

An evaluation on the customer relationship management (crm) and service marketing...

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DISSERTATION “ AN EVALUATION ON THE CUSTOMER RELATIONSHIP MANAGEMENT (CRM) & SERVICE MARKETING (SM) WITH SPECIAL REFERENCE TO EMIRATES AIRLINE” March 8, 2010 By: YASIR ALI 0811866996244

Dissertation submitted In the partial fulfillment of the requirement For the degree of MASTER OF BUSINESS ADMINISTRATION (FINANCE) UNIVERSITY OF WALES, UK. March 2010 Submitted by: YASIR ALI, UNIVERSITY ID:

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The fruit of my thoughts and study To my affectionate Parents Who send me for higher education And encouraging me” CONTENTS PAGE 3

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86 6 ACKNOWLEDGEMENTS I have no words to express my deepest and infinite sense of gratitude to Almighty ALLAH, Who knows all the things hidden or evident in this universe, who gave me the courage to complete this work. There are no words to describe gratitude and thanks to my parents who send me for higher education and encouraging me, above all their love & Prayers that is invaluable. I really appreciate my brother, my sisters and all the rest of my family members who encouraged me all he way in completing my dissertation. I sincerely thanks to my supervisor Mr. JOHN WAITES for his appreciation and guidance throughout the research and helping me when things went complex and difficult. I would also like to thank all my friends, teachers and other member of staff at London College Of Business (LCB) for their support and continuous update on university lecture schedule . May Allah Almighty bless all of them! (YASIR ALI) 7 ABSTRACT This MBA project provides a detail analysis of Customer Relationship Management with respect to its implementation in service marketing, with special reference to the Emirates airlines.

The following research explores the tasks required in the Emirates airline industry in order to achieve the customer retention and win the customer long-term loyalty from focus customers group i. e. , economy class passengers. Furthermore it was also an attempt to study and analyze what the customers needs, demands, expect and perceive from Emirates airline strategies in this high contact services. Therefore looking into the challenges

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created for the management, associated factors and resulting in the success or failure of Customer Relationship Management as a means of creating customer value, and overall experience of the airline companies attempting to implement CRM. It is revealed that focus customer group i. e. economy class travelers are currently experiencing a certain level of dissatisfaction from the most popular service providers. These lack the right efficiency in meeting their choice criteria and delivering consistent value. Lastly in the light of analysis presented and questionnaire information gathered, and independent conclusion under the subject matter research is formed along with a set of recommendations.

8 CHAPTER 1 INTRODUCTION

Dubai-based Emirates is one of the fastest growing airlines in the world and has received more than 250 international awards for excellence since its launch in 1985. The proposed research aims to introduce the benefits and need of Customer Relationship Management practices in the Emirates Airline. More specifically, it will describe and explore the Customer Relationships of this airline and service recovery system with business travellers and especially with economy class travellers as the focus customer groups. The objective is to discover, if Emirates Airline meet the needs and demands of its customers and employ the service recovery system in a way to make their customers loyal for life time instead of dissatisfied and defining the purchasing behaviour of these customers. (Dubai Report 2008). In this sense, the proposed dissertation makes use of two main fields of research. On one hand, a theoretical research will be conducted on Customer Relationship Management, Service Marketing, Service Recovery System and building Customer Loyalty, a parallel review on literature dedicated to the Emirates

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airline industry and defined customer group was carried out to correlate it with the importance of adopting Customer Relationship Management in this service (Voneche, 2005). On the other hand, an empirical research on focus groups (Economy Class travellers) will be the first source of primary data for the development of the research study. This will enable to gain essential information on Emirates airline's CRM practices, quality of service and customer relationships. At the same time, it will provide insight on the needs and demands of Business travellers and Economy Class travellers as a customer segment, as well as to gain knowledge about impacts of service recovery system employed by Emirates Airline, and shows the factors that determine their purchase behaviour and loyalty to these service providers. Finally, the result obtained from the overall investigation will be used to emphasize the imminent need of Customer Relationship Management and Service Recovery System in the Emirates Airline, considering the market forces that constitute its environment and the condition present that shape its competitiveness. In broader terms, it aims to stress the importance of developing and sustaining customer relationships of true quality and value, especially in the services field.

1. 1 Purpose of Dissertation

The importance of this issue in today's global marketing practices has been one of the main reasons for conducting a research in this area. Regarding the reason for choice of the Emirates airline as subject of study, the constant change of patterns in this market and the need for competing firms to achieve differentiation and offer real customer value support the main objective of conduction of this research. In addition, previous studies on the area were

based either on the description and analysis of CRM in airline carrier industry or on the level of customer satisfaction and loyalty of travellers with the service providers.

