ANDRZEJ RAPACZ
IZABELA MICHALSKA-DUDEK

Determinants, Advantages and Threats Resulting from Application of The Relationship Marketing Concept and CRM Technology In Maintaining Customer Loyalty In Travel Offices in Poland[1]

Prof. Andrzej Rapacz
University of Economics in Wroclaw

Izabela Michalska-Dudek, Ph.D.
University of Economics in Wroclaw

1. Introduction

At the background of relationship marketing application by tourist companies one may point to higher expectations from consumers and extensive administration costs involved in these companies functioning. In times of global crisis, growing competition, as well as increasing clients' expectations, tourism enterprises are forced to search for more effective methods of maintaining and strengthening their contacts with clients. It leads to correcting the strategy of tourism sector companies and focusing mainly on obtaining proper satisfaction level and loyalty of a client. Tourism sector companies change the way of perception in their relations with

clients. Focus shifts from transaction towards partnership and the aim of such movement is to establish long lasting relations with clients. New areas of activities become noticed and, apart from winning clients, attention is also directed towards establishing and maintaining lasting contacts with them.

Also travel offices are continually seeking new ways to forge close relationship with their most valuable clients. With recent advances in networking and database managent technologies, tourist firms have both motivation and the means for moving closer to their valuable customers.

In this paper, there will are presented both the essence of the relationship marketing concept and the characteristics of CRM class systems, as well as basic advantages and threats resulting from their implementation. There will be also described results of the questionnaire survey, which estimated the awareness and level of application of marketing relationship concept and CRM technology in functioning of travel offices in Poland. Conducted survey results allow for an assessment of the crucial component of the study becomes an identification of benefits and concerns related to implementing these solutions by travel offices.

2. Factors determining effective application of relationship marketing concept - research results

According to L. Berry „*relationship marketing means creating, preserving and enriching relations with a client, where winning a new client means just the first step in the overall marketing process*" (Berry 1983, pp. 24-9). While analyzing relationship marketing definitions presented in literature one can distinguish basic composite elements of definitions, namely: creation, development, preserving, interaction, lasting nature, emotional content and the outcome. The objective of relationship marketing is to gain client's loyalty, whose satisfaction becomes the prior objective for all staff of a tourist enterprise, not just the marketing department dealing with capturing new customers (more in: Otto 2001).

The scope of research covered an assessment of relationship marketing application by managers responsible for marketing activities in travel offices in Poland. During collecting data for hereby research in Poland there were 2629 travel agencies registered which are listed by Central Register of Tourism Organizers and Intermediaries authorized by the Ministry of Sport and Tourism. Regarding the number of studied population $N = 2629$, trust coefficient $(1-a) = 0,9$ (i.e. 90%) and permissible statistical error (d) at the level of 3,5% the number of sample elements should $n = 305$ units.

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The basic issue in carried out research was an attempt to answer the question regarding both knowledge and experiences gained so far in relationship marketing. Almost half of respondents confirm the fact that they are aware of the theory and declare its application in practice (figure 1). Every third, out of the analyzed travel offices, have proved their awareness of the issue and pointed to plans of relationship marketing rules implementation. Over 15% of the respondents claimed they do not use relationship marketing principles, however, only every 20 researched entity did not see any need in their application or presented a standpoint that relationship marketing is just theory, which does not work in the conditions of Polish economy.
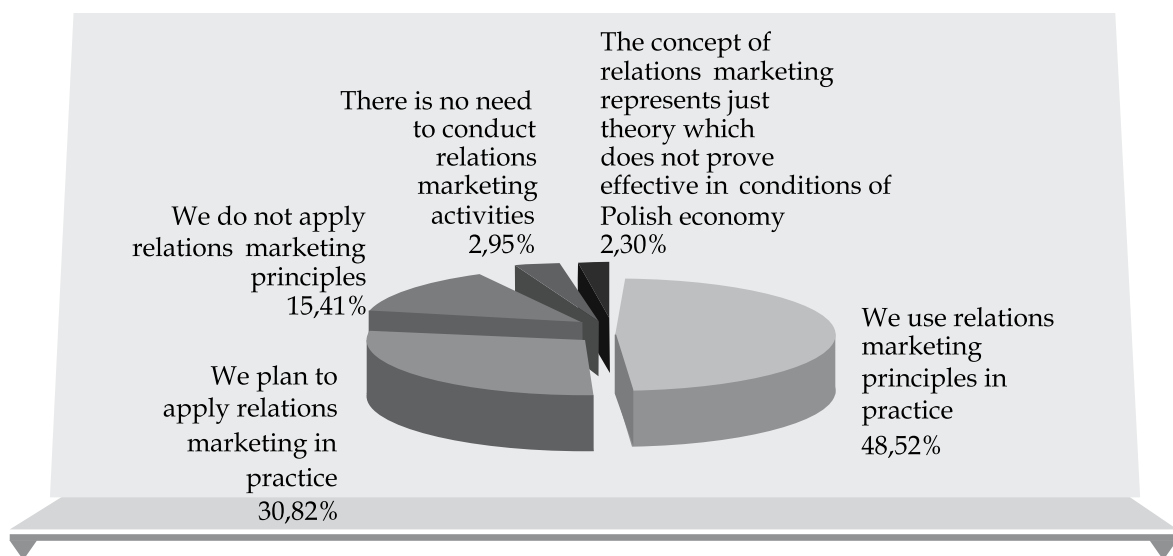

