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# THE APPLICATION OF IDIC MODEL IN CUSTOMER RELATIONSHIP MANAGEMENT AT TOURISM ACCOMMODATION ESTABLISHMENTS OF 3 STARS OR HIGHER IN VIETNAM

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**CRM** is a term that has become familiar to many businesses, the application of CRM can help businesses develop their relationships with customers; then with the information obtained about the customers, they can offer the Marketing, sales and customer care that are tailored to each individual. From the practical research on CRM in the tourism accommodation of 3 stars or higher, combined with the use of secondary data from the General Tourism Information Center, Hotel Department - Vietnam National Administration of Tourism and the survey report on hospitality industry 2017, the article has commented on the IDIC model in CRM, analyzed and evaluated the status of CRM implementation in the tourism accommodation of 3 stars rating or higher, then proposed the use of the IDIC model in CRM at the tourism accommodation of 3 stars rating or higher in Vietnam.

**Keywords:** CRM, IDIC, Tourism accommodation establishments.

## Introduction

CRM is a term used by US researchers in the 1990s, and over the years CRM has evolved into a platform for management and customer care of businesses. Overseas, CRM has become the lifestyle, corporate culture, and the use of CRM software is no longer strange to them. But in Vietnam, for various reasons, businesses do not know of CRM and still many businesses do not use CRM software as a main tool to take care of customers.

Tourism accommodation business is an attractive field in Vietnam now when its tourism industry is growing. By the end of 2016, there were 21,000 tourism accommodation establishments with over

420,000 rooms (increasing by 2,200 establishments compared to 2015), including 107 five-star hotels with 30,624 rooms, 230 four-star hotels with 29,387 rooms, 442 3-star hotel with 30,902 rooms. According to statistics, by March 2017, Vietnam had 100,000 rooms of 3-5 star hotels catering to tourism needs, including 32,000 hotel rooms up to 5-star standards. The increase in the number of tourism accommodation establishments has created a fierce competition that has made the Vietnamese tourism accommodation market become more active but at the same time has posed a major challenge to the industry. Under the current trend of major hotel corporations in the world, one of the best options is the application of

modern technology to create interesting experiences, improve customer satisfaction and increase business efficiency. In order to satisfy and enhance customer satisfaction, tourism accommodations can only choose to deploy customer relationship management (CRM), as it is a practical, powerful and effective method for maximizing customer satisfaction, maintaining and creating relationships with customers. CRM is not purely associated with business operations but is closely linked with the individual or the power of ideas in every business person.

For Vietnamese tourism accommodation establishments, service policies have been in place to enhance the relationship with customers but there are still complaints. In fact, many tourism accommodation establishments are full of standards of facilities and services but the difference is the staff they are using. The lack of professionalism and lack of friendliness of those who serve in hotels in particular and of people working in the tourism industry in general plus the "press sales" habit have caused bad impressions on both domestic and foreign tourists... So the article "The Application of IDIC model in customer relationship management in the 3-star tourism accommodation establishments in Vietnam" becomes more and more meaningful in both theoretical and practical aspects.

## 1. Literature review and research methods

### 1.1. Literature review

From a theoretical point of view: since the 1990s, CRM theory has begun to shape and become a scientific field of interest to many executives. A study by Evert Gummesson has shown 30 basic relationships that require the management of a business. In Vietnam, the concept of CRM was introduced almost simultaneously with the world, in 1995, 1996.

Nowadays, researchers and administrators at conferences and workshops have developed the theoretical framework of CRM from a variety of approaches. Different views of the CRM researchers include: CRM is a technology solution, CRM is a process that manages all aspects of interaction, CRM is an integrated information system, CRM is a business strategy of the enterprises.

*From a practical point of view:* the leading research organizations such as Nucleus Research conducted extensive CRM surveys on a wide scale and provided the following data: every \$ 1 invested in CRM will generate \$ 8.71 in revenue. A report from The Economist points out that a 66% increase in customer satisfaction is directly related to the use of CRM in the sales team. In addition, according to pipeline.vn statistics in May 2016, the world CRM market is expected to grow to \$ 36.5 billion in 2017, while 2014 forecasts for CRM market in the year 2017 is only \$ 20.6 billion.

In Vietnam, CRM in general and IDIC model in CRM have also been discussed in many seminars and conferences. For example, the 8th Research Conference of the University of Da Nang in 2012 mentioned the content "*application of IDIC model to design and install information system to support customer care*". On the subject of science and education of the Vietnam-Korea Friendship Information Technology College, there was also an article entitled "*Application of IDIC Model to Customer Relationship Management of Truong Hai Automobile Joint Stock Company, Central Vietnam Branch*" by Nguyen Thi Khanh Ha (2015).

These studies have addressed some of the theoretical as well as practical aspects of CRM. However, the study of the application of CRM models in the field of tourism accommodation is a gap that previous studies have not mentioned. Therefore, the research problem of the article becomes more and more urgent in theory and practice.

### 1.2. Research Methods

In the article, the authors use the method of secondary data collection through documents such as books, newspapers, reports, professional journals, proceedings related to CRM and CRM model in IDIC. The authors have collected these materials in articles in newspapers or in specialized journals, seminar proceedings, libraries and related websites such as: CRM Magazine ([www.tapchicrm.com](http://www.tapchicrm.com)), CRM applications in Vietnam ([www.CRMvietnam.com](http://www.CRMvietnam.com)).

The data used in this study are mainly collected from the Tourism Information Center, Hotel

Department- Vietnam National Administration of Tourism, Department of Culture and Sports, survey reports of hospitality industry conducted by Grant Thornton in 2017 and generalized by the authors. A combination of the collected secondary data and comparative, analytical, interpretative and deductive methods is used to clarify the status of CRM implementation in tourism accommodation establishments.

**2. Overview of CRM and IDIC model in CRM**

**2.1. Introduction to CRM**

There are different perspectives on CRM. It reflects the difference in roles, focuses and scopes of the CRM system. There are different understandings about CRM, such as: CRM is a technology solution, CRM is a process that manages all aspects of interaction, CRM is an integrated information system, CRM is a business strategy of the enterprises.

No matter which approach to CRM is used, it must be based on four principles: (1) customers should be administrated as important assets, (2) not all customers are equal, (3) customers differ in needs, tastes, buying behavior, (4) better customer understanding helps enterprises supply better and maximize the value.

Thus, in essence, the concept that considers CRM as a customer-oriented business strategy is most appropriate, specifically: "CRM is a collection of strategic activities to establish, maintain and develop good and long-term relationships between businesses and customers on the basis of adjusting processes that create the benefits of customers and businesses"

Operational process of CRM:

CRM has 5 main points to create a closed circle centred in customers.

- Sales: This can be considered as a major task of CRM, sales involve activities such as: transaction, mail label, email, quotation, appointment, contract, money collection...

- Marketing: Create marketing plans to attract customers to buy products of the company.

- Service: provide the best services to customers such as: gift giving on special purpose to attract customers back to purchase.