As a result no study of this level found that was focused on the customer group and relationship with their provider by 10 taking the service recovery system in contact of the specific airline, in meeting their needs and expectations. In addition no such study conducted that elaborate what a customer feel and expects when service fails to deliver in its original condition and what actions by the high contact service taken to switch these dissatisfied customers into life time loyal customers (Roger 1996).

Dissertation is mainly focused on Customer Relationship Management and Service Marketing, omparative analysis of the Emirates airline and its competitors drawn from the findings will be only based on this issue, without aiming to generalise results. A brand is a promise companies make to customers combined with the customers' judgment about how well they deliver on that promise. To create a brand firms must add distinctive values to products or services that can distinguish them from the competition. A successful brand becomes an emotional bond that builds customer loyalty. Customers' feeling and emotional bond over time convert companies' products into brands (Ogilvy, 1983). The issue of equity associated ith a brand name, and the factors that create it, is a main focus of attention to better understand management practices and profitability, as well as consumer behaviour. Customer loyalty has become a key area for concern in hugely competitive economical world. Keeping and gaining market share is

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what most business strives for in the race to make brands profitable.

Companies in all industries have been found to struggle everyday for market share dominance, with the aim of achieving the number one position in customers' minds and choices in order to satisfy them with their products and services.

Customer loyalty and retention is a big concern that has been greatly discussed in recent years especially in almost all product and service industry. The concept of CRM- Customer Relationship Management ??? is not new. Innovative though are 11 the ways in which firms are showing their attempts and efforts to improve their visibility and gain market share. Specifically in the service sector, because of the distinctive characteristics implied, these marketing efforts require special understanding and implementation. Indeed, it is in this area where the intangibility, inseparability, variability and Perishability of the offer make usiness environments evermore competitive and fierce and, for which CRM is gaining a renewed emphasis to understand and build sound relationships with clients. As service failures are inevitable, firms must be prepared to recover from service failures, thereby turning angry, frustrated and dissatisfied customers into loyal customers. Despite the compelling economics of customer loyalty, firms continue to struggle with service recovery. In order to cope the customer complains regarding service failure, firms in airline industry are building a service recovery system by working closely with their customers to make them life time loyal.

The performance of firm in airline industry is an interesting example to show the magnitude of both the aggressiveness of the market and the benefits that can be drawn from the application of CRM process. Moreover, the changes undertaken in this industry in recent years and the new competitive models that have arisen of this particular type of service a clear demonstration of the need and meaning of sustained customer relationships. In order to gain market share and sustain profitability in today's ferociously competitive and economically demanding environment, airline must develop new ways to manage their customer relationships to optimize customer loyalty and revenues. What tactics should airlines use to acquire, develop and retain customers with greater precision and improved results? (The future of CRM in the airline industry) Consequently, and considering the main purpose of this project and the methodology implemented, airline carriers were not analysed into detail. The author believes this would have been the focus of a project based on a case-study research strategy. However, such is recommended as further research from the findings obtained in this study, where the specific

Emirates airline firm reflected in the data analysis can be evaluated as to explain how they are achieving better customer service and relationships through CRM. 1. 2 Research Objectives The main objectives of this research, which is to answer if Emirates airline meet the needs, demands and expectation of its tourist travellers and economy class travellers by implementing the CRM strategies and working through service recovery system. ?? Do Emirates airline meet its customers' needs, demands and

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expectation. In order to answer this and analyse the situation presented, the following research questions were derived: ?? Emirates airlines and Customer Relationship Management: A source of Competitive Advantage? This question will help to explain the concept, philosophy and processes underlying Customer Relationship Management. ?? What do customers need and they receive from Emirates airlines? This question will explain, how does Emirates airline meet their expectations and needs? 1. 3 Main Source of Information The dissertation was conducted with the objective to provide an analysis on CRM in the Emirates airline industry from a customer point of view, specifically with economy class travellers as the focus group. In order to do so, the author has chosen to combine current academic literature with findings obtained from industry reports and survey questionnaires. Both primary and secondary data and materials were essential to provide vital information to answer the research problem. 13 1. 4 Dissertation Outline The first chapter of the dissertation has introduced the research area, focus points, main purpose and research questions. The second chapter comprises of the review of literature including the most significant theories and models that serve as a foundation for the concepts directly related to Customer Relationship Management (CRM) and Service Marketing with reference to Emirates airlines. Moreover, it includes a complete section dedicated to the analysis of customer and their buying behaviour in reference to services. The subdivision consists of the description of the characteristics that influence customers' buying behaviour of services. The third chapter called research methodology which describes the research process in detail. As, such, it

discuss the philosophy, type of research, approach and strategy adopted, along with their respective justification.