Figure 1. Relationship marketing implementation practice

Source: author's compilation based on surveys

Owners and managers of travel offices were also asked to name tools applied in building up partnership relations with clients. The marked answers did not exclude, but supplemented one another (figure 2).

The most important tools in the process of building up and strengthening lasting relations between travel offices and clients are the provision of professional and reliable service and high quality of offered services. Catalogues and folders sent to selected clients were pointed to as another major tool for creating relations. Also the Internet and all other tools taking advantage of its potential open new opportunities in creating and strengthening ties with clients. These tools allow
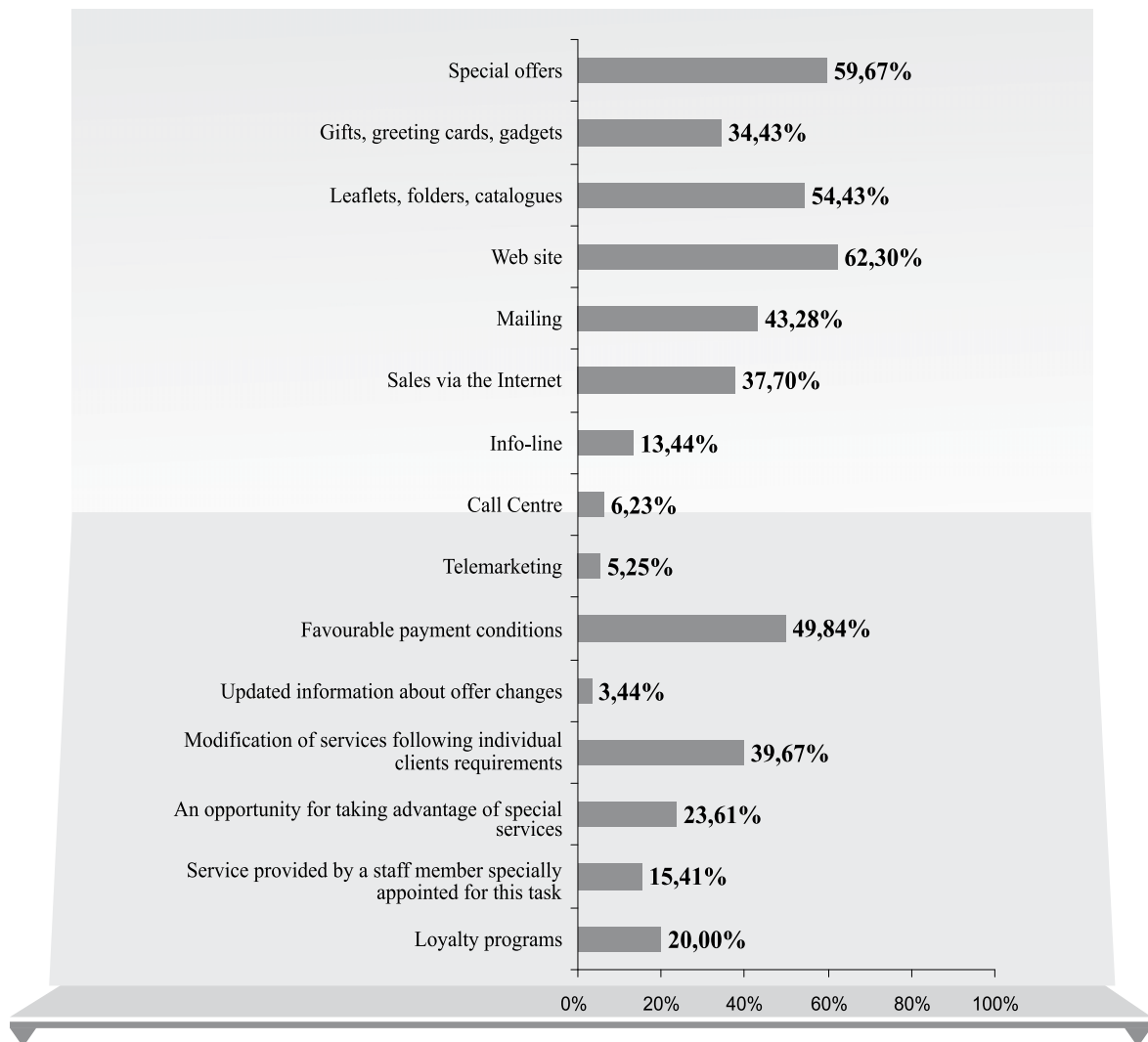
Figure 2. Application of tools for building up loyalty of clients

