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CUSTOMER SATISFACTION – A FACTOR OF SUCCESS OF THE TOURIST ENTERPRISE IN THE CONDITION OF RECESSION

Abstract: *In the conditions, when the recession is approaching, the tourist enterprise has to know how to adapt its marketing strategy to the new economic working conditions. A strategy remarketing has to be done. During the recession, tourist enterprises experience a retarded sale, a retarded productivity, a lower utilization of the capacity and demoralization of labour force. They aim at diminution of supply and a choice of cheaper suppliers. So, during the recession there is a drop of sale, drop of prices, and increase of costs, which means a decrease of the profit. This is why it is important to keep the prices, to increase the sale and decrease the costs. This period is characterised with behaviour of saving of the old buyers and that is why new buyers should be looked for so that the sale could be enlarged.*

Customer relationship management includes:

- *CRM processes that help identify and target their best customers, generate quality sales leads, and plan and implement marketing campaigns with clear goals and objectives;*
- *CRM processes that help form individualized relationships with customers (to improve customer satisfaction) and provide the highest level of customer service to the most profitable customers;*
- *CRM processes that provide employees with the information they need to know their customers' wants and needs, and build relationships between the tourist enterprise and its customers.*

Key words: *recession, customer, satisfaction, relationship, management, strategy, tourist enterprise*

ZADOVOLJSTVO KUPACA-FAKTOR USPEHA TURISTIČKOG PREDUZEĆA U USLOVIMA RECESIJE

Sažetak: *U uslovima kada se recesija približava, turističko preduzeće mora znati kako da prilagodi svoje strategije marketinga novim ekonomskim uslovima rada. Repozicioniranje marketing strategijom se mora izvršiti. Za vreme recesije turistička preduzeća doživljavaju oskudnu prodaju i produktivnost, slabiju iskorišćenost kapaciteta i demoralizaciju radne snage. Usmereni su ka smanjenju ponude i izboru jeftinijih dobavljača. Dakle, za vreme recesije prisutan je pad prodaje, pad cena, povećanje troškova, što znači smanjenje profita. Zbog toga je važno održati cene, povećati prodaju i smanjiti troškove. Ovaj period karakteriše ponašanje usmereno ka očuvanju starih kupaca i zato bi trebalo tražiti nove kupce da bi se prodaja mogla povećati.*

Upravljanje odnosima sa kupcima obuhvata:

- *CRM procese koji pomažu identifikovanje i prilagođavanje najboljim kupcima, da se generisanje kvalitetnog prodajnog preimućstva, i planiranje i sprovođenje marketing kampanja sa jasnim ciljevima i zadacima;*
- *CRM procesi koji pomažu da se uspostavi individualizovan oblik odnosa sa kupcima (da bi se poboljšalo zadovoljstvo kupaca) i da se najvećim kupcima obezbedi najviši nivo korisničke podrške;*
- *CRM procese koji zaposlenima obezbeđuju neophodne informacije o željama i potrebama svojih kupaca i izgrade odnose između turističkih preduzaća i njihovih klijenata.*

Ključne reči: *recesija, klijent, zadovoljstvo, odnos, menadžment, strategija, turističko preduzeće*

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1. Introduction

According to the marketing conception, the main purpose is to establish the needs, the wishes and the favours of the customers of our aimed group so that desired services could be delivered. The four fundamental principles of this conception are: bringing the market in focus, orientation to the customers, coordinated marketing and profitability.

In case of unfavourable economic conditions of work which means a crisis, tourist enterprises should know how to adapt their marketing strategy to both current and expected economic conditions of work.

2. Marketing strategy in condition of recession

Today economy of all undeveloped and developing countries is in conditions of a recession. The new situation of that change of ownership has imposed a new approach in the management of the tourist enterprises and making economic decisions which are based on market logics.

Recession is a period of a retarded economic growth which is characterised with a decline of demand, the increase of stocks, a small use of the capacity and an increase of unemployment.

The tourist enterprise should first predict the basic characteristics of the recession and then adapt the marketing strategy.

Customers can be divided in four basic groups: those who are poor, those who have been made redundant, those who still work and the rich. Those whose salaries are decreasing or those who lose them (this is the greatest part of workers) start to save.

During the recession, tourist enterprises experience a retarded sale, a retarded productivity, a lower utilization of the capacity and demoralization of labour force. They aim at diminution of supply and a choice of cheaper suppliers.

So, during the recession there is a drop of sale, drop of prices, and increase of costs, which means a decrease of the profit. This is why it is important to keep the prices, to increase the sale and decrease the costs.

