

**Hapai development examination report:  
for a newly established travel agency**

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## **Customer Retention in Tourism Industry**

Customer retention is the strategic process to maintain the long-term relationships between customers and business for customers' loyalty Sharma et al. (2023). It enhances profitability by increasing purchases and reducing customer churn, which is critical in the competitive tourism sector. It enables customer relationship management (CRM) data to strengthen customer trust and emotional connection to the brand So et al. (2023).

Customer retention is critical in the tourism industry due to its competitive bringing. High retention rate reduces customers' costs and businesses' profitability. CRM systems play a key role by enabling personalized interactions and services, thereby, it strengthen long-term relationships. Sharma et al. (2023) emphasize that the effective CRM strategies enhance retention by leveraging data.

The strategies in tourism include personalized communication and proactive service recovery. Proactive activities through social media campaigns and travel inspiration content ensures customers' connecting to the brand. J. Kim et al. (2023) highlight that loyalty programs, supported by CRM analytics, significantly enhance retention by emotional attachment. Shafiee et al. (2023) note that over-reliance on automated CRM causes risks lacking empathy and reducing retention effectiveness.

### **Building Relationships with Customers**

Building trust-based relationships is key to customer retention. It focuses on long-term emotional and behavioral loyalty rather than just transactions. The quality of the relationship between a customer and a business directly affects customer satisfaction and repeat purchase intention Barusman, Rulian, and Susanto (2019). For travel agency websites, the priority should be leveraging CRM systems to systematically build and deepen customer relationships from every interaction, focusing on mutual, long-term partnerships rather than short-term sales.

### ***Comprehensive Customer Data Integration and Segmentation***

Description: This forms the infrastructure of relationship building. The CRM system must act as the central data hub—collecting, integrating, and analyzing customer data from all touchpoints such as website activity, purchase history, email interactions, social media engagement, and customer service records. These data points help build a 360-degree view of each customer. Segmentation should consider both psychographic factors (e.g., values, lifestyles) and behavioral patterns (e.g., spending habits, travel preferences).

Importance: Deep customer understanding is the prerequisite for all personalization and relationship-building efforts. As M. Singh (2017) noted, a core function of CRM is "to know and identify the customer." Without accurate customer profiles, communication efforts are essentially blind. Precise segmentation enables travel agencies to practice "customer selectivity," tailoring marketing strategies and resource allocation to different customer groups instead of using a one-size-fits-all approach. For instance, luxury packages can be promoted to high-value clients, while cost-effective options are offered to occasional travelers Liao, Yang, and Wu (2023). This precision increases marketing effectiveness and helps customers feel understood—laying the first step toward lasting relationships.

### ***Hyper-Personalized Website and Communication Experiences***

Description: With deep customer insights in hand, the next step is to provide hyper-personalized experiences at every touchpoint. Websites should dynamically adjust content, such as personalized greetings ("Welcome back, Mr. Wang! Ready for your next island getaway?"), exclusive offers based on loyalty level, or customized emails, texts, and app notifications Casaca and Miguel (2024).

Importance: Personalization is the most powerful expression of customer relationships. It signals, "We know you and value you," boosting perceived value and business returns Othman, Hashim, and Abdul Aziz (2025). Nguyen, Tan, Nguyen, Nguyen, and Ting (2024) found that in hospitality, organizations using CRM-driven personalization saw up to a 600% increase in cam-

paign conversion rates. In an age where consumers expect tailored experiences, personalization isn't just a competitive edge—it's essential to meeting customer expectations.

### **Offering Incentives**

If building relationships is the foundation of customer retention, then incentives are the catalyst that drives repeat visits and deepens loyalty. Well-designed incentive programs effectively shape customer behavior by increasing their “switching costs,” making them more likely to stay with a brand rather than switch to competitors Lian and Kim (2021). In a competitive market like tourism, they are often seen as the “price of entry.” According to Solutions (2017), 58% of travelers consider loyalty programs when making travel decisions.

### ***Implementing Tiered Loyalty Programs***

Description: This is a structured membership system where the CRM automatically assigns customers to different tiers (e.g., Bronze, Silver, Gold, Platinum) based on their spending, purchase frequency, or level of engagement. Higher tiers offer more exclusive benefits such as better discounts, priority booking, free upgrades, and dedicated customer service.

