

## The impact of customer relationship management on customer retention in travel and tourism organizations

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### ABSTRACT

This study aims at identifying the impact of customer relationship management (CRM) on retaining customers in tourism organizations (hotels) in Al-Kharj Governorate. An analytical descriptive approach was used in this study in which a questionnaire was designed and distributed to the study sample population consisting of 200 individuals. The study reached a set of results, the most important of which are the dimensions of customers service in travel & tourism organizations (understanding and identifying the customer - developing the relationship with the customer - selecting the customer - interacting with the customer) affect the development of the relationship with their customers. The study presented a set of recommendations the most prominent of which is working to provide programs and offers presentations, to customers, which can build a strong relationship with them and enhance trust with them. There is a need to pay attention to the integrated communication programs with customers, a comprehensive study on the travel and tourism and identifying the targeted group for the services of travel & tourism organizations in the governorate.

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## 1. Introduction

The marketing activity is characterized by continuous change, renovation, and transition from traditional methods to modern marketing methods, either in terms of marketing tangible physical goods or intangible services, including tourism services which keep pace with everything new in the field of marketing. The marketing activity is characterized by persistent change and renovation and the transition from traditional methods to modern marketing methods either in the form of marketing tangible physical goods or intangible services, including tourism services that keep pace with everything new in the field of marketing. Customer service is a set of practices which aims at enhancing the level of customers' satisfaction, i.e. the feeling that the service or product has attained customers' satisfaction, and more precisely defined as the process by which the needs and expectations of customers are met by providing high-quality service which results in customers' satisfaction. The importance of customer service varies in accordance with the type of product and the type of customer. For example, an experienced customer requires less service than a beginner customer whether it is a good or service. Customer service is more important in-service providers such as telecommunications or the internet than companies which provide goods. Customer relationship management (CRM) is an approach to manage a company's interaction with current and future customers. This approach analyzes customer's history data in the company to improve the best business relationships with customers, with a special focus on customer retention, to drive sales growth. One important aspect of the approach is the CRM systems which collect information from a wide range of different channels, including company website, phone, email, live chat, marketing materials, social media, etc. Through a CRM approach and the systems used to facilitate it, companies seek to learn more about their target audiences and how to best deliver to meet their needs. However, adopting a CRM approach may sometimes lead to favoritism within the consumer audience, which leads to dissatisfaction among customers and the failure to achieve

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the purpose of the approach. The main components of CRM are building and managing customer relationships through marketing, and monitoring relationships that mature during distinct stages and managing these relationships at every stage while realizing that the distribution of the value of a relationship to the company is not homogeneous. When building and managing customer relationships through marketing, companies may benefit from the use of a variety of tools to help design the organizational structure, incentive plans, structures, and customer outlets, etc. to reach the highest return from their marketing campaigns. Through identifying the clear phases of CRM, companies can benefit from seeing multiple relationships interacting as connected businesses. When corporate management manages these relationships through its various phases, it acquires important intelligence information. For example, products which have the highest purchase probability and the last factor of CRM highlights the importance of CRM through accounting for profitability resulting from customer relationships. By studying specific customers' expenditure habits, any company may be able to allocate different resources and interests to different types of customers. The importance of customer service lies in many things, including customer service which allows companies and commercial institutions to always listen to customers to achieve reverse feedback and enables companies to continuously get customer opinions on their outputs and products. Therefore, these companies work to correct their path in production or in the way of providing the service and product and reshape it to achieve entire customers' satisfaction. Customer service makes them feel valued by different companies and institutions. For instance, how happy the customer is when he receives a call from the company's customer service department, or, thanking him for submitting a specific suggestion or complaint. The customer is happy if he finds that his proposal has come to existence. Thus, the customer service is a way to deepen and enhance the customers' relationship with companies and increase their loyalty to them. Customer service increases the profitability of companies and institutions. When the company achieves customers' satisfaction, we may expect customers' appetite to benefit from their products and services. It also provides opportunities to attract more customers when they see or hear about the high-class customer service policy. Customer service is a benchmark for judging the success of companies. The company which succeeds in serving its customers and attracting them is the one which is the most capable of achieving its work. The benefits of customer service for travel and tourism companies are that they enable companies to classify and diversify their businesses in a way that achieve customers' satisfaction, as it maximizes the profits of companies. Telecommunication companies, for example, work to diversify their services by diversifying the lines used by customers, and this is not possible until they study the market the customer segments and set up a specific marketing policy which depends on diversification so that the segment of customers who speak frequently has certain lines to serve their business. Also, the segment of customers who do not use the phone more often has certain lines that achieve desired goal without incurring financial charges.