Some producers react in the field which is out of the marketing one and that is how they decrease the general overheads costs, they make their workers redundant, define the obligations of the decrease of costs, introduce a programme of a strict control over the current assets, increase the liquidity, their orientation is more directed towards the sale than the production and they carefully purchase.

In the field of marketing, the tourist enterprise must adapt its mix of buyers and its marketing mix.

This period is characterised with behaviour of saving of the old buyers and that is why new buyers should be looked for so that the sale could be enlarged.

The phenomenon of recession is the time when the tourist enterprises re-examine their mix of services eliminating the services which are more difficult to be sold while they direct their means of production for the improvement of profitable services and think about introduction of more economical models of their services.

Revision of the strategy for the price forming is made and it means that they must make decisions whether the marketing strategy will be the price or the value of the service. Those who have a good image and better service will point out the value of the service while those who decide to point out the price, they make them smaller offering discount to the buyers, a deferred payment, gratis products for a certain number of bought services etc.

In these conditions, buyers decide to buy things in discount shops, during a clearance sale or in second hand shops. That's why buyers go to that kind of shops while the retail trade shops, where the prices are higher, remain completely neglected. Nevertheless, the retail trade must be topical again after the crisis is over.

The means for an economic propaganda are drastically decreased but this will have a negative effect for the sale after the end of the crisis. That's why the means for the economic propaganda mustn't be decreased. They should remain the same while the economic propaganda must be adapted to the improvement of the sale pointing out the favourable conditions for the buyers.

The sale power does its work in a more difficult way when it is in conditions of recession and that is why it must be motivated with certain bonuses.

We can conclude that, in conditions of recession, tourist enterprises are in temptation to stop the important investments in order to keep the same level of profit or get a larger one. But, when the crisis is over, they will lose the benevolence of the buyers and will then feel the lack of the most modern services for the market. That's why an estimate must be made about how long the crisis will last and which producers will be affected and then do a reprogramming of the marketing strategy and replace the short-term strategy with a long-term one.

3. Methodology and common use of a CRM

Customer Relationship Management (CRM) is a process tourist enterprises use to understand their customer groups and respond quickly—and at times, instantly—to shifting customer desires. CRM technology allows firms to collect and manage large amounts of customer data and then carry out strategies based on that information. Data collected through focused CRM initiatives help firms solve specific problems throughout their customer relationship cycle—the chain of activities from the initial targeting of customers to efforts to win them back for more. CRM data also provide companies with important new insights into customers' needs and behaviours, allowing them to tailor products to targeted customer segments. Information gathered through CRM programs often generates solutions to problems outside a company's marketing functions, such as supply chain management and new product development.

CRM requires managers to:

- Start by defining strategic "pain points" in the customer relationship cycle. These are problems that have a large impact on customer satisfaction and loyalty, where solutions would lead to superior financial rewards and competitive advantage;
- Evaluate whether—and what kind of—CRM data can fix those pain points. Calculate the value that such information would bring the tourist enterprise;
- Select the appropriate technology platform, and calculate the cost of implementing it and training employees to use it. Assess whether the benefits of the CRM information outweigh the expense involved;
- Design incentive programs to ensure that personnel are encouraged to participate in the CRM program. Many companies have discovered that realigning the organization away from services groups and toward a customer-centred structure improves the success of CRM;
- Measure CRM progress and impact. Aggressively monitor participation by key personnel in the CRM program. In addition, put measurement systems in place to track the improvement in customer profitability with the use of CRM. Once the data are collected, share the information widely with employees to further encourage participation in the program.

Tourist enterprises can wield CRM to:

- Gather market research on customers, in real time if necessary;
- Generate more reliable sales forecasts;
- Coordinate information quickly between sales staff and customer support reps, increasing their effectiveness;
- Enable sales reps to see the financial impact of different service configurations before they set prices;
- Accurately gauge the return on individual promotional programs and the effect of integrated marketing activities, and redirect spending accordingly;
- Feed data on customer preferences and problems to service designers;

- Increase sales by systematically identifying and managing sales leads;
- Improve customer retention;
- Design effective customer service programs.

Customer Relationship Management (CRM) refers to the methodologies and tools that help businesses manage customer relationships in an organized way.

Customer relationship management includes:

- CRM processes that help identify and target their best customers, generate quality sales leads, and plan and implement marketing campaigns with clear goals and objectives;
- CRM processes that help form individualized relationships with customers (to improve customer satisfaction) and provide the highest level of customer service to the most profitable customers;
- CRM processes that provide employees with the information they need to know their customers' wants and needs, and build relationships between the tourist enterprise and its customers.

Customer relationship management tools include software and browser-based applications that collect and organize information about customers.

