INTERNATIONAL HELLENIC UNIVERSITY

School of Economics & Business
Department of Organisation Management, Marketing and Tourism

Marwa Salah & Mohamed A. Abou-Shouk

Full Paper — Published Version

The effect of customer relationship management practices on airline customer loyalty

Journal of Tourism, Heritage & Services Marketing

Check for updates

Suggested Citation: Salah, M. & Abou-Shouk, M.A. (2019). The effect of customer relationship management practices on airline customer loyalty. Journal of Tourism, Heritage & Services Marketing, ISSN 2529-1947, Vol. 5, Iss. 2, pp. 11-19.
http://dx.doi.org/10.5281/zenodo.3601669

Persistent identifier (URN):
https://nbn-resolving.org/urn:nbn:de:0168-ssoar-66331-7

Όροι χρήσης:

Το παρόν έγγραφο μπορεί να αποθηκευτεί και να αναπαραχθεί για προσωπική και ακαδημαϊκή χρήση.

Το έργο αυτό προστατεύεται από άδεια πνευματικών δικαιωμάτων Creative Commons Αναφορά Δημιουργού – Μη Εμπορική Χρήση – Όχι Παράγωγα Έργα 4.0 (CC BY-NC-ND).

Επιτρέπεται στο κοινό να έχει ελεύθερη πρόσβαση στο έργο και να το διανέμει εφόσον γίνει αναφορά στο πρωτότυπο έργο και τον δημιουργό του, ωστόσο, απαγορεύεται οποιαδήποτε τροποποίησή του ή τυχόν παράγωγα έργα, καθώς και η χρήση, αξιοποίηση ή αναδιανομή του για εμπορικούς σκοπούς.

Terms of use:

This document may be saved and copied for your personal and scholarly purposes.

This work is protected by intellectual rights license Creative Commons Attribution-NonCommercial-NoDerivatives 4.0 International (CC BY-NC-ND 4.0).

Free public access to this work is allowed. Any interested party can freely copy and redistribute the material in any medium or format, provided appropriate credit is given to the original work and its creator. This material cannot be remixed, transformed, build upon, or used for commercial purposes.

https://creativecommons.org/licenses/by-nc-nd/4.0/

Check for updates

The effect of customer relationship management practices on airline customer loyalty

Marwa Salah
Fayoum University, Egypt

Mohamed A. Abou-Shouk
University of Sharjah, United Arab Emirates

Abstract

Purpose: *Customer satisfaction and loyalty are important concerns for travel providers. Adopting the activities of customer relationship management could help them building strong relationships with customers. This study explores the opinions of EgyptAir passengers on customer relationship management activities adopted by the company and how this affects their satisfaction and loyalty.*
Methods: *A questionnaire, developed from previous studies, was used for data collection, to measure the causal relationships developed in the research framework and structural equation modelling was employed for rigorous findings. 215 questionnaires valid for analysis were collected by EgyptAir passengers.*
Results: *Findings revealed a positive significant effect of shared values, bonding, commitment, trust, tangibility, and handling customer conflicts on passenger satisfaction and loyalty. Relational marketing dimensions are positively affecting passenger satisfaction. Based on findings, it is worth to pay attention to such practices to enhance the passenger satisfaction and loyalty to the airline.*
Implications: *The study adds to the extant knowledge in airline sector and provides a research model that can be used to investigate the activities of customer relationship marketing in the sector. Testing the causal relationships between constructs of the model could help increase the understanding of the factors affecting passengers of airlines and their loyalty to specific ones.*

Keywords: *CRM, airlines, satisfaction, loyalty, EgyptAir, Egypt*

JEL Classification: *L93, L14, N37*

Biographical note: Marwa Salah holds a PhD of Tourism and Hospitality from Fayoum Univversity, Egypt. She is currently an Associate Professor at the Faculty of Tourism and Hotels, Fayoum University, Egypt. Her research interests are: tourism investment, tourism crises management, human resources development in tourism and hospitality, and sustainable tourism. Mohamed A. Abou-Shouk holds a PhD of Tourism and Hospitality from Plymouth University, UK. He is currently an Associate Professor at the College of Arts, Humanities, and Social Sciences, University of Sharjah, UAE. His research interests are: technology/ internet adoption behaviour in tourism and hospitality SMEs, e-tourism, e-commerce and e-marketing in tourism and hospitality, Entrepreneurship in Tourism and Hospitality, and structural equation modelling-based quantitative research in tourism.
Corresponding author: Mohamed A. Abou-Shouk (maboushouk@sharjah.ac.ae).

1 INTRODUCTION

In a highly competitive market, customer satisfaction is always a question mark in minds of sellers to satisfy their buyers' needs. Customer satisfaction has become one of the most important issues in marketing because of its crucial role in sustaining customers and maximizing profit (Khan, 2013). Therefore businesses need to maintain a positive relationship with their customers and to plan a good customer relationship management that helps them satisfying their customers and create value for their business (Hassan, Nawaz, Lashari, & Zafar, 2015; Kebede & Tegegne, 2018). A relationship marketing strategy is particularly important to service industries because of the intangible nature of services and high level of interaction with customers. A key feature of the strategy of relationship marketing is that not only does it lead to customer retention and increase the profitability of the company, but it also provides a sustainable competitive advantage for the service company (Hashem, 2012; Fotiadis & Williams, 2018).