- Analysis: When a list of target customers or customers who have bought a product can be created, analysis will be considered the key to the following tasks of Sales, Marketing, Service such as analyzing by age, region, best-seller products, time, ...

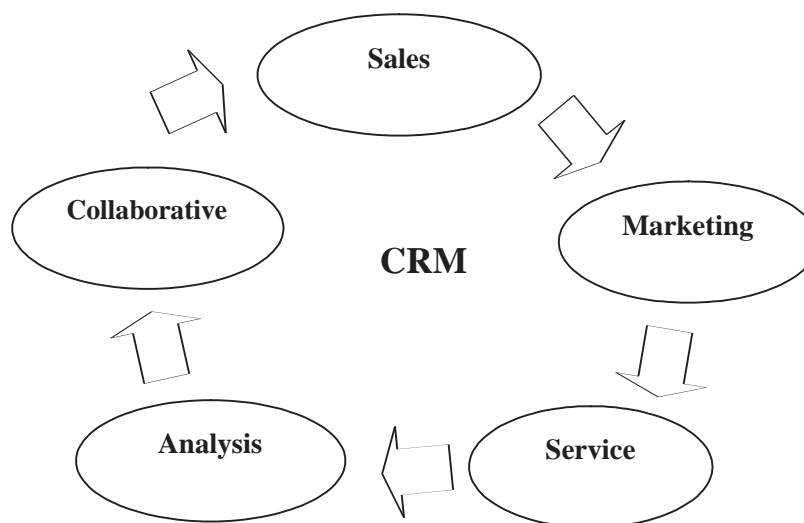
- Collaborative: Provide the ability to deal with customers (phone, email, fax, web, SMS, post, in person). Collaborative CRM is a solution that connects people, processes, and data together so that businesses can better serve and keep their customers.

Requirements of a CRM system: assurance of availability, integration, multitasking, information security, data collection and storage.

**2.2. IDIC model in CRM**

The IDIC model was developed by Peppers and Roger in 2004. This model is considered as the basis of a process of creating a common value, based on marketing and as part of relationship marketing theory (RM: Relationship Marketing ).

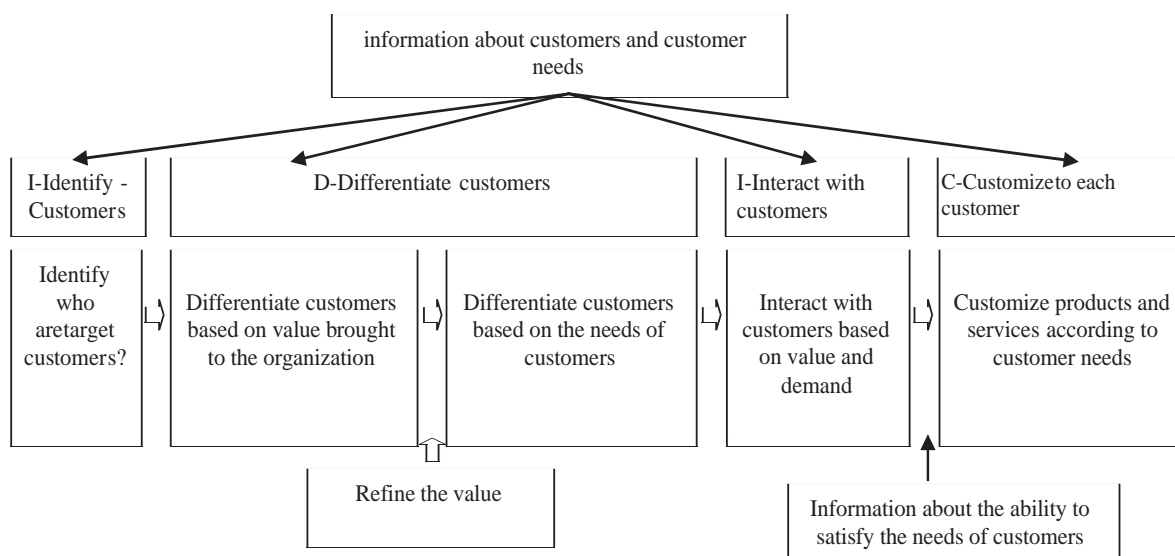
The IDIC model focuses on individual client approaches and steps in the model that ensure the cre-



**Diagram 2.1:** CRM operational process

ation of mutual value and relationships. The contents of the model are concretized as follows:

power of the CRM system must first come from the strategy itself.



**Diagram 2.2:** IDIC model

The IDIC model shows the theoretical steps, which focus on marketing relationships between organizations and customers. This model includes four parts:

- Identify: Determines who are the customers? And build a deep understanding of those customers.
- Differentiate: Differentiate existing customers in order to create customer groups that bring value to businesses and potential customers in the future.

- Interact: Interact with customers to ensure that enterprises understand what customers expect and how they relate with other suppliers or what brand values they can bring to the business.

- Customize: Provide customization and communication to ensure that the desires of the customers are met.

Conditions for deploying IDIC model in enterprises: To successfully deploy IDIC model in enterprises, there must be a harmonious combination of such conditions as strategy, technology and resources.

- Strategy: It is a critical condition for the effectiveness of the entire CRM system, because the technology, software, organizational structure of the business depend on the CRM strategy. Thus, the

- Technology: This is an indispensable condition when deploying IDIC model because it implements links between front-line sales functions and back-line support to enhance interactions with customers.

- Resources: Including human factors, financial resources and facilities. People are the most difficult to control, so when applying the model it is necessary to have a change from perception to organizational structure, mode of work.

### 3. Current state of customer relationship management at tourism accommodation establishments of 3 stars or higher in Vietnam

#### 3.1. Overview of 3 stars or higher accommodation establishments in Vietnam

Introduction of tourism accommodation establishments in general in Vietnam

There are many types of tourism accommodation establishments such as resort hotels, city hotels, floating hotels, motels, tourist villas, tourist villages, tourist apartments, tourist accommodation, house with room for tourists, tourist campsites, cruise ships ... Depending on the type, the tourism accommodation establishments in Vietnam are reclassified into five

grades from 1 to 5 stars or 1 to 2 classes: Luxury and standard.

Since 2000, with the growth of the tourism industry, the system of tourism accommodation establishments has had a relatively high growth rate, even faster than that of tourists. The increasing number of tourism accommodation establishments is shown in Table 3.1 below:

**Table 3.1:** Statistics of tourism accommodation establishments in Vietnam for the period 2000 - 2016

Year	Quantity	Growth (%)	Number of rooms	Growth (%)	Average room capacity (%)
2000	3,267	-	72,200	-	-
2002	4,390	34.4	92,500	28.1	-
2004	5,847	33.2	125,400	35.6	49.9
2006	7,039	20.4	160,500	28.0	60.0
2007	9,080	29.0	178,348	11.1	60.7
2008	10,406	14.6	202,776	13.7	59.9
2009	11,467	10.2	216,675	6.9	56.9
2010	12,352	7.7	237,111	9.4	58.3
2011	13,756	11.4	256,739	8.3	59.7
2012	15,381	11.8	277,661	8.1	58.8
2014	16,000	-	332,000	-	69.0
2015	19,000	18.7	370,000	11.4	55.0
2016	21,000	10.5	420,000	13.5	57.0

(Source: Tourism Information Center from the Hotel Department and the Department of Culture and Sports)

According to Table 3.1, in 2000 Vietnam had only 3,677 tourism accommodation establishments, by 2016 this number increased to about 21,000. Thus, the level of increase is approximately 7 times. With the number of tourism accommodation establishments increasing gradually over the years, the strongest increases are the Central Coast and the South. Especially, in the period 2010 - 2011, a series of large-scale tourism accommodation establishments were set up with 100-600 rooms in the coastal areas, many of which were upgraded and expanded, business performance of the system of tourism accommodation establishments accounts for about 70% of turnover of tourism industry in Vietnam.