## 2. The study problem

The customer has become the first controller in the form and quality of organizations' products. In modern marketing books, we find that organizations employ all their energy to serve customers in the best possible way in order to retain them and obtain positive values which make them prefer the company's products to others and gives organizations new customers. When we compare these organizations with others which still rely on production-oriented policies only or sales-oriented without placing customers in the first place, we will find that customers turn to those who serve them better and fulfill their desires, and if we go back in time a little further, we will find that there were companies which were giant and their shares faded and others completely disappeared and declared bankruptcy. On the other side, there are companies that still maintain their position in the market since they have been able to identify the customers' desires well and have worked to fulfill them. Therefore, the tourism and travel organizations in Al-Kharj Governorate face a problem on how to retain their customers for a long time and not transfer them to competing organizations. Therefore, this study seeks to answer this question:

*What is the impact of CRM in retention the customers in travel and tourism companies in Alkharj governorate?*

This study examines the following hypothesis:

- There a relationship between CRM in travel & tourism organizations in Al-Kharj Governorate and customer retention.

From this hypothesis, the following sub-hypotheses are derived:

- There is a relationship between CRM and achieving customers' value.
- There is a relationship between CRM in building trust with the customer in the travel and tourism sector.

This study was conducted in Al-Kharj Governorate, Saudi Arabia, took place from January 2020 to May 2020 and addressed CRM and its impact on retaining them. In order to achieve the objectives of this study and test its hypothesis, a descriptive analytical method was used. The secondary data was collected through books and studies published in the internet, guides, and brochures of travel & tourism organizations. The primary data was obtained by designing a questionnaire for the study, and it was distributed to the selected sample population. A questionnaire was designed for the study topic and was distributed to the selected sample population (travel and tourism agencies) where the questionnaire consisted of three parts, the first part dealt with the demographic characteristics of the study sample, and the second part dealt with the dimensions of CRM in travel & tourism organizations. While the third part dealt with retaining customers of travel & tourism organizations, as the number of questionnaire items reached 35 items in different axes. In order to find out the appropriateness of the questionnaire form for the study objectives and test its hypothesis, and its ability to measure its variables, a form was submitted to a group

of specialists in administration, marketing and tourism at Prince Sattam bin Abdulaziz University, King Khalid bin Abdulaziz University, Taiz University and the Qaseem University to ensure the clarity of the phrases and their accuracy in measuring what they were designed for and the arbitrators' observations were taken, and in order to test the internal consistency of the questionnaire form, the consistency coefficient was used (Alpha Cronbach) which reached the scale as a whole of 89.919.

**Table 1**

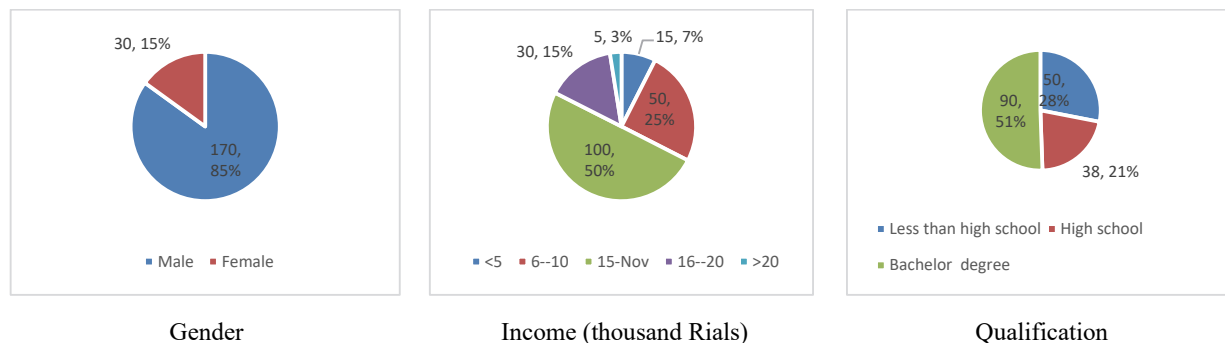
Stability coefficient Alfa Cronbach for the study variables

No.	Variables(Customer service dimensions)	Cronbach's Coefficient Alpha
1	Understanding & identifying the customer	92.035
2	Interacting with the customer	87.998
3	Selecting the most important customer	91.654
4	Developing the relationship with customers	88.876
<b>Total</b>		<b>89.919</b>

### 3. Literature Review

There are a quite few studies dealt with the marketing of travel and tourism services in Al-Kharj Governorate, but only few studies exist dealt with the CRM topic, among the most important of these studies related to the subject of this study;