Source: authors' compilation based on surveys

travel offices for approaching their customers in an individualized way, as well as support the process of building up their loyalty. Once applied they should result in the client staying with a given travel enterprise for good and make abandoning it financially unprofitable.

Travel offices which do not apply relationship marketing principles were asked to give reasons which stop them from taking up such activities. Main reasons for cancelling the application of relationship marketing concept by travel offices is presented in figure 3.
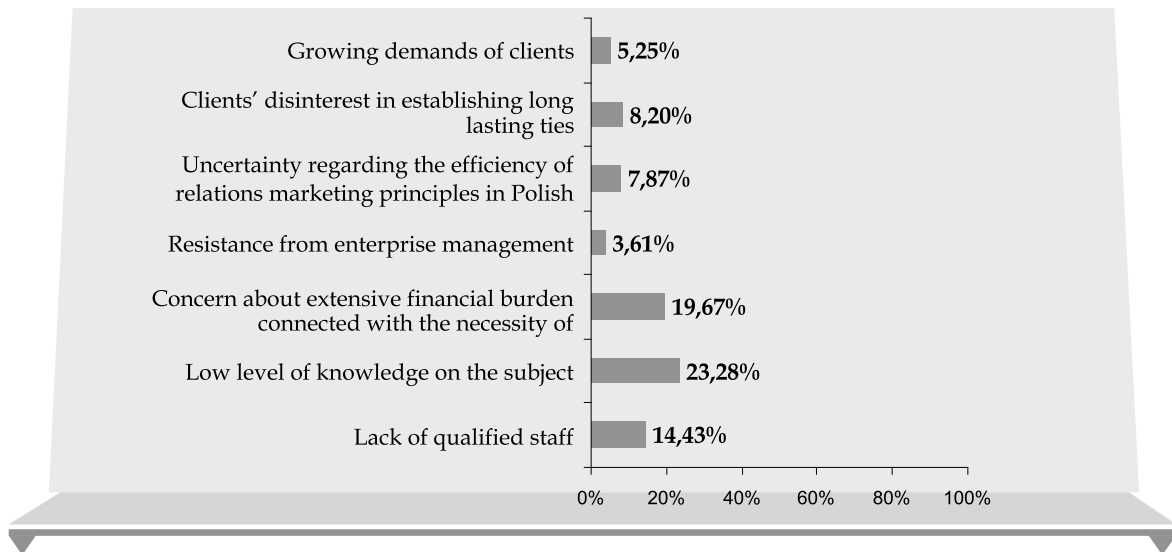
Figure 3. Reasons which stop travel offices from applying relationship marketing in practice

Source: author's compilation based on surveys

The most frequent answers were: low level of knowledge regarding the subject, concerns about an extensive financial burden related to the necessity of introducing changes, as well as the lack of qualified staff, i.e. limitations which, to a great extent, may be connected with the size of travel offices or financial and personnel potential at their disposal.