❖ Tourism accommodation establishments of 3 stars or higher in Vietnam

By 2016, Vietnam had 784 tourism accommodation establishments graded from 3-5 stars, including 5-star hotels and the equivalent of 107 establishments, 4-star hotels and equivalent of 230 facilities, 3-star hotels and equivalent of 441 establishments, the remaining are villas and luxury apartments with 5 units with 337

rooms. Specific data for the period 2013 - 2016 are shown in table 3.2 below.

Tourism accommodation establishments are located quite equally in all three regions: the North occupies 45% of the facilities and 32% of the rooms, The central area accounts for 29% of the facilities and 38% of the rooms, the South make up 25% of facilities and 30% of rooms. The presence of the world's leading hotel conglomerates such as Accord, IHG, Marriot, Movenpick, Park Hyatt, Starwood, Hilton, Victoria has contributed to changing the face and enhancing the competitiveness of Vietnam tourism.

**Table 3.2:** Number of tourism accommodation establishments in Vietnam from 3 stars or higher (2013 - 2016)

Year	Total		5-star hotels and similar		4-star hotels and similar		3-star hotels and similar		Luxury villas and apartments	
	Number of establishments	Number of rooms	Number of establishments	Number of rooms	Number of establishments	Number of rooms	Number of establishments	Number of rooms	Number of establishments	Number of rooms
2013	598	62,002	64	15,385	159	20,270	375	26,347	-	-
2014	640	66,728	72	17,659	187	22,569	381	26,500	-	-
2015	747	82,325	91	24,212	215	27,379	441	30,734	-	-
2016	784	91,250	107	30,624	230	29,387	442	30,902	5	337

(Source: Tourism Information Center from the Hotel Department and the Department of Culture and Sports)

In the period of 2010 - 2015, Vietnam formed international hotel chain with Vietnamese brand name. In addition to the traditional units such as Saigontourist, Hanoitourist, Vingroup, Sun Group, MuongThanh Group, Hotel Chain A25, Golf Hotel Chain, H&K Management Company have been introduced and highly appreciated by customers. Along with the development of tourism, tourism accommodations has been invested in and upgraded in quality, thus increasingly rapidly in number and diversity of types, contributing to the overall attraction of tourism products in Vietnam.

### 3.2. State of customer relationship management of 3-star or higher tourism accommodation establishments in Vietnam

Through the process of researching and learning about the situation of CRM implementation in the 3-star or higher tourism accommodation establishments, the authors find that there are differences in art, human resources, CRM deployment technology between 3 stars or higher and 2 stars or less tourism accommodation establishments, between the foreign and Vietnamese management units.

In large-scale tourism accommodation establishments with 40 rooms or more, 3-star or higher-class establishments have specialization in clear and regular

CRM implementation in order to create awareness and consciousness of the importance of customers for all personnel in the unit. CRM is primarily the responsibilities of sales, marketing, and customer service departments, with a number of 4-9 people led by the director of the tourism accommodation unit in coordination with the reception department, from which information is directed to other departments. The model of CRM in tourism accommodation establishments of 3 stars or higher is shown in diagram 3.1 below:

According to the above diagram, CRM activities include the content: customer database building, customer classification, interactive implementation and customer care. Tourism accommodation establishments carry out each content in the model as follows:

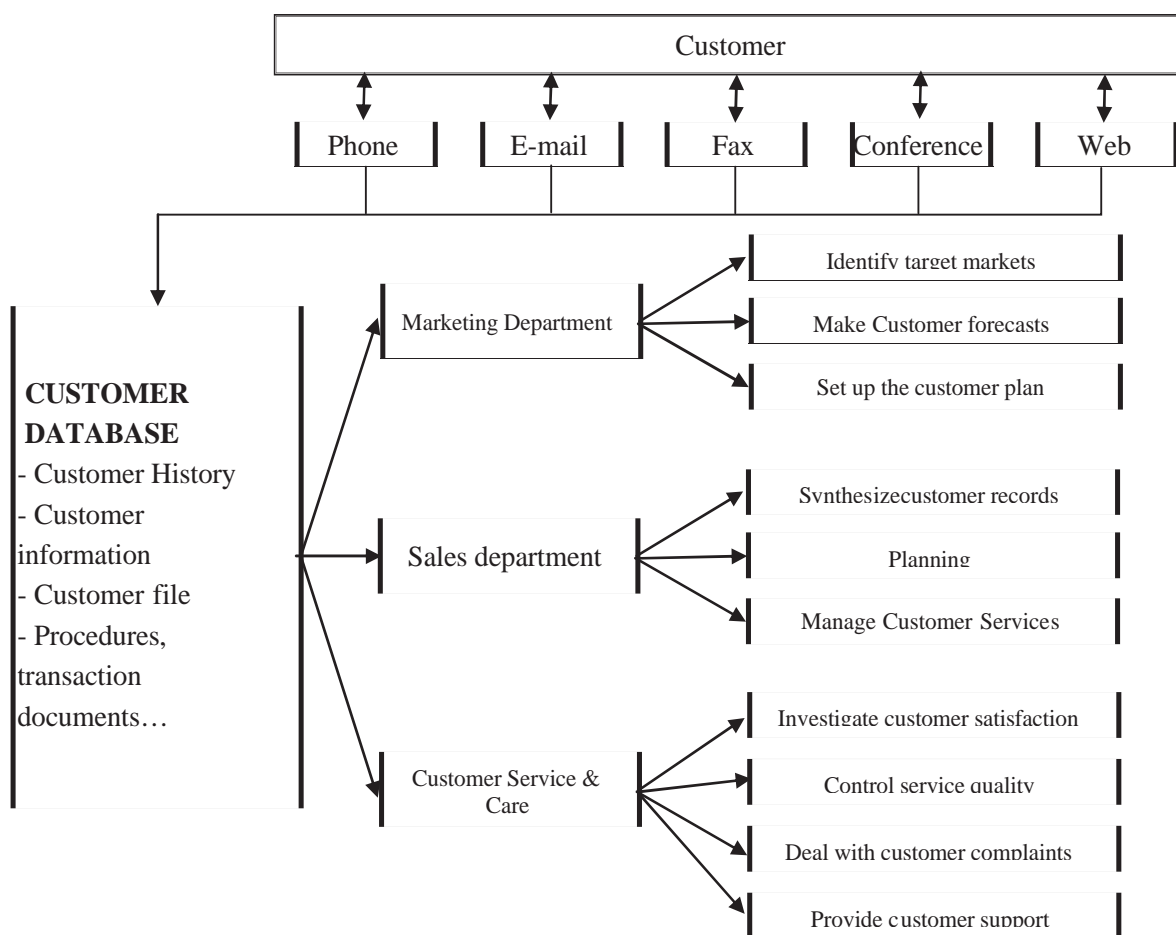
#### 3.2.1. Building and managing customer data

##### ❖ Build customer database

The contents of customer database of tourism accommodation establishments include:

- Individual customer information: Full name, age, sex, marital status/family, address, telephone number, identity card, interests...