Moreover it describes the course of action to gather the data. The fourth chapter explains the about the Emirates airline industry, with a focus on the economy class passengers group. This section gathers report analysis where the theories mentioned in the literature review will be applied. In addition, it includes related studies on customer satisfaction in the market, taken as precedents for this research study. Following this, chapter fifth is the most significant as it is related to the presentation and analysis of the interrelated with the previous two chapter to make the finding comparable and consistent.

And the sixth chapter presents comprehensive conclusion drawn from this analysis, as well as recommendations for further study and research. Finely the seventh chapter consist of reflective summary of whole dissertation. To illustrate previously described is shown visually in the following model: 14

Figure 1: Outline of Dissertation
CHAPTER ONE INTRODUCTION
CHAPTER TWO REVIEW OF LITERATURE
CHAPTER THREE EMIRATES AIRLINES INDUSTRY
CHAPTER FOUR RESEARCH METHODOLOGY
CHAPTER FIVE FINDINGS AND ANALYSIS OF DATA
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CHAPTER: 2 LITERATURE REVIEW
2. 1 Introduction
In many services industries especially in airline industry, firms are valued based on size of

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their customer base, a certain number of customers that are considered the current customer of that firm. These current customer relationships of a provider represent revenue and profit potential for the provider. As a consequence they try to prevent the loss of these customers and strive for customer retention. Both customer retention and recovery are based on the belief that acquiring new customers is more expensive than retaining current customers or winning back lost customers. The theme of this chapter is to present the reader with the theoretical foundation on which the research is supported. The roots of this chapter consist of significant literature that explains what is entailed in building customer relationships. Moreover, service marketing theories will also be taken into account and discussed more deeply and interrelated with the previous information, and a focus on the airline industry to show the effects of CRM in this environment. At the end, the Customer Purchase Behaviour framework will be discussed in order to better understand the concepts of customer satisfaction and brand loyalty. On the basis of all combined information discussed will provide a complete insight of the topic in question to the reader. In nutshell, when combined with the following chapter on the Airline industry, it will help analyze the empirical data and answer the research questions of the study. According to Angoujard (2005) service providers aiming at managing customer relationships toward value, customers also evaluate the provider's relation behaviours. While in the service profit chain, service quality is the main driver of perceived value from relational perspectives there arise further dimensions of the customer perceptions of a provider and its services. Airline passengers value airlines based on their flyer programmes. Such aspect that can be important drivers

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of customer behavior but are not part of single interactions and are not covered by service quality dimensions. The following chapter will be giving a general view about the customer relationships. Moreover, service marketing theories will also take into account and discussed more deeply and focus on the Emirates airlines to show the effects of customer relationship management in this environment.

At the end, Customer Purchase Behaviour framework will be discussed in order to better understand the concepts of customer satisfaction and brand loyalty. In addition when combined with the following chapter on the Emirates airlines, it will help to analyze the empirical data and answer the research questions of the study.

2. 2 Customer Relationship Management (CRM) Definitions:

Customer Relationship Management has greatly evolved throughout the year as a philosophy, attitude and systematic process. The reason for this is derived from the application of this concept in almost every element of business that involves interaction with customers.

In current times, it can be defined as the technological tools and structure available to firms to help maintain their customer relationships and keep their promises to them. However, in practice CRM is much more complex than that. According to Susan (2006) Customer Relationship Management (CRM) refers to the methodologies and tools that enable businesses manage customer relationships in an organized way. For some business, Customer Relationship Management (CRM) includes: processes that help identify and target their best customer, generate quality sales leads, and plan and implement marketing campaigns with clear goals and objectives, processes