The results of research carried out by the authors allowed also for the identification of crucial factors in the implementation of relationship marketing. Figure 4 presents basic internal factors determining effective application of relationship marketing concept.

The results of conducted research confirm, that the understanding of relationship marketing principles, knowledge and skills, as well as the acceptance and involvement of management and all employees of travel offices, supported by adequate financial funds, in connection with the available data base and software, may be regarded as key factors determining possibilities for relationship marketing application in such entities.

The separate group of determinants for relationship marketing application is represented by the mentioned above factors of an external nature. The dominating ones were market circumstances (85,58% of overall entries).

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**Figure 4. Internal factors determining effective implementation
of relationship marketing concept**

Source: authors' compilation based on surveys
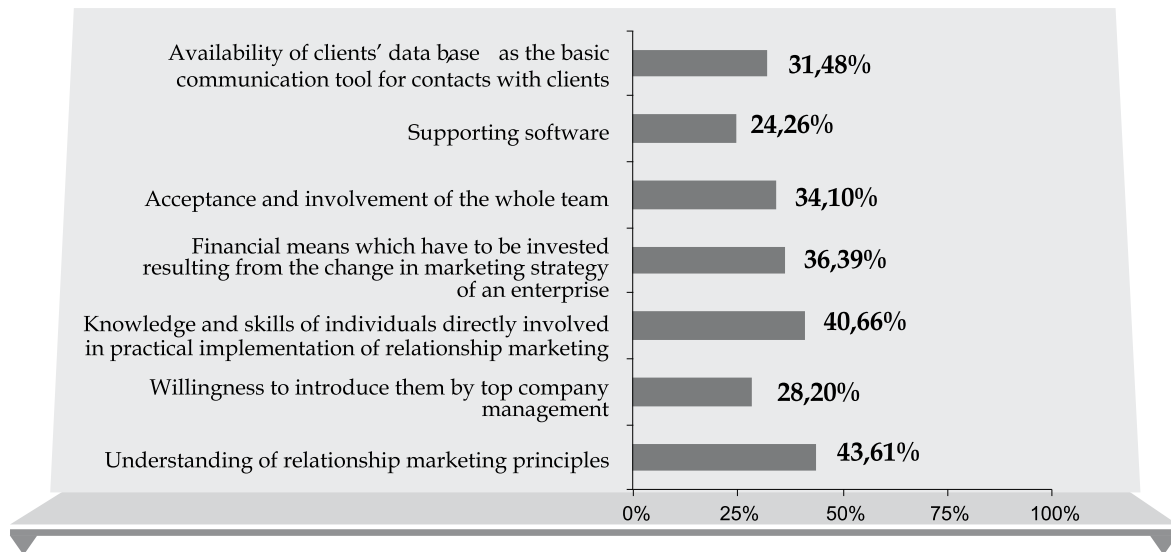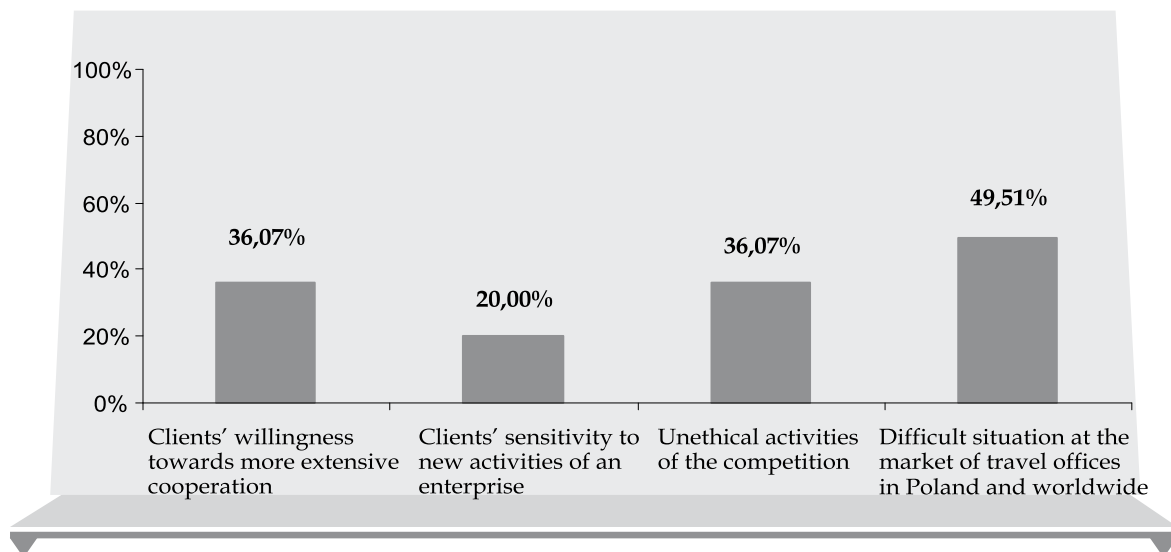