- Organization customer information: Name of company/organization, address, telephone number, date of establishment, type of business, size of busi-



**Diagram 3.1:** CRM model in tourism accommodation establishments of 3 stars or higher

ness, person having the right to decide, business situation of company, payment code ...

However, when considering the technological issue in building customer database, it can be seen that in tourism accommodation establishments managed by large and long-established international hotel corporations such as Marriot, Hilton, Starb Wood, etc., CRM work is done from parent company abroad with global sales system, so they always apply the latest technology in updating customer database. The storage, management of customer database are more systematic (eg StarWood Group uses Delphi software).

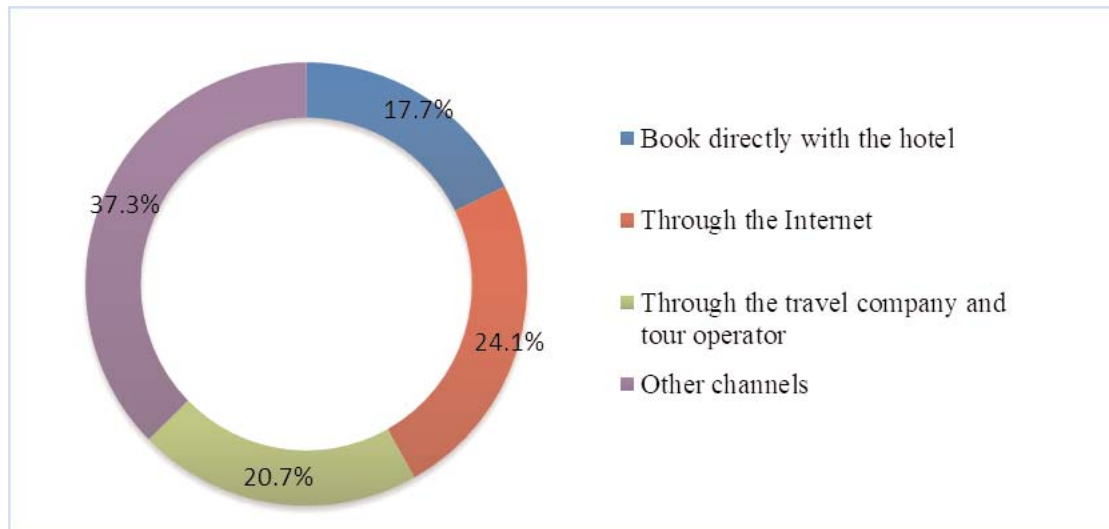
❖ Collect customer information

According to Diagram 3.1, tourism accommodation establishments use tools such as Telephone, Email,

Fax, Website ... to be able to exploit information and data about customers.

In addition, according to a survey of hotel services in 2017, the information channels that customers frequently use to book accommodation in tourism accommodation include: direct booking, booking via the internet or travel agencies... These channels are the same channels that tourism accommodation establishments use to collect information of customers.

Figure 3.1 shows the proportion of reservation channels in 2016. The most popular booking channels for 4-star and 5-star hotels are still travel agencies and tour operators with a 37.3% share. However, this rate has been declining over the years and it has continued to decrease by 3.1% compared to 2015.



(Source: Hotel Survey Report by Grant Thornton, 2017)

**Figure 3.1:** Hotel reservation channels at 3-star or higher tourism accommodation

Classified by the star rating, 3 & 4-star hotels have higher rates of booking through travel agents and tour operators, at 41.3%, while 5-star hotels have 32.5% of revenue through this booking channel.

In addition to the above-mentioned channels, tourism accommodation establishments also collect information through books and publications on tourism, through intermediaries, conferences of clients... The information that the tourism accommodation establishments usually pay attention to is: travel trends of customers, the annual increase and decrease in the number of tourists... Beside that, sources of information used by tourism accommodation establishments are collected from competitors, such as brochures of travel companies, price information, promotions, preferential policies..., by searching the customer lists on the competitor's website, regulations, decisions and statistics of related agencies such as Administration of Tourism, General Statistics Office.

The collection of customer feedback has been more professionally designed, changing from paper questionnaires to internet questionnaires, so customers' comments are forwarded directly to the CRM department and the hotel manager, then to the related departments. PR activities are always planned from the beginning of the year, with considerable funding.

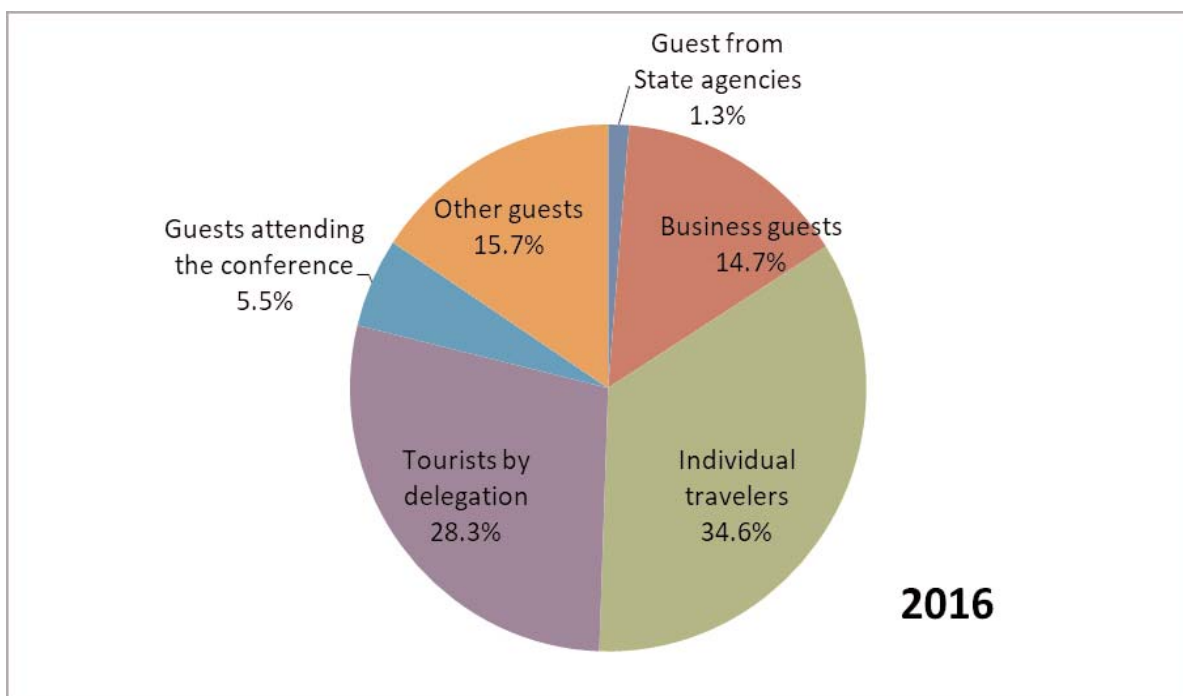
### 3.2.2. Classifying Customers

Customers using products and services at tourism accommodation establishments of 3 stars or higher are all classified by demand and value.

