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**A STUDY ON TOURISM INDUSTRIES AND  
CUSTOMER RELATIONSHIP MARKETING**

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# A Study on Tourism Industries and Customer Relationship Marketing

Onkar Nath Mehra

KEISIE International University

**Abstract – Tourism in India has registered significant growth in the recent years. In 1951, international tourist arrival stood at around 17 thousand only while the same has now gone up to 3.91 million in 2005. The upward trend is expected to remain firm in the coming years. Tourism is the third largest net earner of foreign exchange for the country recording earnings of US\$ 5731 million in 2005, a growth of 20.2 percent over 2004.**

**Tourism is also one of the sectors, which employs the largest number of manpower. According to the Ministry of Tourism, during January - December of the calendar year 2006 total tourist inflow stood at 44,299,15 as against 39,186,10 in the same period of the last year.**

**Keywords: Tourism, Tourist, Marketing, Customer Relationship**

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## INTRODUCTION

Indian tourism is one of the most diverse products on the global scene. India has 26 world heritage sites. It is divided into 25 bio-geographic

zones and has wide ranging eco-tourism products. Apart from this, India has a 6,000 km coastline and dozens of beaches. India's great ethnic diversity translates into a wide variety of cuisine and culture. India also has a large number of villages, plantations and adventure locations. India is home to a great variety of wildlife and its reserves are well known throughout the world. It also has one of the world's biggest railway systems opening possibilities for those interested in rail tourism. India also has excellent hospitals offering affordable Medicare and traditional healthcare systems like Ayurveda. In addition to this India organizes numerous fairs and festivals, which are quite attractive to foreigners. According to the World Travel and Tourism Council, India's travel and tourism (T&T) industry is expected to contribute 2.1 percent to Gross Domestic Product in 2006 (INR 713.8 billion or US\$16.3 billion).

In the first half of the Annual Plan period of 2005-2006, the Ministry of Tourism has taken several initiatives in the field of infrastructure development and positioning Indian tourism as a major engine for economic growth.

## These include:

- Emphasis for developing the existing and new destinations to world-class standards.
- Improvement of connectivity to important destinations
- Identification of 10-15 new destinations/circuits by each state/UT for development to world class standard with all the required infrastructure components
- Tourism industry in India is on a great boom at the moment. India has tremendous potential to become a major global tourist destination and Indian tourism industry is exploiting this potential to the hilt. Travel and tourism industry is the second highest foreign exchange earner for India, and the government has given travel & tourism organizations export house status. The buoyancy in the Indian tourism industry can be attributed to several factors.
- Firstly, the tremendous growth of Indian economy has resulted in more disposable income in the hands of middle class, thereby prompting increasingly large number of people to spend money on vacations abroad or at home.

- Secondly, India is a booming IT hub and more and more people are coming to India on business trips.
- Thirdly, aggressive advertising campaign "Incredible India" by Tourism Ministry has played a major role in changing the image of India from that of the land of snake charmers to a hot and happening place and has sparked renewed interest among foreign travelers.

Tourism industry's contribution to Indian industry is immense. Tourism is one of the main foreign exchange earners and contributes to the economy indirectly through its linkages with other sectors like horticulture, agriculture, poultry, handicrafts and construction. Tourism industry also provides employment to millions of people in India both directly and indirectly through its linkage with other sectors of the economy. According to an estimate total direct employment in the tourism sector is around 20 million.

Travel & tourism industry in India is marked by considerable government presence. Each state has a tourism corporation, which runs a chain of hotels/ rest houses and operates package tours, while the central government runs the India Tourism Development Corporation. It is difficult for us to have a command on the cyclic movement of fashion, needs and requirements and the lifestyles.

The process of change is, of course, influenced by the law of nature which forces us to welcome a change. If we delay, the seeds of dissatisfaction and monotony, get a conducive nexus for their germination and development. Hence to control or regulate the process, we allow a change which influences our decision marketing behavior and forces us to welcome a change of place. It was against this background that the traveling was transformed into a business and of late is an industry. The process of transformation has witnessed a number of ups and downs in almost all the areas.

Right from the very beginning of culture and civilization, we find the process of change continuing, of course as a pilgrimage. There is no doubt in it that the Roman Empire injected life, strength and continuity to traveling and therefore, the credibility for the development of tourism industry ultimately goes to them.

## OBJECTIVES OF THE STUDY

The objectives of the study are mentioned below:

- To study the role & importance of relationship marketing in Tourism sector in India.
- To collect the useful data from the tourists through primary & secondary survey.

- To analyze the practice of relationship marketing through web based services in the selected organization dealing in tourism services in Indian perspective.
- To analysis the respondents satisfactions with selected Units under study.

## REVIEW OF RELATED LITERATURE

In the current tourism companies have found it necessary to win the loyalty of the reduced number of customers. As such they need to reorient their thinking away from merely attracting tourists. This is due to the need to reduce the cost of acquiring tourists.

Buttle (2006) notes that there are the direct costs of the successful conversion of a prospect into a tourist as well as the costs of unsuccessful prospecting. Thus, keeping tourists loyal is a sensible business strategy. Price Waterhouse calculated that a 2% increase in customer retention is equivalent to a 10% reduction in costs (Caterer & Hotelkeeper, 2000). As such an awareness of the lifetime value of tourists is growing.