**Figure 5. External factors determining effective implementation
of relationship marketing concept**

Source: authors' compilation based on surveys

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Most frequently a difficult situation of travel offices both in Poland and worldwide was emphasized. Every second respondent pointed to it as the fundamental negative condition for practical implementation of relationship marketing concept. Unethical activities of the competition in the researched domain constituted significant circumstances in the process of relationship marketing application for over 1/3 of all respondents (see figure 5). Over 1/3 of the analyzed travel offices' managers, while analyzing factors independent form each other and influencing practical implementation of relationship marketing concept, pointed to clients' willingness towards taking up broader cooperation, and every fifth respondent emphasized aspects related to clients' sensitivity referring to new activities of an enterprise.

3. The issue, advantages and disadvantages of CRM class systems implementation

Fast progress of information technology facilitates its widespread implementation in the process of an enterprise management as well as its communication with the environment. Information technology becomes the stimulating power and one of the basic strategic resources, crucial to carry out the concept of customer relationship management. CRM (Customer Relationship Management) represents a latest tool in integrated systems supporting enterprise management and become one of the most dynamic technology topics of the 21 century. They are a natural extension of ERP systems, which facilitate the functioning of a company back-office: production, logistics, administration, finance (more in: Michalska-Dudek, Wrocław 2002, p.152). In case of CRM we deal with front-office type of system, which offer direct connection between a customer and tourist enterprise.

According to R. Shaw CRM is an interactive process focused on obtaining optimum balance between investments made by an organization and the satisfaction of its clients, which leads towards an overall profit maximization. The process covers, among others (Shaw R. 2001, pp. 23-27 and Ngai 2005, pp. 582-605):
- measurement of costs with regard to marketing, sales and services, as well as profits generated by individual clients,
- acquisition and permanent knowledge updating with reference to clients' needs, their motivation and behaviour,
- application of information about customers for continuing improvement of an enterprise results in the process of learning, based on success and failure,

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- integration of marketing, sales and service activities to accomplish common targets,
- implementation of suitable systems, which support the acquisition and co-sharing of knowledge about a client, as well as measure the efficiency of CRM.

The most frequently automated functions of CRM system are sales, marketing and after sales service. CRM class also covers the system which includes most of the presented modules: Sales, Sales managent, Time and territory management, Correspondence, Marketing, Servicing trade inquiries, Telemarketing, After sale service and support of a client, Information, Integration with ERP systems, Synchronization of data, E-commerce, Call Centre (see also: Michalska-Dudek, Rapacz 2009, p. 102).

Management supporting systems are included in the class of integrated systems. In an integrated system all information is accessible immediately in a common data base of an enterprise, which facilitates quick decision taking (Kostojohn S., Johnson M., Paulen B. 2011, p.11-12). Information flow integration means in practice that no data has to be input in the system twice and the data input once in one place become immediately available for processing in any other place or process (Finnegan, Willcocks 2007, p. 3-4).