#### ❖ Sorted by demand

As shown in Figure 3.2, customers using the services of tourism accommodation establishments are classified into the following categories: individual and group tourists, business travelers, conference participants, guests from state agencies. Individual travelers, group travelers and business travelers continue to be prominent segments. These three segments accounted for more than three quarters (78.6%) of all hotel stays in 2016. The three segments accounted for 83.1% and 71.8% respectively in 3-star, 4-star and 5-star hotels. For each kind of these visitors, the tourism accommodation establishments will determine the different levels of demand.

For tourism accommodation establishments of 3 stars or higher, apart from room business, there are also restaurants, spas, entertainment,... for all customers when there is demand. Therefore, tourism accommodation establishments also classify the demand according to 3 sources of customers using services in the hotel, namely:



(Source: Hotel Survey Report by Grant Thornton, 2017)

**Figure 3.2:** Statistics of guests at 3-star or higher tourism accommodation establishments in 2016

- Tourists (international and domestic): their needs are almost all services at the hotel such as accommodation, dining, relaxation, entertainment, ...

- Visitors: Their needs are mainly catering services and other complementary services, while the accommodation service is very few or not used.

- Local guests: They are the guests who want to use the products and services of the hotel, mainly catering services, spa, entertainment.

❖ Sorted by value

Based on the classification of customers on demand, 3-star or higher tourism accommodation establishments continue to classify customers according to their value.

The value of customer contributions is assessed by the tourism accommodation establishments based on their ability to spend. Figure 3.3 below shows the level of financial contribution of two international and domestic tourists to total turnover of 3-star or higher accommodation units from 2014 to 2016

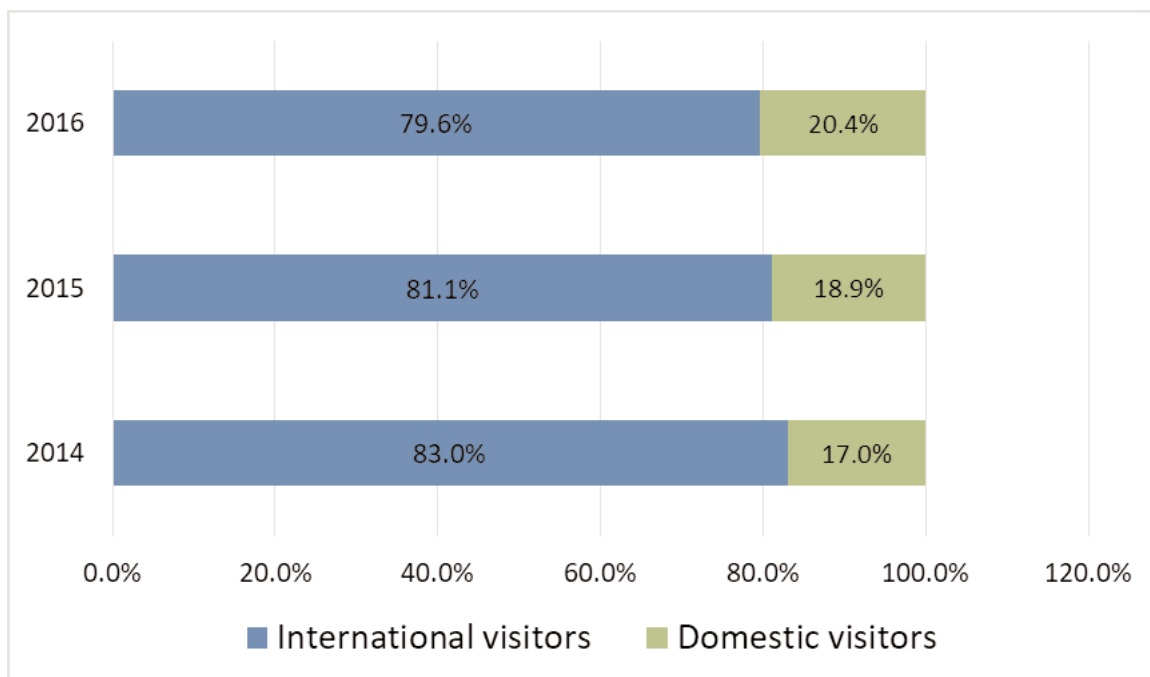
As shown in Figure 3.3, international visitors are the source of the greatest economic gain in the past three years, accounting for 80% to 83% of total tourism accommodations revenue. In 2016, the share of international visitors dropped slightly by nearly 2% to 79.6%, corresponding to the increase in the proportion of domestic visitors.

Regional analysis shows that the contribution of domestic visitors to high-end hotels in the south and the north increased by 5.2% and 8.3% respectively, but decreased by 6.4% in the Central and Highlands.

3.2.3. Interacting with customers

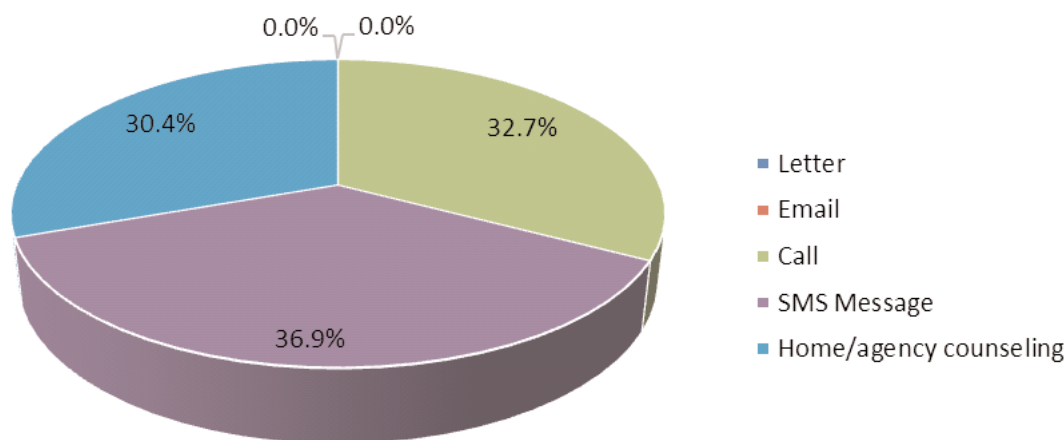
According to the report of the service sector in Vietnam, there are five means used by tourism accommodation establishments to interact with customers, namely:

In addition, according to the survey of the authors, the 3-star or higher tourism accommodation establishments often organize events, customer-gratitude conferences. With high-class tourism accommodation establishments such as Sun Group, Furama Resort, Hyatt



(Source: Grant Thornton hotel survey in 2017)

**Figure 3.3:** Contribution of tourists to the revenue of accommodation establishments of 3 stars or higher



(Source: Report on Vietdata's Vietnam Domestic Accommodation Service)

**Figure 3.4:** The medium used to interact with customers

Regency, etc., there are programs of customer gratitude with high-end holidays.