As part of their CRM strategy, a business might use a database of customer information to help construct a customer satisfaction survey, or decide which new product their customers might be interested in.

4. Strategy of a CRM

CRM is not just a technology, but rather a comprehensive approach to a tourist enterprise's philosophy in dealing with its customers. This includes policies and processes, front-of-house customer service, employee training, marketing, systems and information management. Hence, it is important that any CRM implementation considers stretch beyond technology, towards the broader organizational requirements.

The objectives of a CRM strategy must consider a tourist enterprise's specific situation and its customer's needs and expectations.

The technology requirements of a CRM strategy can be complex and far reaching.

The basic building blocks:

A database to store customer information. This can be a CRM specific database or an enterprise data warehouse.

Operational CRM requires customer agent support software.

Collaborative CRM requires customer interaction systems, an interactive website, automated phone systems etc.

Analytical CRM requires statistical analysis software as well as software that manages any specific marketing campaigns.

Each of these can be implemented in a basic manner or in a high end complex installation.

A typical CRM system is subdivided into three basic sub modules: Marketing, Sales, and Service

• Marketing

Marketing sub module primarily deals with providing functionalities of Long-term planning and Short-term execution of marketing related Activities within an organization.

Planning

Long-term Market Plans can be made and Quantitative as well as Qualitative measures (targets) can be set for a defined period and for different product groups, geographies etc. These are then monitored based on the actual performance throughout the defined period.

Campaign management

Short-Term execution includes running Marketing campaigns via different communication channels targeting a predefined group of potential buyers with a specific message referring to a product or a group of products.

Lead management

One key objective of the Marketing function is to generate sales related leads, which finally get converted into Sales Revenues for the company. Marketing campaigns with the specific objective of generating leads (Prospective customers who may be interested in a product). Lead management deals with processing these Leads, carrying out a sanity check, evaluating the genuineness of the information (Since, there is a lot of information that is gathered during Marketing Campaigns it becomes necessary to screen these leads), and finally converting them to Hot Leads or Cold Leads.

• Sales

Sales functionalities are focused on helping the Sales team to execute and manage the presales process better and in an organized manner. Sales team is responsible for regularly capturing key customer interactions, any leads or opportunities they are working on etc, in CRM system. The system helps by processing this data, monitoring against the targets and proactively alerting the sales person with recommended further actions based on company's sales policy.

Opportunity management

Opportunities help the sales team by organizing all the relevant data regarding a prospective deal into one place. It is characterized by the details such as Prospective customer, expected budget, total spending, products interested in, expected closing date, key players in the deal and their key characteristics, important dates and milestones, etc.

The opportunity has several phases, e.g. initiation, identification, qualification, RFP received, quotation sent, final stage, won or lost. Of course these phases can be defined based on individual company needs.

A CRM system helps in each phase by "guiding" the sales representative to carry out certain suggested activities as defined by the company's sales policy. It creates reminders and planned activities within the system. Opportunities can be directly converted into quotations or sales orders.

Quotation and sales order management

Opportunities, if they reach a quotation phase, can be converted to a quotation, and, if won gets converted to a Sales order. Standard features of creating a "linked" Quotation or sales order from opportunities are provided. These Sales orders then flow to the Back-End (ERP) system for further execution and Delivery.

Activity management

Activities represent various Sales or Service related interactions with the customer (meetings, discussions, telephone calls, emails). Activity management provides a platform to consolidate all the interactions with customer into a single platform, helping to build a 360 degree view of customer.

Activities can be synchronized to Microsoft Outlook/Lotus Notes Calendar items (Meetings and Tasks).

• Service

Service related functionalities are focused on effectively managing the customer service (Planned or Unplanned), avoid "leakage" of Warranty based services, avoid "Penalties" arising due to Non conformity of SLA (Service Level Agreements), and provide first and Second Level support to Customers.

Several functionalities are:

Service Order Management, Service Contract Management, Planned Services management Warranty Management, Installed Base (Equipment) Management, SLA Management Resource Planning and Scheduling, Knowledge Management, Call Center Support, Resource Planning and Workforce Management

• **Channels of communication**

It is also important to mention here that a CRM system is capable of executing all the three sub modules via multiple communication Channels. These channels can be: Direct, Online (Internet), Call Center (via Phone/FAX/Email)

All the three CRM Sub Modules (Marketing, Sales and Service) can be executed across these.