CRM systems facilitate an enterprise management at all three levels: operational, tactic and strategic ones. (see also: Michalska-Dudek, Rapacz 2009, p. 102). It constitutes the source of data for taking up decisions by managers representing different levels (compare: Kostojohn S., Johnson M., Paulen B., 2011). The objective of CRM systems is to construct a synergy – additional value resulting from cooperation between sales departments, marketing and customer service unit (Finnegan, Willcocks 2007, p. 6-4).

Profits calculation, obtained by an enterprise having implemented CRM class technology, turns out very difficult. The advantages resulting from the application of integrated systems, facilitating relations marketing activities, may be divided into two groups: measurable advantages (changes in basic indicators of an enterprise (e.g. sales value, sales profit or sales costs) and non-measurable advantages (qualitative parameters like intensification of customer's loyalty or employees satisfaction).

Among threats related to CRM technology application one should point to improper organization and realization of this class projects. Among them there are as follows lack of (see also: Grunewalder, 2007, p. 13):
- intensive support from company management,
- measurable targets definition relating to implementation,
- client oriented activities,

- gradual approach towards implementation,
- measurable objectives referring to clients (clients' satisfaction, etc.),
- acceptance for diversified treatment of clients,
- partial targets, clearly defined in time, owing to which progress in the system implementation may be monitored, as well as occurring problems or delays in schedule may be identified.

An enterprise which takes up the challenge of CRM system implementation also has to take the responsibility for a „revolution" consisting mainly in changing attitudes of both management and employees towards a client.

4. Implementation of CRM class systems in practical functioning of Polish travel offices

It should be emphasized that every five in the studied travel offices did not provide an answer to any of the questions referring to the CRM technology and an implementation of CRM class systems. It proves no or little knowledge of their owners about this issue.

Among the entities which decided to omit the block related to CRM systems there were 41,67% agents, 25,72 intermediaries and as few as 7,47% of organizers (when in 1997 The Act on tourism services (uniform text in Journal of Laws of 2004, No. 223, item 2268) came into force in Poland it introduced order in the scope of travel agencies functioning by distinguishing three groups of entities: tourism organizer, tourism intermediary and tourism agent). This points to a definitely higher interest in the problem by these travel offices which organize the events directly.

Almost half of respondents, who decided to react to this block of questions, defined CRM as a business strategy (46,23%), 1/3 associated this concept with IT strategy (22,95%) and every tenth travel office perceived CRM as the most recent 'whim' in management (10,82%).

As figure 6 presents over 13% of respondents use software supporting client relations management in their work. Almost 2% of travel offices are in the process of such software implementation, while 38,03% of respondents are planning to introduce CRM class software in the nearest future. Over 46% of travel offices are not applying it at present and are not planning to use CRM class software in the future.

It is significant that as many as 28,58% of respondents (representing big organizers of tourist events who employ over 50 employees) declare that they have already been applying CRM class application and also the same percentage

is planning to implement this software in the coming future. On the other hand, among agents as few as 5,93% use systems supporting client relations management and 58,47% are not intending to adopt it in the future at all.
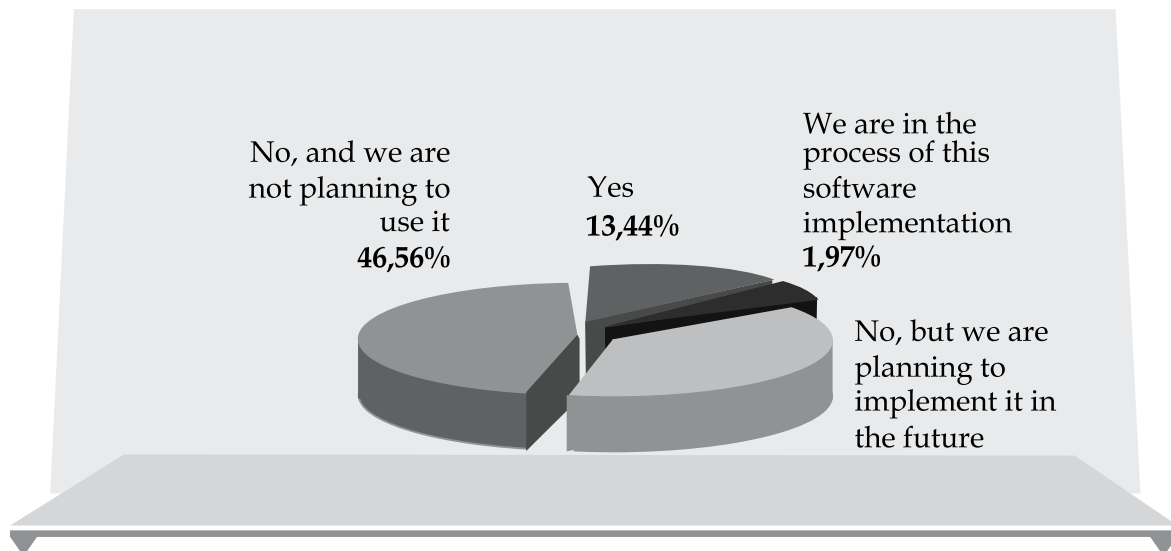

