profits through e-CRM. Tourism industry is also adopting e-CRM strategies.

Many research works carried out so far about e-CRM in various fields including tourism. Some of these are as follows: Ahmad and Chowdhury (2008) used multiple case study strategy about customers’ perception of value from e-CRM features on airline electronic ticketing websites. Caber (2010) assessed the influence of website quality on satisfaction and trust in tour operator-travel agency electronic customer relationship management in her study. Gilani Nia, Balaei and Niyari (2013) assessed the effect of e-CRM system to gain a competitive advantage in the hotel industry in the city Sarein in their study. Dubhilela and Khosa (2014) have studied the impact relationship between effective e-CRM implementation, customer loyalty, customer retention and customer profitability. The results of their study provides information for hotel managers to increase customer loyalty, customer retention and customer profitability. Erkiah and Ladkoo (2018) aimed to analyze the effectiveness of e-CRM as a strategic tool in the hotel industry in Mauritius.

This chapter provides a better understanding of the concept of CRM and e-CRM and the importance of e-CRM in tourism. This chapter focuses on dimensions, implementation, benefits of e-CRM and perceived barriers to adoption of e-CRM Technologies in tourism. Moreover, e-CRM Technologies used in tourism industry will be presented in this chapter. Later on, e-CRM success factors in tourism and the reasons of e-CRM failures will be presented. Last section of the study will be conclusion and recommendation section. In this study, recommendations will be made for the improvement of e-CRM for the marketers operating in tourism industry.

BACKGROUND

E-CRM

Due to the competitive business environment, Customer Relationship Management (CRM) is one of the most important academic and practical topic in marketing. Customer Relationship Management (CRM) has become the leading business strategy in today’s dynamic and competitive business environment. There are several definitions made on CRM. “A strategy and process of acquiring, retaining, and partnering with selective customers to create superior value for the organization and the customer. It involves the integration of marketing, sales, customer service, and the supply-chain functions of the enterprise to reach efficiency and effective customer value” is one definition claimed by Parvatiyar and Sheth (2001). Croteau and Li (2003) defined CRM as “a customer focused business strategy which aims to enhance customer satisfaction and customer loyalty to offering a more responsive and customized service to each