5. A strategy remarketing – from traditional marketing to CRM

Mainly there are five different levels of relationships between the tourist enterprise and its customers:

- **Basic:** The tourist enterprise salesperson sells the product, but does not follow up in any way.
- **Reactive:** The salesperson sells the service and encourages the customer to call whenever he or she has any questions or problems.
- **Accountable:** The salesperson phones to the customer a short time after the sale to check whether the product is meeting the customer's expectations. The salesperson also solicits from the customer any product improvement suggestions and any specific disappointments. This information helps the tourist enterprise continuously to improve its offerings.
- **Proactive:** The salesperson or others in the company phone the customer from time to time with suggestions about improved product use or helpful new service.
- **Partnership:** The company works continuously with the customer and with other customers to discover ways to deliver better value.

As the tourist enterprise moves from “Basic” to “Partnership” we can say the tourist enterprise is moving from traditional marketing to CRM.

CRM originated mainly in industrial and b-2-b markets where long-term contracts have been quite common for many years. It is an interface of quality, customer service and marketing. It can be applied when there are alternatives to choose from so as when the customer makes the selection decision and where there is an ongoing and periodic desire for the product and/or service.

There is a rapidly emerging new focus in marketing and logistics on the creation of “relationships” with the end user. The idea is that the companies should seek to create such a level of satisfaction with customers that they should not feel it necessary even to consider alternative offers or suppliers.

Customer Satisfaction can be tracked in several ways:

- **Complaint and Suggestion Systems:** A customer centred organization makes it easy for customers to make suggestions or complaints. Placement of a small suggestion box may create a lot of profits to the company.
- **Customer Satisfaction Surveys**
- **Ghost Shopping:** The ghost shoppers, the hired people to pose as buyers will tell a lot about company's strengths and weaknesses
- **Lost Customer Analysis:** Finding the "lost one" and analysis of the reasons may not bring back that customer but may prevent the occurrence of other "lost ones".

At the core of CRM stands the notion of customer retention. It should not be surprising if someone uses the term "customer retention marketing" instead of "customer relationship marketing". According to many, marketing is a mutual exchange and fulfilment of promises. It is through making promises and keeping them

that trust develops, and out of trust that long range relationship grows. Studies in several industries have shown that the cost of retaining an existing customer is only about 10 % of the cost of acquiring a new one. Researchers concluded that traditional marketers spend far too much on customer acquisition and far too little on customer retention. The CRM aims to convince the marketers that they are not doing right and they should focus far more on customer retention. Customer retention is the key factor in increasing profitability. Following reasons are given in order to support this argument:

The cost of acquisition occurs only at the beginning of a relationship, so the longer the relation, the lower the amortized cost.

Account maintenance costs decline as a percentage of total costs (or as a percentage of revenue).

Long term customers tend to be less inclined to switch, and also tend to be less price sensitive. This can result in stable unit sales volume and increases in monetary sales volume.

Long term customers may initiate free word of mouth promotions and referrals acting as company's partner which can result in gaining new customers.

Long term customers are more likely to purchase ancillary and high margin supplemental products.

Customers that stay with the company tend to be satisfied with the relationship and are less likely to switch to competitors, making it difficult for them to enter and gain share in the market.

Regular customers tend to be less expensive to service because they are familiar with the process, require less "education", and are consistent in their order placement.

Increased customer retention and loyalty makes the employees' job easier and more satisfying. In turn, happy employees feed back into better customer satisfaction in a virtuous circle.

There are three steps in customer retention efforts. The first one is the customer retention measurement which is actually the percentage of costumers at the beginning of the year that are still customers by the end of the year. Once the tourist enterprise measures its customer retention, the second step will follow which is to determine the reasons for defection. This can be done through conversations with formal customers and then analyzing the customers' complaints and competitive benchmarking. The final step in customer retention efforts is to develop and implement a corrective plan. This step should involve actions to improve employee practices using benchmarking to determine the best corrective one ,visible endorsement of top management, adjustments to the tourist enterprise's reward and recognition systems , and the use of "recovery teams" to eliminate the causes of defections.

Implementation of a CRM differs from company to tourist enterprise but in general these steps may be regarded as a guideline:

- Identify the key customers meriting relationship management. Choose the largest and/or the best ones and designate them for relationship management.
- Assign a skilled relationship manager to each key customer or customer group
- Develop a clear job description for relationship managers.
- Have each relationship manager develop annual and long-range customer relationship plans.
- Appoint an overall manager to supervise the relationship managers.

In relationship marketing of the retail business the most important aspect is the knowledge of the factors that specially influence the customer:

- Age and Life Cycle
- Geography
- Social Class
- Culture
- Peer Pressure

- Lifestyle and Values Diffusion of Innovation
- Psychological Factors.

As it will be seen easily coordinating consumer dimensions is the most important and challenging aspect of CRM.

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