Importance: These programs tap into customers' desire for status, achievement, and exclusivity. The appeal of better perks encourages customers to concentrate their travel spending with a single agency to attain higher tiers Rahman (2022). In a study on hotel loyalty programs, Tanford (2013) found that behavioral loyalty—measured by the percentage of nights booked with a preferred brand—increased significantly with tier level: 53% for basic members, 66% for mid-tier, and 78% for elite members.

### ***Provide Personalized and Flexible Rewards***

Description: Travel agencies should leverage CRM data to offer rewards that are highly relevant to individual customers. This approach aligns with the concept of “fourth-level loyalty programs,” where incentives are customized based on a customer's purchase history Chetty (2020). For exam-

ple, if the CRM identifies a customer as a family traveler, the agency could offer a complimentary upgrade to a family suite on their next booking. Meanwhile, for a solo traveler with a passion for adventure, a free guided hiking experience could be an ideal reward.

Importance: Personalized rewards are far more impactful than standard discounts. They show that the agency truly understands each customer's lifestyle and preferences, reinforcing the emotional connection between the customer and the brand. This signals that the agency is adapting to the customer—rather than forcing the customer to adapt to a rigid system—which in itself is a powerful tool for relationship maintenance Othman et al. (2025).

### ***Experiential Rewards and Incentive Travel***

Description: For top-value clients, offering non-material, unique “money-can’t-buy” experiences is the ultimate loyalty strategy. The most exclusive form is incentive travel—an all-expenses-paid, carefully curated travel experience Whalen and Bowen (2017).

Importance: Compared to cash, travel rewards deliver much stronger emotional impact. While cash is quickly spent and forgotten, a memorable travel experience creates lasting, emotionally-charged brand associations. Rose (2025) noted that 100% of “best-in-class” companies (with the highest retention and growth rates) use group travel as an incentive. The goal is to make top clients feel deeply valued and emotionally connected to the brand, beyond mere transactions Huang, Wang, and Lin (2022).

### **Keeping Customers Engaged**

In tourism industry, customer interaction is challenged by low purchase frequency—months or even years may pass between trips. This “quiet period” is when customer relationships are most vulnerable, and brands risk being forgotten or replaced Huang et al. (2022). Maintaining meaningful engagement during these gaps is crucial for retention.

### ***Systematic Post-Trip Follow-Up and Feedback Loops***

Description: CRM systems should automatically initiate a structured communication sequence post-trip, typically including: (1) “Welcome Home” email shortly after return, (2) Thank-you message with a feedback survey. (3) User-generated content (UGC) invitation to share photos or stories on social media using a branded hashtag.

Importance: These simple actions convey a powerful message: the agency cares about the entire journey, not just the sale. This builds trust Della Corte, Sciarelli, Cascella, and Del Gaudio (2015). Feedback also provides invaluable insights for improving service quality Y. Kim and Kim (2022). Moreover, UGC serves as compelling social proof. Xu et al. (2021) found that customers trust UGC far more than brand-produced content.

### ***Fostering Online Brand Communities***

Description: Create a dedicated online community—on the agency’s website or social platforms—where past and future travelers can interact, share tips, post reviews, ask questions, find travel buddies, and communicate directly with staff. Importance: Online communities are powerful incubators for deep brand loyalty. They foster a sense of belonging and shared emotion that transcends commercial ties. Community interaction strengthens trust and commitment Guan, Chen, Liu, Liu, and Wu (2022). A well-run, high-quality community makes users loyal to the platform, which eventually translates into brand loyalty. In this way, a fragmented customer base can become a cohesive, active, and deeply loyal brand tribe Bui, Jeng, and Lin (2014).

### ***Addressing Customer Concerns***

This process involves resolving complaints and offering recovery measures to restore trust, the manager tracks issues and response consumed time for simplifying the processes by CRM systems. The efficient services recover relationships and elevate customers’ satisfaction, and it drives more perches, then, it mitigates the negative historic experiences Trebicka and Tartaraj (2023b).

Addressing the concerns of customers is critical in this industry. The positive experiences can cause the sector thriving, while unsolved concerns might lead to negative development, impacting reputation, and then the income of the businesses. Researchers indicate the effective complaint processing enhances the trust and retention of customers. For example, Homburg, Fürst, and Koschate (2010) found that proactive resolving concerns improves customers' satisfaction significantly in service industries.