With the 3-5 star hotel, every year they cooperate with the travel businesses to organize the press tours, in which reporters, television programs have readers or

viewers as target customers of the hotel are offered free press tour, in which the hotels will provide complementary room service, food and drink for them to feel and write, film, report on The services of the establishments.

3.2.4. Customizing to each customer

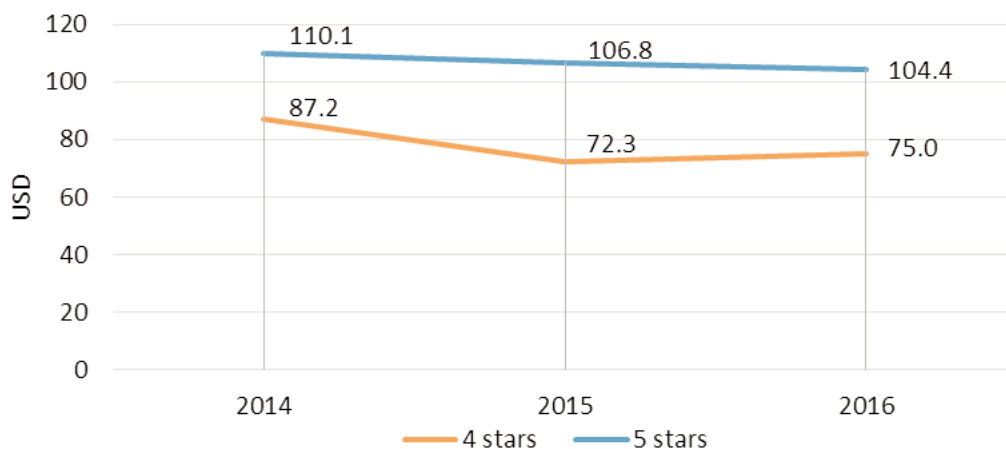
From the decline in the contribution of tourists in 2016, the trends of most tourism accommodation establishments in Vietnam in 2017 are reducing room rates and improving service quality to attract more customers.

As such, the price is the first choice for customization, which is shown in the figure below:

The average price of luxury hotels in 2016 fell

from \$ 87.0 in 2014 to \$ 75 in 2016. In 2017, the number of tourists is expected to rise sharply after leveling off in 2015 and rising in 2016 (26%), so the performance of the hotel industry is also expected to improve after a period of decline.

In addition, for each kind of customers, the 3-star or higher tourism accommodation establishments have special price incentives.



(Source: Hotel Survey Report by Grant Thornton, 2017)

Figure 3.5: Average price of 4-5 star hotels for the period 2014 - 2016

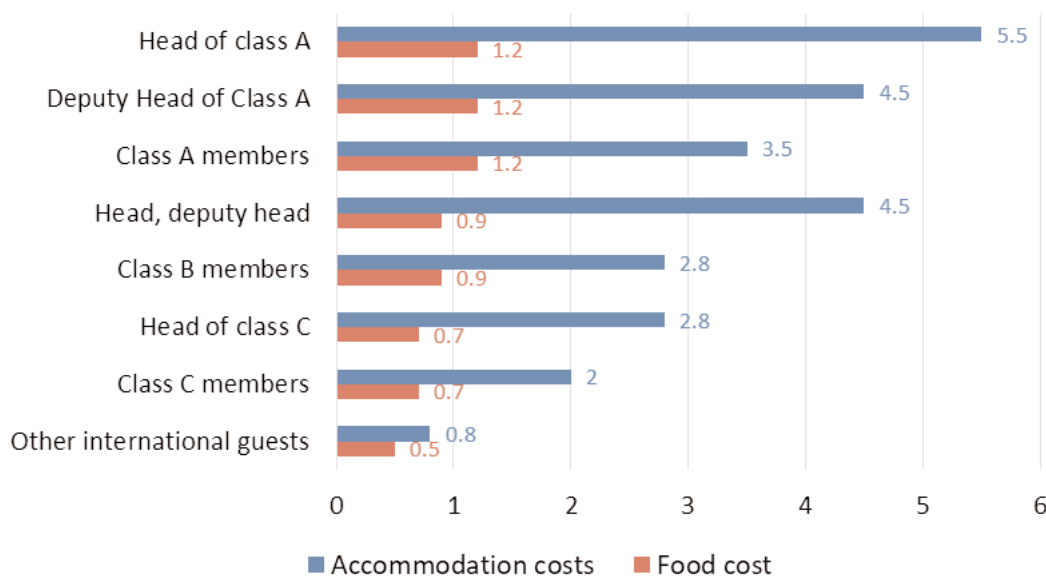
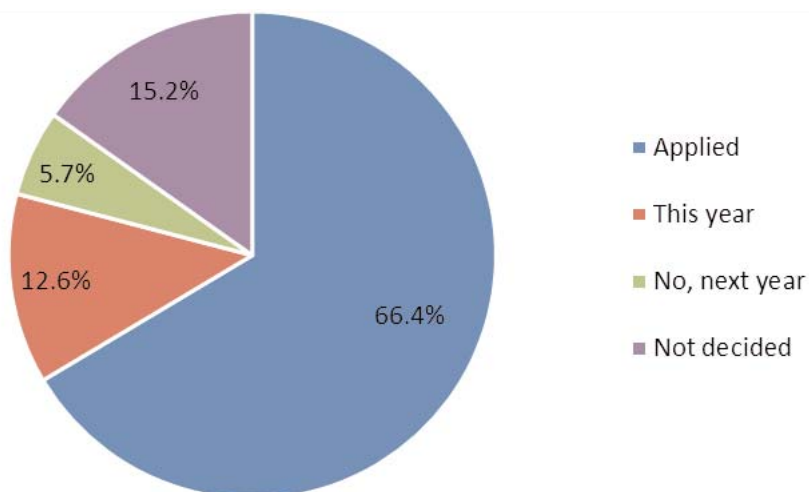


Figure 3.6: Rates for international visitors to the delegation

Besides the price, the technology is the second choice of tourism accommodation establishments in customizing to the needs of customers.

relationships with customers and improving the image of tourism accommodation establishments in the mind of customers. Many programs and activities are organ-



(Source: Hotel Survey Report by Grant Thornton, 2017)

**Figure 3.7:** Time when tourist accommodation establishments apply digital technology into operation in 2016

2016 also witnessed an increase in the number of hotels that decided that digital technology was an important factor in their business to compete and make a difference to other hotels in the market.