Al-Hazmi (2020a) reported the existence of a set of barriers which stand in front of the application of the principle of total quality management (TQM) in the travel and tourism sector in Al-Kharj Governorate, represented in administrative, human, and organizational barriers. The study presented a set of recommendations to improve the administrative system and training the staff Al-Bishri in the field of tourism and travel. The study of Al-Hazmi (2020b) recommended the necessity of training workers in the travel and tourism sector in Al-Kharj Governorate and work to enhance the spirit of one team among them and the development of processes related of providing tourism services to customers. Al-Hazmi (2018) recommended the training of workers in the field of tourism services in Al-Kharj and work to improve the level of service delivery to ensure its quality and thus win the competition market and achieve a greater market share of competitors. Al-Hazami (2020c) examined the barriers which stand in the way of applying tourism services to travel & tourism organizations in Al-Kharj and the impact of this on customers' knowledge. The study recommended the need for a good preparation and design for advertising materials so that they are able to create a positive impression in the minds of customers and train workers to deal well with the customers of tourist organizations in order to retain them. Al-Hazmi (2020c) emphasized the necessity of a good selection of a suitable marketing strategy for the marketing of tourism services and work to select the market segment that tourism organizations in Al-Kharj which is capable of serving better than competitors to ensure winning a good market share of the travel and tourism market in the Kingdom. Al-Hazmi (2020c) emphasized the importance of using electronic means to distribute and deliver tourism services to customers of travel & tourism organizations better than traditional means, while the study of Omer (2017) recommended the need to work on developing CRM in order to retain them in insurance companies through intensive training, for workers in the customer development department, in modern means which enables them to provide the best services to their customers. Ibrahim (2015) recommended the necessity of training employees in the customer service department on how to deal with them well and to solve their problems in a way that ensures the continuation of the relationship with them and not going to the products of competing companies and stressed on the role played by the relationship management with customers in achieving their satisfaction. Azaam (2017) recommended working to prepare human resources which work in managing the relationship with customers in a convenient manner with the type of service they provide by conducting training courses periodically and working to cop up with the updates in the field of marketing, especially in the field of services marketing. The study of Al-Azab (2020), confirmed the effect of applying CRM creativity and response in organizations using electronic means to serve the customers of travel & tourism organizations. While the study of Sadeq (2016) confirmed the existence of a relationship between CRM and the market share of organizations and recommended working to train workers in CRM with methods which deal with customers. Fig. 1 demonstrates the personal characteristics of the participants in this survey.



**Fig. 1.** Demographic characteristics of the study sample

From Fig. 1, we notice the following:

- 85% of the study sample population were male and 15% of them were female. This indicates that most users of travel and tourism services are male, and it gives us a clear idea of the nature of the social structure, customs, and social traditions in the governorate.
- The group whose income ranges between 11000-15000 Saudi riyals per month are the majority of those who deal with travel & tourism organizations, where their percentage reached (50%), and they are mostly from the middle class. The staff and workers class in public and private companies, and the group whose income exceeds 21000 Saudi riyals per month is the least dealing with travel & tourism organizations in Al-Kharj, as their rate reached (2.50%). This is an indication of the purchasing power of this group which enables them to travel outside the Kingdom.
- Most of those who deal with travel & tourism organizations in the governorate, according to educational qualifications were holders of a bachelor's degree, as they reached (45%). This indicates a close correlation with the level of income. As this category constitutes most of the public and private sector employees of the middle class.

#### 4. Analytical side

##### 4.1 Testing the main hypothesis and sub-hypotheses

The main hypothesis states

There is a relationship between CRM in travel & tourism organizations in Al-Kharj Governorate and retention the customers.

**Table 2**

Results of the multiple regression test for the effect of CRM with retaining customers in travel & tourism organizations in Al-Kharj Governorate

Result	Sig.	R <sup>2</sup>	F (value)	F counted	Squares av-	df	Total squares	Change source
Rejecting the hypothesis	000	612	2.214	129.365	36.0231	4	149.999	Regression
						300	89.876	mistake
						305	239.875	Total

\* Statistically significant at the level of significance ( $\alpha=0.05$ )

According to Table 2, there is an effect of CRM in travel & tourism organizations in Al-Kharj Governorate and retaining them, where the value of  $F=129.365$  is greater than the tabular value of 2.214 at a degree of freedom (300), and therefore the unacceptable hypothesis stipulates that, there is no statistically significant relationship at the level of significance ( $\alpha \leq 0.05$ ) between CRM in travel & tourism organizations in Al-Kharj Governorate and retention the customers. This confirms the main hypotheses of the survey.

**Table 3**

Correlation of the dimensions of CRM variables in travel & tourism organizations with retention the customers.

