

## Research note

## Perceptions of visitor relationship marketing opportunities by destination marketers: An importance-performance analysis

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## ARTICLE INFO

## Article history:

Received 14 November 2011

Accepted 28 November 2011

## Keywords:

Customer relationship marketing  
CRMVisitor relationship marketing  
VRMDestination marketing organisations  
Importance-performance analysis

## ABSTRACT

Customer relationship marketing (CRM) initiatives are increasingly being adopted by businesses in the attempt to enhance brand loyalty and stimulate repeat purchases. The purpose of this study was to examine the extent to which destination marketing organisations (DMOs) around the world have developed a visitor relationship marketing (VRM) orientation. The proposition underpinning the study is that maintaining meaningful dialogue with previous visitors in some markets would represent a more efficient use of resources than above the line advertising to attract new visitors. Importance-performance analysis was utilised to measure destination marketers' perceptions of the efficacy of CRM initiatives, and then rate their own organisation's performance across the same range of initiatives. A key finding was that mean importance was higher than perceived performance for every item. While the small sample limits generalisability, in general there appears to be a lack of strategic intent by DMOs to invest in VRM.

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## 1. Introduction

Customer relationship marketing (CRM) has become one of the fastest growing practices within business (Raman, Wittmann, & Rauseo, 2006). CRM is a customer-orientated and cross-functional business strategy process integrated with business technology (Goldenberg, 2000), rather than merely a software package (Harker & Egan, 2006), to enhance an organisation's ability to create ongoing relationships with high yield customers, which is considered more cost-effective than a series of one-off transactions with new customers. The key goals are to create and enhance brand loyalty, increase customer retention, and stimulate repeat purchases (Chang, Yen, Ku, & Young, 2002; Marchand, 2006; Ozgener & Iraz, 2006). By increasing customer loyalty, value is added to the life of the customer (Beaujean, Davidson, & Madge, 2006) and reduces the overall cost of marketing (Ozgener & Iraz, 2006). This reduced cost is emphasised by the suggestion that it is at least five times more cost-effective for an organisation to retain existing customers, as opposed to continually acquiring new ones (Ozgener & Iraz, 2006).

Of interest to this study was the proposition by Pike (2007) that maintaining meaningful dialogue with previous visitors is a more

efficient use of resources for destination marketers than traditional above the line advertising to attract a continual stream of new visitors. This is an important consideration given most destination marketing organisations (DMO) must use scarce resources for marketing communications across an increasingly fragmented media space, in multiple and diverse markets of interest to stakeholders, and in ways that effectively positions the destination against an almost unlimited range of direct and indirect competitors. Pike's qualitative research explored the extent to which regional tourism organisations (RTO) in Australia were employing visitor relationship marketing (VRM) initiatives in their most important domestic market. While all the senior management of the RTOs acknowledged the potential for VRM in the future, the key findings included: i) the inability of RTOs to track repeat visitors, ii) a lack of communication with previous visitors, and iii) the assumption that accommodation operators were engaged in CRM. The purpose of this study was to extend Pike's research by examining the extent to which DMOs in other parts of the world have adopted a VRM orientation and implemented VRM initiatives.

In increasingly competitive tourism markets, travellers have an almost unlimited choice of destinations. However, research has shown (see Crompton, 1992; Pike, 2006 and Woodside & Sherrell, 1977) that there are only two to six destinations within a consumers' evoked set, which they will seriously consider during decision making. An advantage for a destination in a consumers' decision set is an increase in the propensity of a consumer to visit

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that destination (Pike, 2006). Pike's longitudinal study, which found a relationship between previous visitation and decision set membership, supported previous research indicating the more familiar a consumer is with the destination, the greater the propensity to return in the future (see Fakeye & Crompton, 1991; Milman & Pizam, 1995). For some travel segments, such as short breaks to near home destinations there are high levels of repeat visitation. In Australia, for example, the Victorian state tourism organisation reported up to 90% New Zealand visitors had previously visited Australia, along with 60% of Singaporean visitors and 10% of Japanese visitors (Harris, Jago, & King, 2005). Similarly, Tourism Queensland (2006) found 93% of New Zealanders were repeat visitors.

It is proposed therefore that VRM represents a potentially cost-effective means of capitalising on existing brand loyalty. However, while the concept of CRM has been widely accepted in the literature there has been a lack of research related to practical applications by destination marketers (Fyall, Callod, and Edwards (2003). The purpose of this study was to examine the extent to which destination marketing organisations (DMOs) around the world have developed a VRM orientation.

