Chapter 7

CRM in the Context of Airline Industry: A Case Study of Mexican Airline

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ABSTRACT

The airline industry is known as high-tech industry that leads other business sectors, serving as a technological role-model. This paper proposes a conceptual model for Customer Relationship Management (CRM) implementation in the airline industry, using a case study of a Mexican airline. The authors provide new theoretical grounds for studying the CRM. This study is an empirical assessment of the CRM model and also assesses the basic phases of the CRM implementation which are 1) Information Phase, 2) Trust Phase and 3) Objectives Phase.

INTRODUCTION

Undoubtedly, traditional marketing approaches have tended to use macro and micro segmentation techniques. However, given the complex nature of customer buying behaviour, these marketing techniques, especially in information-rich sectors like airline companies, has been replaced by the one-to-one marketing techniques; its aim is to personalise the marketing effort. CRM was introduced because customers differ in their values, attitudes, preferences and purchasing habits. If all customers were similar, there would be little need for CRM and mass marketing and mass communications would work just fine (McKim, 20002). According to Karakostas et al. (2004) CRM is becoming a priority due to very powerful economic, technological, and social forces that have effectively made the traditional business
models irrelevant in the contemporary business and technological environment.

Airline is known as high-tech industry to lead other business sectors having technological role-model and advancement. Since modern concepts and theories have developed to enhance different parts of today business requirements and contribute as strategic partner, demand of those techniques was realised by airlines companies which other industries have adopted. The aim is to increase the customer focus and to offer different facilities to entertain and satisfy needs to maximise relations for long run.

Last decade, business activities were totally affected by new concepts of marketing; as rules of today business’s game have changed since the birth of innovative customer services systems. Modern and quality service operations have taken place to act as front role-play to maximize business development. Customers now consider the basics of service and increasingly want a company to treat and help them in a personal caring way. As information is easily available on Internet and this provide strong support to make decision after careful judgement, keeping in mind the return of money and maximum satisfaction. In such situation, Airlines have numerous things other than price to offer to customers. For this reason, many quality services including personal care, loyalty programs, airport clubs, friendly and relaxed atmosphere and other extra benefits are offered to consumer to add value that ultimately result in customers relationship and company competitiveness and sustainability.

However, although the positive impact of CRM on organizations has been addressed in many studies (Avlonitis & Panagopoulos, 2005; Eid, 2007; Hart et al., 2004; Kennedy & King, 2004; Tellefsen & Thomas, 2005; Xu et al., 2002) and there have been a number of attempts to identify the important factors for CRM implementation (Abdullah et al., 2000; Eid, 2007; Fjermestad et al., 2003; Jutla et al., 2001; Ocker & Mudambi, 2003) few of them can provide strong theoretical or statistical support to show how airlines companies could utilize the CRM approach to meet day-to-day customers’ expectation and using to achieve competitive advantages. Hence, Full-scale research conducted in a highly scientific manner must be undertaken.

To fill this gap various articles and empirical research on marketing and IT were studied. The findings of these studies identified three stages for the effective implementation of the CRM. Definitions, techniques and discussion on these phases and how could they affect the relationship effectiveness and marketing objectives are described in the following sections.

**OBJECTIVES OF THE PAPER**

The present paper pursues the following objectives:

- To examine and analyse the effects of CRM and its contribution towards airline industry,
- To develop and clarify a conceptual framework integrating CRM constructs, and its consequences on airline customers’ satisfaction and,
- To specify and test hypothesised relationships derived from the conceptual framework after discussing and analyzing the case study of Mexicana Airlines.

In the following sections, first the development of the conceptual model of the study is presented. Next, the methodology of the study is discussed followed by the analysis and results. More specifically, the conceptual model is tested using the data that has been collected based on the case study. Finally, the conclusions and their implications are discussed.