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that help from individualized relationships with customer (to improve customer satisfaction) and provide the highest level of customer service to the most profitable customers, processes that provide employees with the information they need to know their customers' wants and needs, and build relationships between the company and its customers. Customer Relationship management tools include software and browser-based application (technology) that collect and organize information about customers. For instance as part of their CRM strategy, a business might use a database of customer information to help construct satisfaction survey, or decide which new product or service their customers might be interested in. According to Payne, new CRM approach, whilst recognising key marketing mix elements such as product, price, promotion and place need to be addressed, reflects the need to create an integrated cross-functional focus on marketing ??? one which emphasises keeping as well as winning customers. The focus is shifting from customer acquisition to customer retention. The adaptation of CRM is being fuelled by recognition that long-term relationships with customer are one of the most important assets of an organisation and that information ??? enabled system must be developed that will give them customer ownership. According to Voneche, (2005) successful customer ownership will create competitive advantage and result in improved customer retention, loyalty and profitability for the company. Therefore, the new Customer Relationship Management paradigm reflects a change from traditional marketing to what is now being described as 'customer management'. According to Injazz and Popvich's, (2003) Customer Relationship Management (CRM) is the "Combination of people processes

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and technology that seeks to understand a company's 18 customer". Its complexity and degree of success rely on the level of integration with which organisations adopt this approach for managing relationships, where the main focus is on customer retention and loyalty. " Customer relationship management (CRM) is a business strategy that aims to understand, anticipate and manage the needs of an organisation's current and potential customers. It is a journey of strategic, process, organisational and technical change whereby a company seeks o better manage its own enterprise around customer behaviours. It entails acquiring and developing knowledge about one's customers and using this information across the various touch points to balance revenue and profits with maximum customer satisfaction. CRM applications are those that focus on relationships, rather than transactions" Accenture (2002), reported that Customer Relationship Management (CRM) as the process of acquiring, developing and retaining satisfied customer loyalty, in order to achieve profitable growth and create economic value through brands.

They also emphasize on integrating firms' capabilities to deliver the satisfaction that will develop and maintain customer relationships. Taking this into account, there is no doubt that as a business strategy it influences each element of a company, from marketing and operations to R&D, finance and most recently the Internet, in order to maximize profitability of customer interactions. 2. 2. 1 Evolution and Lifecycle Customer Relationship Management (CRM) could also be referred such as relationship marketing and customer management is concerned with the creation, development and

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enhancement of individualised customer relationships with carefully targeted customers and customer groups resulting in maximizing their total customer life-time value (Payne). 19 According to Jobber, (2001) as the key shift from activities concerned with attracting customers to those on current customers and how to retain them. Moreover, this idea of marketing is based on the principle that customer retention influences profitability in that it is more efficient to maintain relationships with existing customers than creating new ones and the development of these relationships consists on two conditions.

On one hand, relationship has to be mutually rewarding and beneficial. On the other hand, both parties have to commit to this bond, implying for the need of trust to achieve long-term satisfied relationships. As the Jobber (2001) mentioned the issue of trust in a way that, it is a critical factor for firms to increase satisfaction and strengthens the ties between their organisations and their customers to run the business smoothly and profitably. Furthermore, Relationship Marketing was developed on the basis that the customers have different needs, preferences, purchase behaviour and price sensitivity (Injazz and Popovich 003). In a general proposed method of Relationship Marketing the first stage is identification of client or customer and than understands client or customer behaviour with their needs, preference, habits and desires. The information obtained form client or customer gives clues to in order to implement the marketing campaigns and business strategies. Than start managing the customer relationship by first performing direct customer interaction and then continually integrating

all relevant interaction or dialogue that occurs across passive and active network of client channels.

In order to dynamically maintain the client life cycle, the relevant client dialogue must be captured and customized for the best possible future action. Ultimately, the vision is to build a one-to-one communication such that the most valuable customer is treated differently by providing customized products and services. The sequential chain of events of marketing 20 practices therefore developed from mass marketing to target and one-to-one communications. This enables firms to understand their clients and to mould their offering accordingly and capitalize on the value of their customer base Angoujard (2005). In other words, CRM is based on customer profitability, lifetime value, satisfaction, retention and relationship marketing. Traditional focus of marketing has been on winning customers, with an emphasis on the value of an individual sale. This transactional approach has increasingly been replaced by a relationship marketing approach, emphasizing the value of long-term relationships and repeat purchases. In the former, the approach is impersonal, rule oriented and directed to short-term customer satisfaction, whilst the latter emphasize long-term relationship building (Jobber 2001). Customer Relationship Management (CRM) emerged as a tool designed for tailoring customer communications. In its infancy, this tool consisted on systems that contain a series of service- based applications that were specifically used for sales, marketing and business functions (Harris, 2003). In the end it is based on databases containing customer information and sales force automation

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systems that could integrate sales and marketing efforts for better targeting in market. In the end integration is the key factor in any organisation. The starting point of any business strategy must start with having a clearly defined position on how to view customers justified by the need of organisations to be customer-focused.