## 2. Methodology

The sample frame was a database of 1435 DMOs, which was developed for this study from an online search. The database included representation of DMOs at different levels, which were national tourism organisations (NTO) worldwide, state tourism organisations (STO) in the USA, Canada and Australia, regional tourism organisations (RTO), regional tourism boards (RTB) visitor/

tourist information centres (VIC/TIC) in the United Kingdom, Australia and New Zealand, and convention and visitors bureaus (CVB) in the USA and Canada.

A questionnaire was developed with the aim of understanding destination marketers' perceptions of the importance of CRM initiatives, as well as their perceptions of firm performance, to enable an Importance-performance analysis (IPA). Developed by Martilla and James (1977), IPA enables a simple graphic representation of data that is easily interpreted by practitioners with little research training. An example of the IPA matrix is presented in Fig. 1. The cross-hairs can be placed using the discretion of the researcher in terms of providing the greatest insight. Previous placements include either using the grand means of the scales, the median of the scales, or the scale midpoint (Bruyere, Rodriguez, & Vaske, 2002). The use of IPA has been widely reported in the tourism marketing literature (see for example Crompton, 1979; Crompton & Duray, 1985; Hollenhorst, Olson, & Fortney, 1992; Hudson & Shephard, 1998; O'Neill & Charters, 2000; Uysal, Chen, & Williams, 2000; Pike, 2002).

No VRM scale index had been reported at the time of the study. Therefore a review of critical success factors (CSFs) from the wider CRM literature was conducted, identifying 42 attributes (see Bose, 2002; Bielski, 2003; Beaujean et al., 2006; King & Burgess, 2006; Lin, Lin, Huang, & Kuo, 2006; Ozgener & Iraz, 2006; Marchand, 2006; Raman et al., 2006; Wilson, Daniel, & McDonald, 2002). These attributes, when compared to a list of 78 attributes compiled by Sin, Tse, and Yim (2005), were similar. Sin et al. (2005) reduced the list to 23 items using factor analysis, before a final 18 item scale was implemented. As this was an exploratory study in a different context, the 23 item scale was deemed the

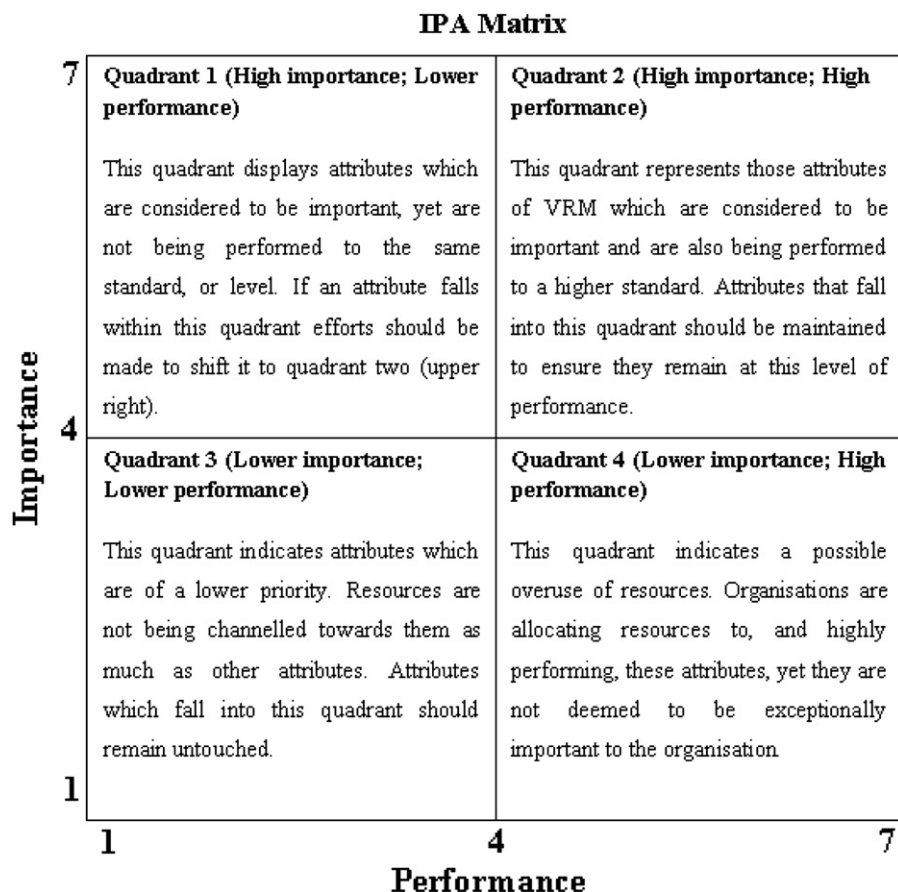


Fig. 1. Importance-performance matrix. Adapted from Martilla and James (1977).

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