Figure 6. Application of CRM software

Source: author's compilation based on survey results

Managers of the studied travel offices were asked to share their concerns and point to threats related to CRM class system application. Generally, their concerns are of financial, technical and organizational nature.

Among the financial ones these most frequently mentioned were too high costs of implementation, concerns, connected with CRM systems implementation, was the necessity to cover the costs of staff trainings in such software application, problem of outlays and profits ratio. They are afraid if the expenditure made will result in due profits:

- concerns that expenditure made may not result in due profits (19,67% of overall entries),
- exceeding implementation costs (27,21% of overall entries).

Besides travel offices are afraid of technical problems related to implementation and integration with the already existing systems and data bases, as well as the need to resign from old systems. It also seems problematic how to assure that the procedures of data safety are followed:

- data safety (18,03% of overall entries),
- integration with existing systems and data bases (18,69% of overall entries),
- technical problems (22,30% of overall entries),
- need to switch from old systems to one ones (16,39% of overall entries).

In an organizational sphere the difficulty in defining users' needs is underlined, as well as the resistance to changes and the need to alter the way of thinking about a client:

- resistance to changes (9,51% of overall entries),
- need to change the way of thinking about a client (10,82% of overall entries),
- necessity to provide staff with trainings (26,89% of overall entries),
- difficulty in defining users' needs (14,43% of overall entries).

On the other side, the specification of expectations pointed to by the surveyed travel offices and connected with CRM class systems implementation are:

- improved customer service (52,46% of overall entries),
- keeping old clients (40,66% of overall entries),
- increased speed of functioning (37,38% of overall entries),
- shorter time of servicing clients (36,39% of overall entries),
- improvement of company image in clients' eyes (33,44% of overall entries),
- improved information flow (32,13% of overall entries),
- profits increase (25,25% of overall entries),
- introduction of individualization in customer services (24,92% of overall entries),
- establishing central information base in an enterprise (23,93% of overall entries),
- decreasing some costs (20,66% of overall entries),
- improvement in staff efficiency (20,00% of overall entries),
- quicker reaction to changes (18,69% of overall entries),
- better offer diversification (18,03% of overall entries),
- possibility of integrating systems (13,44% of overall entries).

The expectations of travel offices related to CRM software implementation refer mainly to the opportunities for improving services offered to clients, namely improving customer service, keeping old clients and the individualization of services. From the point of view of expectations related to improving work organization the most frequently mentioned factors were as follows: an opportunity for information flow enhancement, better diversification of an offer, quicker response to market changes and the integration of all systems. Travel offices expect that the implementation of CRM systems will result in decreasing some of their costs and increasing their profit and also forming of company image improvement in clients' eyes.

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5. Conclusions

CRM characterizes a management philosophy that is a complete orientation of the company toward existing and potential customer relationship. The customer is at the center of all company considerations. The goal is the management of durable and profitable customer relationship (Raab, Ajami, Gargeya, Goddard, 2008, p. 7). Research results prove that over 75% of travel offices in Poland apply or intend to implement relationship marketing in practice. Among the most frequent reasons given for abandoning activities related to relationship marketing there are the following: lack of sufficient knowledge regarding the subject, no qualified staff which could implement, in practice, relationship marketing principles as well as insufficiency of adequate financial resources.