From there, the strategies and organisational changes to support it need to be accepted. According to Piercy (2002) difference between marketing and market-led strategies is that the latter is a process where everyone in the organisation participates, not just the marketing department, and how firms can truly deliver customer value. Moreover, it is only with integration that the technology implemented will be functional and valuable for the company. 21 2. 2. 2 Implication In any firm the adaptation of Customer Relationship Management (CRM) brings the senior management into considerations.

When CRM is well understood as a concept, many board-level managers are still unclear as to how a particular approach should be cost-effectively implemented and what technology, process and people should be adopted (Payne 2006). 2. 2. 3 Processes Gronroos, C. (2000) argued that there are specific areas within organisations that need to be re-engineered to achieve this customer-driven approach of Customer Relationship Management (CRM). In order to centre a firm's business model around the customers, business processes need to be redesigned so they help develop and maintain relationships.

To start the organisational culture for this change to permeate all members and activities in this way firms are enabled to overcome resistance to change. Although it is known that this is almost predictable to some extent, even at top management levels, the gains from such transformation are not only worth the investment but almost a requirement in today's marketplace.

2. 2. 4 Technology Advancement in technology in today's market is very essential and ever more varied to facilitate the integration of business functions and incorporate new methods to bridge company with customers.

More than ever before, firms are empowered to collect and analyse customer data and patterns, understand behaviour, have effective and on-line customised communication, and deliver added value. In addition, the cost-effectiveness resulting from CRM solutions is greater in comparison to former or older network technologies (Injazz & Popovich, 2003). Moreover, the quality of information gathered and the right use of it can change everything from 22 poor to profitable interactions with customers. In this sense, the appropriate infrastructure to CRM applications is needed for the information to flow within the company and be effectively managed. More recently, the Internet has become an integral part within this communication means due to its ability to build customer relationships (Injazz & Popovich, 2003); at the same time, intranet networks have helped firms in the inter-company dissemination of customer information. The reach of customer access and the growth of e-commerce, along with its efficiency and effectiveness, are just few of the reasons. 2. 2. 5 People One of the most critical changes in

marketing thought that has occurred over the last two decades has been the recognition that ' people are the brand'.

Hence the significant attention that is now paid to attracting, training and motivating employees who can share the values of the business and project those values at every point of customer and consumer interaction (Peck et al 1999). The proper functioning of Customer Relationship Management (CRM) begins with the adaptation of customer-driven approach to business. This attitude needs to come from the organisational culture in order to reach every corner of the business. This way all employees who at the end are the cornerstones of building customer relationships (Injazz & Popovich, 2003). All these changes within the organisation require a solid commitment from management level to meet the end of the line. As Jobber (2001) argues, education and training programs must be applied to enhance the skills and motivation of all the staff.

2. 2. 6 Advantages According to Angoujard (2005) the higher revenues and lower or profitable operational costs derived from strong and beneficial customer relationships translate into greater retention and loyalty rates, which in the end help build stronger and enduring brands. For company the gains consist of knowing what products or services are important or demanded. On the other end, customers receive a sort of special treatment, true value, and a consistent and efficient service, leading them to build their trust in the firm and feed the relationship.

2. 3 Service Marketing Definition The notion of the process outcome leads to one of the other service characteristics mentioned most often: services are intangible. Especially compared to the outcome of the production process in the

consumer goods industry, i. e. the produced good, this difference becomes obvious. Services consist of intangible activities of fast consumption purchased in an interactive process seeking to create customer satisfaction.

Here, the intangibility of the offer surfaces as the most relevant factor from which the others are drawn. Indeed, this is determinant for creating a satisfactory experience for the customer, who receives its benefits in an intangible form as a result of the interaction with the service provider (Kasper et al 1999). Lovelock and Wirtz (2004) in "Service Marketing: People Technology and Strategy" that service product typically consists of core product bundled with a variety of additional service elements. The core elements respond to the customers' need for a basic benefit, whereas the additional services facilitate and enhance use of the core service. Adding additional elements or increasing the level of performance can add value to the core product and enable the service provider to take a distinctive advantage over the rivals, and that can attract the customer satisfaction and retain them loyal.

2. 3. 1 Intangibility 24 Intangibility can be evaluated only after purchase or consumption makes service providers need to use tangible indications towards the quality of the offer. The efficiency in this task will make the difference between one supplier and its competitors.