With the 4th Industrial Revolution affecting the economy, many high-end hotels have been prepared for change. The rate of digital applications among hotels has changed significantly, rising from 49.3% in 2015 to 67.3% in 2016.

### 3.3. Assessing the current situation of CRM activities at 3-star or higher tourism accommodation establishments

#### ❖ Success

CRM activities have been exploited and used by tourism accommodation establishments and brought about certain successes such as:

- General customer database have been built and stored, thus creating conditions for all sections and departments to look up and use. This will create favorable conditions for tourism accommodation establishments as they complete and deploy the CRM system.

- With regards to interactive activities, there have been many practical results in building and developing

regularly to reach customers, from taking the best care of existing customers to customer conferences, to create customer satisfaction.

#### ❖ Limitations and causes

In addition to the achieved successes, CRM activities at 3-stars and higher tourism accommodation establishments still have some limitations:

- Due to the large and inconsistent customer database, it is difficult for the establishments to decentralize customer care, consequently, the customer care activities are not effective and still overlapping.

- The classification of customers is still difficult because customer database have not been fully developed, customer care activities are only conducted according to the frequency and level of use of services of customers.

- Direct interactions with customers are limited. Tourism accommodation establishments only interact with customers by email, fax, direct telephone, website, conferences without fully participating in the forums, hotels, operating.

**4. Suggestions to applying IDIC model in the customer relationship management at the 3-star or higher tourism accommodation establishments at Vietnam**

**4.1. Applying IDIC model in the customer relationship management at the 3-star or higher tourism accommodation establishments at Vietnam**

By studying and analyzing the actual situation of CRM implementation in Vietnam's tourist accommodation establishments, the authors found that the tourist accommodation establishments had a certain interest in applying CRM. However, this activity has not been invested properly, it is just done on the surface but not in depth, so it is not effective enough. Therefore, the tourism accommodation establishments should consider using the IDIC model in CRM to be able to further implement and maximize the efficiency of CRM.

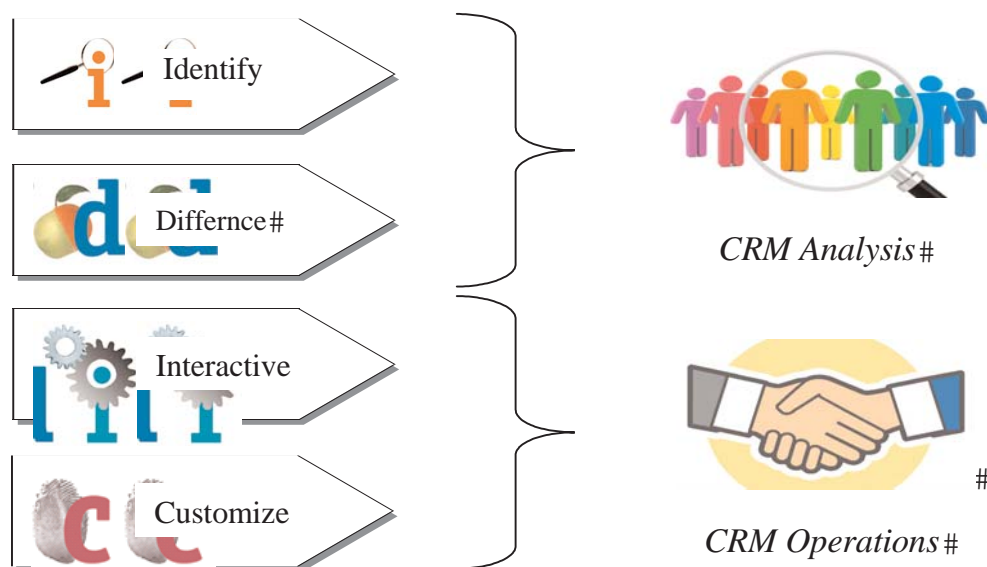
phase (CRM analysis). The following two tasks require the participation of customers, called the operational phase (CRM operations).

*4.1.1. With CRM analysis*

*Identify customers*

Tourism accommodation establishments need to have a rich database of customer information. The information they need to collect in order to build a database includes:

- For individual customers: information about customers is needed: customer name, customer code, address, email, phone number, facsimile number, business characteristics, credit situation, activities, organizational culture, date of purchase behavior, person deciding to buy, person having influence on purchase.
- For institutional clients: information needed includes person who can make the final decision and is responsible for purchasing: name, age, business con-



**Figure 4.1:** Applying the IDIC model in CRM

IDIC model in CRM can be classified into two major activities as CRM analysis and CRM operations. Detail:

The first two tasks do not require the participation of customers and can be integrated into the analysis

concept, address, email, telephone number, interests, habits, birthday, and anniversary.

- Information on service uses: kind of service, purchase quantity, unit price, turnover, discount, form of

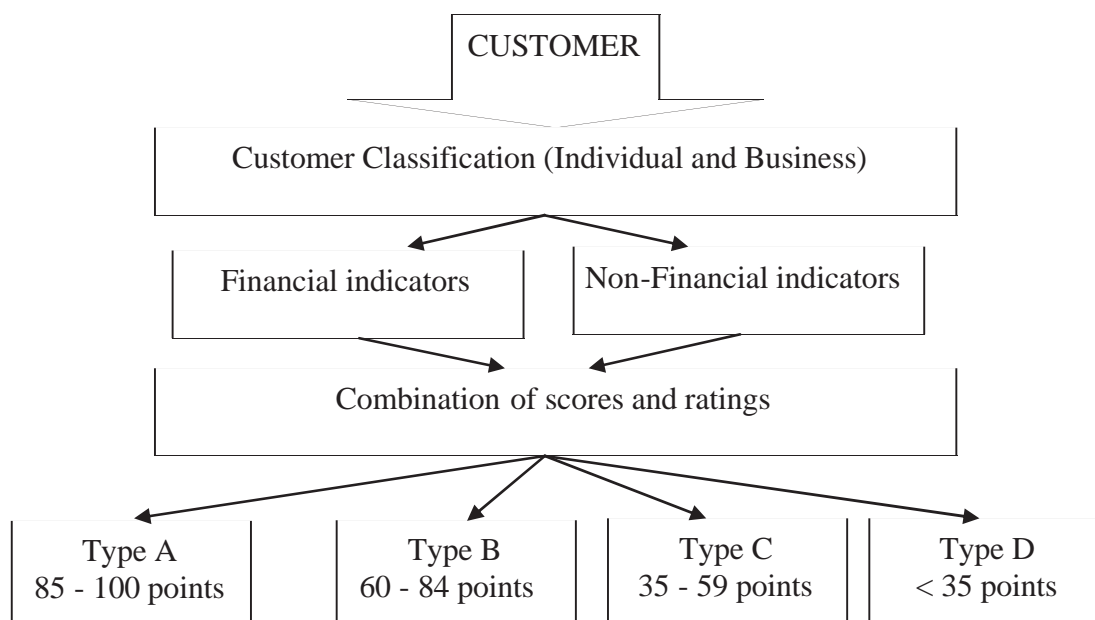
promotion. This information is intended to assist in the management of orders, proper forecast of consumption and storage.