No.	Dimension of customer service	B	Std.Error	Beta	T	Sig.	Result
1	Understanding & identifying the customer	0.324	0.431	0.376	0.586	0.563	Accepted
2	Interacting with the customer	0.346	0.450	0.389	0.643	0.410	Accepted
3	Selecting the most important customer	0.316	0.419	0.3621	0.492	0.374	Accepted
4	Developing the relationship with customers	0.309	0.4098	0.359	0.453	0.333	Accepted

\* Statistically significant at the level of significance ( $\alpha=0.05$ )

The results of Table 3 show a statistically significant relationship between the dimensions of independent study variables (understanding and identifying customers, interacting with customers, selecting the most important customer and developing the relationship with customers) as the degree of importance for all of them was (0.000) and the results indicate to connect the dimensions of independent CRM variables with an absolute relationship while retaining them in the travel & tourism organizations that they dealt with. It is clear that what was interpreted after understanding and identifying the customer reached (0.376) variation in their retention in travel & tourism organizations, and what was interpreted after interacting with the customer was (0.389) variation in retaining them in the travel & tourism organizations, and what was interpreted after selecting the most important customer it reached (0.3621) of the variation to retain them in travel & tourism organizations. As for this explanation after developing the relationship with customers, it reached (0.359) variation in retention the customers in travel & tourism organizations. We also notice that the biggest effect was after the interaction with the customer, followed by understanding and identifying the customer, selecting the customers and finally developing the relationship with customers, as this effect was strong and positive for retaining customers.

##### 4.2 Results of the first hypothesis test for independent variables

The hypothesis states: The effect of CRM on customer value

Table 4 shows the results of testing the first sub-hypothesis of this survey.

**Table 4**

Results of the simple and multiple regression test for the effect of independent study variables on achieving customers' value in travel & tourism organizations in Al-Kharj Governorate.

Result	Sig.	R <sup>2</sup>	F (value)	F calculated	Squares average	df	Total squares	Change source
Rejecting the hypothesis	000	48.254	73.241	2,101	33.0251	4	135.245	Regression
					0.397	301	131.398	Mistake
						304	266.643	Total

\* Statistically significant at the level of significance ( $\alpha=0.05$ )

Table 4 shows that there is a statistically significant effect of the independent study variables in achieving value for customers in travel & tourism organizations in Al-Kharj Governorate, where the calculated value of F reached 73,241 and is greater than its tabular value of (2,011) at a degree of freedom (301). The null hypothesis is rejected and the alternative hypothesis is accepted, which indicates a meaningful relationship for the independent study variables (understanding and identifying the customer, interacting with the customer, selecting the most important customers, and developing the relationship with them) in achieving customers' value in travel & tourism organizations in Al-Kharj.

*The results of testing the second hypothesis: The effect of CRM on building trust among customers*

Table 5 demonstrates the results of testing the second hypothesis of the survey.

**Table 5**

Results of the simple and multiple regression test for the effect of independent study variables on constructing trust with customers in travel & tourism organizations in Al-Kharj Governorate

Result	Sig.	R <sup>2</sup>	F (value)	F calculated	Squares average	df	Total squares	Change source
Rejecting the hypothesis	000	0.51	2.478	88.238	38.216	4	148.659	Regression
					0.410	301	146.728	Mistake
						304	295.387	Total

\* Statistically significant at the level of significance ( $\alpha=0.05$ )

Table 5 shows that there is a statistically significant effect of the independent study variables in retaining customers in travel & tourism organizations in Al-Kharj Governorate, where the calculated value of F = 88,238 and is greater than its tabular value of 38,216 at a degree of freedom (301), so the null hypothesis is rejected and the alternative hypothesis which indicates an influence relationship is accepted. The independent study variables (understanding and identifying the customer, interacting with the customer, selecting the most important customers, and developing the relationship with customers) in constructing trust with the customers of travel & tourism organizations in Al-Kharj.

## 5. Conclusion

Through the review of the results of the study and analyzing its hypotheses and the answers of the population sample, the travel & tourism organizations in Al-Kharj Governorate must work to identify the needs and desires of their customers through various modern means and through social and other means of communication in order to construct everlasting relations and partnership with them, and the relationship with customers must also be developed to achieve customers' value and benefit as they are one of the organization's assets and the reason for its existence. Presentations to customers must be diversified and work for their continuation permanently and provide discounts and benefits that other competing organizations do not offer through conducting extensive studies of the travel & tourism market in the province. Attention must also be paid to integrate market communications in order to enhance and develop the relationship with customers and retain them for a longer period in order to ensure the achievement of the common benefits of travel & tourism organizations on one side and their customers on the other side. Customers of travel & tourism organizations must carefully identify the targeted segments and work to prepare a distinctive marketing mix for each segment to be capable of satisfying them better than competitors and achieving their retention through developing their loyalty to these organizations and diversifying programs to customers to gain their trust and enhance relationship with them.

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