The strategy of this process includes proactive communication, response with empathy, and an efficient system. Enabling several touching points for customers ensures seamlessly touching across online and physical access. Moreover, to train staffs to exhibit empathy and sensitive is also critical. Researchers highlight that the strategies include personalized apologies and restore customers' confidence T. Kim, Kim, and Kim (2014). Additionally, leveraging information technology, such as CRM systems enabling tracking and analyzing concerns to ensure the customer-centric approach.

However, the tourism industries face several challenges. Staff turnover and seasonal workloads threats the consistent quality the services, which disrupts the concerns resolution. Cultural misunderstandings between servants and tourists from different countries might escalate the complaints. Moreover, the small tourism businesses with limited resources constraint the investment in the systems to manage complaints. Chang, Khan, and Tsai (2012) emphasize that the ineffective communication can exacerbate customers' dissatisfaction during the process. These challenges influence the solutions significantly for diverse contexts in tourism.

Businesses prioritize concern resolution can enhance customers' loyalty, which leads to positive reviews and revisits online, it is critical in the digital age. The robust systems for collecting feedback allow tourism managers to figure out service opportunities to improve. Liu, Zhang, and Keh (2017) suggest that the effective response to the complaint causes higher customer lifetime value. Focusing on concern resolution will outstand the businesses in current competitive environment.

To optimize the process of concern resolution, tourism businesses should adopt several ap-



proaches. Firstly, staff training for enhancing problem-solving skills is the valuable investment. Secondly, to implement a real-time feedback mechanism is critical, such as using mobile applications to handle the instant complaints. Thirdly, to establish a clear protocol to recover the service, including a prompt system to empower the customer service staff. Sparks, So, and Bradley (2016) highlight that proactive complaint handling can mitigate negative effects. Finally, data analysis of concern regularly identifies trends, ensuring consistent customer satisfaction and loyalty.

### **Providing Quality Products or Services**

It involves well-designed travel plans based on customers' requirements from CRM system, ensuring consistent and reliable expectations. High-quality services and products leads to customer satisfaction and encourages repeat purchases So et al. (2023).

Quality products and services is fundamental to customer retention in the tourism industry, because the customer satisfaction relies on memorable and reliable experiences. The perfect travel itineraries influences customers' loyalty and repeat purchases. It also enhances brand reputation, encouraging positive word-of-mouth in an industry. The well-designed CRM systems enable tourism agencies to track customers' preferences and feedback, ensuring expectations. So et al. (2023) emphasize that the quality of service significantly boosts retention by robust trust in tourism.

By leveraging CRM data to customize products and services ensures service consistency. The strategy also includes investing employee training. The high quality travel packages rely on the data analysis of CRM systems. The consistent services' quality depends on standardized processes, while training ensures employees' service with empathy and efficacy. Plus, regular assessments supported by CRM tools identify the improvement of the work. R. Singh et al. (2023) emphasize that aligning service delivers customers' expectations by CRM powered insights and retention in the hotel sector.

The challenges of delivering quality products and services are variety, such as costs, wide-range expectations from customers. Small travel businesses might struggle with investment. Diverse

customer preferences is also a threat for the agencies, especially in across cultural markets. The services depending on external partners, like airlines or local guides, can bring more inconsistencies and unexpected events. Trebicka and Tartaraj (2023a) note that the inconsistent service due to third-party involvement, which can undermine retention efforts.

High-quality products and services lead to long term customer lifetime value and competitive advantage in the markets. Businesses can refine offerings to meet the demands and reduce customer churn. It also can enhance positive reviews online, it is critical for attracting new customers in this digital ages. The CRM powered personalized resources allocation is effective to catch high-value clients. Devesa et al. (2023) suggest that quality based retention enable tourism agencies to establish the sustainable customer relationships and elevate the profitability.

Tourism agencies should integrate real-time feedback sentiment analysis of CRM to monitor service quality and customer satisfaction. The investment for employees deliver consistent and empathetic service is also critical. Using CRM system to integrate the reliable third-part services is also the effective way for tracking staffs' performance. Updating travel products based on CRM insights, like emerging trends. Kumar et al. (2023) suggest to leverage CRM to align service quality with customers' expectations for long-term retention in tourism.

### **Salesforce CRM Evaluation**

### **Existing Technologies Evaluation**

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