Different services carry different degrees of intangibility. Because of their intangibility service capacities can decay, i. e. services are perishable and cannot be stored. In this case, transportation being a service could not be offered without the tangible features such as the means itself and its people.

Therefore, these factors become the challenge service suppliers have to deal

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with to offer the quality and experience customers demand and expect. Furthermore services are consumed and produced simultaneously. Quiet the contrary, when a flight is over the service is already consumed (Clark et al 1996). . 3. 2 Inseparability As a result of their intangibility, service are also characterised by being consumed as they are produced. This brings out two important facts highlighted by Kasper et al. (1999): one, customers are intrinsic participants in the production of services since, as in contrast with tangible products, the interaction between client and supplier is needed for the service to be delivered. Second, the relevance of the provider is enhanced as a determinant of customer satisfaction. In other words, the time, place and right way of providing a service, hence the provider, play an important role in he customer's perception of its quality and experience. Furthermore, Kasper et al. (1999) state that this feature also relates to services being affected by human beings in three levels: the environment where the service takes place, the staff involved, and the end consumer. Moreover, they argue that all parties involved can affect that value aimed to be provided and the one expected, therefore every detail counts in the interactive process. For this reason, Jobber (2001) focuses on the selection, training and rewarding of staff as 25 fundamental for achieving high quality standards. Also, an element of great importance is the eed to avoid inter-customer conflict so the environment in which the service is being provided makes the experience satisfactory. Finally, customers should not be underestimated as their interaction and feedback consequently shapes the offer, and ultimately determines the profitability of firms. 2. 3. 3 Variability It is difficult to evaluate the quality of service as is also difficult to control the

constancy of the service itself when provided. In this sense, variability refers to the degree of standardization that services must have to always supply the same quality and experience, providing a satisfaction level to emerge loyalty (Kasper et al. , 1999). Services are difficult to regulate since variables such as people, staff, customers, environment, time and place influence the outcome, as simultaneous as the service itself. In addition, customers will inevitably use objective and subjective criteria to judge services, both of which need to be considered by firms. This will enable a proper understanding of consumer behaviour and how satisfaction can be created (Kasper et al. , 1999). As before, Jobber (2001) emphasizes the need for effective human resources efforts in the selection, training and rewarding of personnel.

Also, the appropriate use of evaluation systems is essential to allow firms to grasp the gap between what is being offered and how actually it is being offered during the interaction with customers. Perishability: 26 The last of the four defining elements of services is concerned with the issue of matching supply and demand. In the light of this, the more intangible the service, the more perishable it becomes and the need for organisations to manage the fluctuation of capacity. Since the purchase of services cannot be stored for the future but rather is a simultaneous process of production and consumption, all variables discussed, including companies' competences and efforts have to be managed to cope with these dynamic changes (Jobber, 2001). If applied to the airline industry, for example, methods such as multi-tasking of employees, use of part-time staff, stimulation of off-peak demand

are among other capabilities that need to be at hand of airline carriers to try and maintain a balance of these four service characteristics. Such will prevent the experience of satisfaction wanted to be delivered from being negatively affected. 2. 3. 4 Market Orientation:

The importance of understanding customers and developing relationships with them is enhanced. When the setting is international such as, in the case of most airline carriers, this task is essential for marketing services successfully, managing quality, productivity, staff, customers and positioning. Nevertheless, customer relationship can be considered the most important aspect and certainly the most difficult to manage. The reason for being the different needs and demands among customers that vary according to the type of service. It has been stated that the key to be customer-focused is based on offering value (Piercy, 2002).

However, the value also differs between customers. Therefore, when managing customer relationships, the interaction needs to give firms the understanding of what really is important to the customer. To better explain this and in reference to the appendix 3, the airline industry's 27 commercial service falls into the standard augmented service category. This means that, apart from the service of transportation itself, carriers must add other services of relevance to customers that will make them choose a particular company from the rest, in the light of the perceived value it offers.

In addition, Economy class travellers have different expectations and demands than other passenger targets. Hence, the need for organisations is

to decide on its differentiated service. On the other hand, a high degree of customization cannot be achieved in this case, at least in general terms. The reason being the wide variety of customer clusters these companies appeal to and seek to serve. However, the core service package can be improved and those provided to specific clusters i. e. loyalty program customer base, can be differentiated and delivered with “ added value”. This must be done firstly from customers’ perspective and