- Information about customer feedback: Comments of customers after using products and services of enterprises.

These data must be constantly updated and analyzed.

*Classify customers*

According to this model, after customers are classified according to demand, the tourism accommodation establishments will base on their financial and non-financial ability to assess and score on a 100-point scale. Based on the customer rating, the tourism accommodation establishments need to divide customers into the groups with highest and lowest values (A-to-D). Classification of customers



**Diagram 4.1:** *Customer rating and classifying model*

Once the customer database have been identified, customers needs to be classified. The distinction between customers is aimed at identifying the company's valued customers. Customers are usually classified based on: demographics (age, occupation, marital status, etc.). The most effective classification strategy should be based on long-term business value.

Because customers as well as their needs will change over time, the most effective way to take care of customers is every 6 months, tourism accommodation establishments should rate and classify customers according to diagram 4.1.

into groups makes it easier to customize service policies and activities.

*4.1.2. With CRM operations*

Customer interaction and customer customization are the next steps in the IDIC model to support CRM in tourism accommodation establishments to build a sustainable two-way relationship between customers and businesses.

❖ *Interacting with customers*

The tools that tourism accommodation establishments can use to interact with customers are:

- Direct sales: conducted through the contact staff of the tourism accommodation establishments. As a media

outlet, sales force provides customers with information about businesses and products, advising customers when they purchase. Besides, they also collect business and market information accurately and fully. Therefore, the company should have policies that empower employees to encourage them to do their jobs better.

- Complaint Handling: The best way to handle customer complaints is to prevent them by providing the right product, in the right time, the right way. If employees recognize their faults, it is necessary to promptly correct them and apologize for the deficiencies, answer questions politely and gently.

Employees need flexibility in proposing solutions. They should explain and clarify the problems before giving a reasonable explanation to customers. Finally, they should always thank the customers when they complained.

- Telephone hotlines: At present, the way to work with customers is mainly through telephone or in person. Therefore, the creation of some hotlines will create credibility in tourism accommodation establishments.

- Website interaction: Tourism accommodation establishments need to seriously consider customer care for anyone visiting their website, which is the quickest and cheapest way for businesses and customers to meet.

- Email support: This is a cheap method. However, when using email to support customers, special attention should be paid to the timing of service. It is necessary to provide customers with different email addresses and guide them the fastest way to send inquiries to appropriate support personnel.

- Customer Conference: Invite major customers, agents, households, individuals to reflect the advantages and disadvantages of the product, their feedback so that companies can improve the product and customer care services to meet their wishes.

#### ❖ Customizing customers

After performing step 3 of interacting with customer groups and finding the needs, desires and diffi-

culties of the customers, the next step is to base on the information collected about each customer group to meet the request of each customer (customer group), through which the tourism accommodation establishment will increase the loyalty of customers.

❖ Common activities to strengthen customer relationships:

- Sending letters of offer when the tourism accommodation establishments have new products or are about to launch new promotions. This is aimed at stimulating new customers, attracting new customers.

- Giving gifts at the end of the year as the calendar, sending flowers to celebrate the anniversary of the customers.

- Performing location discount, quantify discount or cash discount.

- Supporting product testing, maintenance and repair equipment. With this support, it is easier for customers to handle minor issues after delivery or to check products more easily.

❖ Activities aimed to enhance customer relationships applied to individual customer groups:

- Regular contact with customers: This is required to create a close relationship between the tourism accommodation establishments and customers to build up long-term relationships with customers. Regular contact creates social relationships or personal relationships.

- Customer Conference: This is an activity to honor important customers of the tourism accommodation establishments. This activity is aimed at enhancing friendliness in meetings, exchanges, so the relationships between tourism accommodation establishments and customers can improve.

- Research and development cooperation: In order to serve customers in the best way, tourism accommodation establishments and customers may cooperate in research and production of new products with appropriate specifications and quality. This is a policy that creates the connection between the company

and the customers. This is done to gradually improve the product.

- Special promotion forms ...

#### **4.2. Solutions to support the application of IDIC model in CRM at the tourism accommodation establishments of 3 stars or higher**

##### *4.2.1. About human*

For the effective implementation of the IDIC model in CRM, the first role is the leader's determination to deploy the model. Next is the role of staff.

Leadership of the tourism accommodation establishments should orient the staff on the idea of CRM. The most important and urgent tasks are training, improving the level of staff on the CRM work. CRM is a system built on the support of information technology. Therefore, staff of tourism accommodation establishments should have basic knowledge about information technology. Employees need to understand the operational process of the CRM system, the method used to avoid deviations in the process of monitoring, updating, controlling customer database.

In parallel with the training of staff on CRM work, the tourism accommodation establishments should also improve the professionalism of staff to improve the ability to meet customer needs. Training should be provided on a wide range of customer services and encourage staff participation.

##### *4.2.2. About technology*

Currently there are many technological solutions for CRM implementation, but whether these solutions are really effective or not depends on whether they are appropriate with the organizations. Some criteria to consider are:

- The technology solution must be in line with the CRM strategy that the tourism accommodation establishments have built before.

- Vietnamese tourist accommodation establishments must grasp and master the technologies implemented in the system.

- Compatibility of CRM software with customer data sources and various services provided by tourist accommodation establishments.

##### *4.2.3. About Finance*

Vietnamese tourism accommodation establishments should pay attention to the level of financial investment in order to innovate and upgrade information technology and data transmission infrastructure in order to better exploit the services, improve the quality of products and services. There are two types of expenses that the accommodation establishments need to pay attention to and invest in reasonably:

Soft expenses such as human resources, training, integration, expenses for development of email marketing (customer data acquisition, email content design, etc.), website management; the cost of banner advertising, design costs, articles; the costs of organizing the promotions, the cost of organizing / sponsoring events, etc.

Technology costs: include the costs of maintaining and upgrading hardware devices, software for application in CRM activities.

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### Summary

CRM là một thuật ngữ đã trở nên quen thuộc với nhiều doanh nghiệp, việc áp dụng CRM giúp các doanh nghiệp phát triển mối quan hệ của mình với khách hàng, dựa trên những thông tin có được về

khách hàng, có thể đưa ra những chiến lược marketing, bán hàng và chăm sóc khách hàng phù hợp với từng đối tượng. Từ thực tế nghiên cứu về CRM tại các cơ sở lưu trú du lịch (CSLTDL) hạng 3 sao trở lên, kết hợp với việc sử dụng các dữ liệu thứ cấp từ Trung tâm Thông tin du lịch tổng hợp, Vụ Khách sạn - Tổng cục du lịch (TCDL) và báo cáo khảo sát ngành dịch vụ khách sạn 2017, bài viết đã có những luận giải về mô hình IDIC trong CRM, phân tích và đánh giá về thực trạng triển khai CRM tại các CSLTDL hạng 3 sao trở lên. Từ đó đề xuất vận dụng mô hình IDIC trong CRM của các CSLTDL hạng 3 sao trở lên tại Việt Nam.

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