Gilbert (2001) argues that the life -time value of retaining tourists enables the costs of conversion of the prospect to be set against the revenues earned over the longer term. Sales and profits will also improve in direct proportion to the length of time a relationship lasts.

According to Connolly and Olson (2000), Information and Communications Technology is the single greatest force affecting change in the tourist industry.

Buhalis (2008) attributes this trend to both the rapid advances in technology as well as the increasing demands of the tourists who look forward to flexible communication with principals. While ITs were used in the tourist industry from the late seventies in the form of Computerized Reservation systems and Global distribution systems, it was only in the 90s that the ITs began to make a difference in the tourist sector (Cooper et al, 2008).

The variations in the rate of adoption of new technologies have been studied from different perspectives over the years. A large number of studies [eg. Rogers (2005), Tornatzky and Fleischer (2000)] have focused on the intention to adopt variable to indicate the difference in adoption levels. This variable effectively describes a firm's intention to adopt or not adopt a new technology. This construct however does not necessarily look at the enterprise's propensity to adopt. The propensity to adopt is reflected in the time taken by an enterprise before adopting a technology. The propensity of adoption has also received sufficient research attention over the years [e.g. Rose and Joskov (2000), Nambisan and Wang (2000)]. By proposing expectation disconfirmation as the sole determinant of satisfaction, this theory does not

account for the fact that the confirmation of high expectations is more likely to lead to satisfaction than the confirmation of low expectations. Although promising, the desire disconfirmation model has not been properly operationalized and tested. It is also not clear which comparison standard, expectation or desire, is more dominant in determining satisfaction.

## **RESEARCH METHODOLOGY**

The data for the study was collected from two sources- Primary and Secondary. Primary data was collected through questionnaires. Structured questionnaire was used for this purpose. Separate questionnaires were designed for the respondents namely domestic tourists, foreign tourists, tour operators and hotels. The questionnaire elicited data with regard to the identified variables. Interviews were held with officials of the tourism department as well as supportive government agencies. Secondary data were collected from books, journals and other published documents.

The respondents for the study consisted of tourists, tour operators and hoteliers. Based on the variability in the population, the sample size was fixed considering segments in its constitution. A sample of 120 tourists were found appropriate by giving due representation to all possible variables in the population of each state. Thus 120 tourists were selected. Multi-stage sampling was used for the study. Besides, supportive industries like hotels and tour operators were included. 34 tour operators and 46 hotels were included as respondents for the study. However, there were only 34 tour operators in the sample representing both the States together. The reason for the same was that the tour operators, operating in both the States were common and would hold identical perception.

All data were analyzed with the help of statistical tools like averages, standard deviation, Spearman's rank correlation, t test, f test, z test, chi square test regression analysis and SPSS. T test, f test, z test were used to test the hypotheses. Ranking tables were used to identify most dominant factors. Spearman's rank correlation was used to ascertain association between ranking of the respondents.

## **CONCLUSION**

It is obvious to the current writer that the key to the future growth and improvement in Internet tourism marketing lies in tourism organizations. The market conditions and web technologies are improving steadily and a conducive legal and social environment is starting to take shape, it is now up to tourism organizations to seize and exploit the opportunities created by such changes to its full potential. Therefore, the crucial question for academic researchers and practitioners in future research is how

tourism organizations can take advantage of the changes and opportunities brought about by the Internet.

To offer a prescriptive list of policy recommendations is neither feasible, because it requires a thorough understanding of all relevant issues including expertise in technology, tourism, marketing and a keen awareness of all new developments in both IT and tourism, nor necessary since different tourism businesses have different resources and operate in different settings. Instead, an attempt is made here to discuss issues that are both important and with wide applicability. Three interwoven cognitive issues are highlighted below to emphasize the significance of changing the mentality of tourism organizations to preparing for the new virtual business environment.

In order to market tourism products successfully on the Internet, a tourism organization must first of all have a strategic vision whereby it can fully comprehend the changing market space, from physical to both physical and virtual, and the underlying forces shaping this new

marketing space. The Internet has altered forever the tourism marketing system and its environment, no tourism business can escape its impacts but companies willing to become engaged in Internet and embrace Net commerce should find more opportunities while those still pretend that the internet is a bad dream, such as some travel agencies, will be left with all the threats. Whether an organization likes it or not, the Internet is here to stay and is going to dominate tourism marketing. Andy Grove, the Chairman of Intel, has been widely quoted as saying that in five years' time all companies will be Internet companies or they won't be companies at all.

## **SIGNIFICANCE OF THE STUDY**

The total foreign exchange earnings earned during January - December of the calendar year 2006 stood at US\$ 6569.34 million against US\$ 5730.86 million for the same period in 2005.

Tourism sector holds immense potential for Indian economy. It can provide impetus to other industries through backward and forward linkages and can generate huge revenue earnings for the country. In the recent 2007-08 budget, the provision for building tourist infrastructure has been increased from US\$ 95.6 million in 2006-07 to US\$ 117.5 million in 2007-08.

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