Among the most important internal determinants there are the following: understanding of the core notion and principles of relationship marketing concept, representing due knowledge and skills for its implementation in practice, access to the required marketing data base and the supporting software, as well as the availability of adequate financial means at the travel office disposal. The external determinants quoted by travel offices' owners, regarding relationship marketing application, constitute the most significant reason owing to which these offices should aim at the implementation of relationship marketing concept. The application of tools referring to this concept should allow for an effective counteracting of the difficult market situation, as well as an efficient defence against unethical practices of the competition. On the other hand, the implementation of instruments aiming at establishing lasting relations with customers will help travel offices in encouraging clients to enter into and keep up broader cooperation.

The conducted research proves that the majority of surveyed travel offices managers identify the implementation of CRM with a business or IT strategy. The CRM class software has already been applied by one in ten travel offices and more than one third of the sample intends to do it in the coming future. Among the advantages resulting from CRM class systems implementation one should mention, among others, the improvement of travel offices functioning and cutting costs of performing its activities.

The implementation of CRM system may bring about numerous benefits for a tourist enterprise, however, it may also pose certain problems. Among threats related to CRM class system application managers pointed to concerns of financial, technical and organizational nature. The financial ones these most frequently mentioned were too high costs of implementation. It is one

of major reasons why travel offices refrain from introducing software supporting client relations management. Another reason of their concerns, connected with CRM systems implementation, was the necessity to cover the costs of staff trainings in such software application. Among threats respondents mention the problem of outlays and profits ratio. They are afraid if the expenditure made will result in due profits. Besides travel offices are afraid of technical problems related to implementation and integration with the already existing systems and data bases, as well as the need to resign from old systems. It also seems problematic how to assure that the procedures of data safety are followed. In an organizational sphere the difficulty in defining users' needs is underlined, as well as the resistance to changes and the need to alter the way of thinking about a client.

Therefore, managers of travel offices, who plan to implement such systems, have to bare in mind that application of the system has to be strictly connected with the company strategy, its organizational culture and internal processes. They also have to realize the fact that taking up a decision about the implementation of CRM requires subsequently an overall alteration of the company performance philosophy (more in: Michalska-Dudek, Rapacz, 2009).

If CRM systems can be successfully implemented, with all the complexity that involves, they could represent a key technology for the organization focused and supported all marketing activities, built good customer relations, provided higher ROI over time time throught well organized and targed marketing (see also: Finnegan, Willcocks, 2007, p. 5). A successful CRM system provides the platform that helps travel office continually improve and refine the way it acquires and services customers, establish long lasting relations with clients and create their loyalty.

Summary

Implementation of The Relationship Marketing Concept and CRM Technology In Maintaining Customer Loyalty In Travel Offices in Poland

In this paper, there are presented both the essence of the relationship marketing concept and the characteristics of CRM class systems, as well as basic advantages and threats resulting from their implementation. There are also described results of the questionnaire survey, which estimated the awareness and level of application of marketing relationship concept and CRM technology in functioning of travel offices in Poland. Conducted

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survey results allowed for an assessment of the crucial component of the study becomes an identification of benefits and concerns related to implementing these solutions by travel offices.

Keywords: *relationship marketing, CRM system, travel office.*

Streszczenie

Zastosowanie koncepcji marketingu relacji oraz technologii CRM w utrzymaniu lojalności klientów biur podróży w Polsce
W niniejszym artykule przedstawiono koncepcję marketingu relacji, scharakteryzowano istotę systemów klasy CRM, a także podstawowe korzyści oraz zagrożenia związane z ich wdrażaniem. Przedstawiono również wyniki badań ankietowych, które pozwoliły na ocenę stopnia znajomości oraz wykorzystania koncepcji marketingu relacji oraz związanej z nią technologii klasy CRM w biurach podróży działających na polskim rynku. Ponadto przeprowadzone badania pozwoliły na identyfikację podstawowych korzyści oraz zagrożeń związanych z wdrażaniem tych rozwiązań w biurach podróży.

Słowa
kluczowe: *marketing relacji, system klasy CRM, biura podróży.*

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