Given the open sky policy, the civil aviation market has become highly competitive, demanding professional

© 2019 Authors. Published by International Hellenic University
ISSN: 2529-1947. UDC: 658.8+338.48+339.1+640(05)
http://doi.org/10.5281/zenodo.3601669
Published online: 30 November 2019
www.jthsm.gr

Some rights reserved.
Except otherwise noted, this work is licensed under
https://creativecommons.org/licenses/by-nc-nd/4.0

excellence in the management and marketing of the airline services. Therefore, the formulation of a sound customer relationship practices have become a necessity in the airline industry (Kumudha & Bhunia, 2016). Air transportation is one of the most significant players in tourism development. In recent years, global aviation has effectively responded to demographic, legal-political, socio-economic and technological changes and changed the way they do business. In this turbulent environment, a customer orientation has become a necessity (Martín-Consuegra, Molina, & Esteban, 2006). Although a lot has been talked about 'customer-centricity', this concept will remain new until it is implemented in each and every activity of the airline (Kumudha & Bhunia, 2016)

Relationship marketing tools are used in a different extent by airlines. These tools are the crucial solution to compete more successfully and learn about customers (Mohamud, 2019). Relationship marketing is one aspect strengthening the business generic strategy to gain sustainable competitive advantage (Jamart & Kupka, 2009). Hence it is critically significant for business to retain customers and to keep them loyal, especially in a service industry such as airlines. However, it is becoming increasingly difficult to create differentiation in this competitive airline service market. Information that is easy to obtain and use, a wide range of options, and the characteristics of intangible services have also changed the market. Price, advertising, and promotion strategies are widely used to attract customers and maintain relationships with them, even though they are very easy to imitate and replace (Johan et al., 2014; Chenini & Touaiti, 2018).

Given the increase in the market size, as well as increasing competition, players in the industry should invest in improving the customer relationship. This would ensure customer satisfied and help in acquiring new customers, in addition to retaining the existing ones, and maintaining their loyalty (Ahadmotlaghi & Pawar, 2012; Kumudha & Bhunia, 2016). The relationship marketing adopted by airlines may provide different benefits and enhance customer trust in and commitment to airlines, and ultimately improve their loyalty (Chao, Chen, & Yeh, 2015; Hassan et al., 2015).

Previous studies have acknowledged the role of customer relationship management on customer retention, airlines need to seek the satisfaction of their passengers and target their loyalty. This will help them increase their market share and improve their competitiveness. This study aims to explore and evaluate the relational marketing practices that affect customer loyalty in the Egyptian airline sector. Exploring and evaluating the relationship marketing practices is expected to help the airline management to frame marketing strategies to maintain customer loyalty (Kumudha & Bhunia, 2016).

2 LITERATURE REVIEW

2.1 Customer Relationship Management and Relationship Marketing

Customer Relationship Management (CRM) is defined as 'the implementation of the relationship marketing principles through managing customer data and use of technology' (Domazet, Zubović, & Jeločnik, 2010; Hoang, 2015). Relationship marketing aims at building long-term relationships with customers, generating further business and ultimate profit. It is designed to contribute to strengthening brand awareness, and increase understanding of consumer needs (Williams & Chinn, 2010; Mensah & Mensah, 2018). Good relationship marketing creates trust about the institution in the customers' mind. The relationship marketing builds foster customer loyalty that will benefit both the customer and the service institution (Domazet et al., 2010). It identifies, establishes, maintains, and enhances relationships with customers (Hashem, 2012; Yilmaz, 2018). There are many reasons for adopting CRM where competition for customers is intense. From a purely economic point of view, firms learned that it is less costly to retain a customer than to find a new one. According to Hassan et al. (2015) it takes an average of 8 to 10 physical calls in person to sell a new customer in industrial sales, but it takes 2 to 3 calls to sell an existing customer. In addition, it is 5 to 10 times more expensive to acquire a new customer than obtain repeat business from an existing customer. In service sector, the leaders in the implementation of such business approach are the financial institutions (banks and insurance companies), the telecommunication sector, and the tourist and catering companies (hotels, tourist agencies, restaurants, etc.).

According to Domazet et al. (2010) the process cycle of CRM is as follows: collecting data about consumers continuously, storing it in databases, profiling consumer segments based on data analysis, discovering causes of consumer satisfaction/dissatisfaction, identifying critical success factors, developing long-term relationships through continuous interaction with consumers and properly set communication channels, adjusting products to the needs of (individual) consumer, improving the satisfaction of internal and external consumers, and creating consumers' trust, loyalty and familiarity.

2.2 CRM Dimensions

Various studies have stated various dimensions of CRM. For example, Sin, Tse, Yau, Lee, and Chow (2002) have divided CRM dimensions to six categories: shared values, communication, bonding, trust, reciprocity, and empathy. Recently, Jumaev and Hanaysha (2012) has proposed three dimensions of CRM: empathy, commitment, conflict handling that affect customer satisfaction, and trust. Furthermore, Hashem (2012) has suggested four dimensions of CRM: commitment, trust, bonding, and communication. In addition, Khan (2013) has proposed eight key dimensions of CRM: bonding, emotions tangibility, empathy, reciprocity, trust, commitment, communication, and conflict handling. On the other hand, Jesri, Ahmadi, and Fatehipoor (2013) has divided CRM into: trust, commitment, communication, conflict handling, and competence. In the following sections, a definition for CRM dimensions is presented.

Shared Values

Shared value has long been considered as an important component in building buyer–seller relationships in many studies (i.e., Evans & Laskin, 1994; Heffernan, O'Neill,

Travaglione, & Droulers, 2008; Payne, Ballantyne, & Christopher, 2005; Sin et al., 2002; Wilson, 1995). Taleghani, Gilaninia, and Mousavian (2011, p. 159) have defined shared values as "the extent to which partners have beliefs in common about what behaviours, goals and policies are important, unimportant, appropriate or inappropriate, and right or wrong". Moore (2014) has defined the concept of shared value as corporate practices that enhance the competitiveness of a company and advance social conditions in the communities in which it operates.

Jumaev and Hanaysha (2012) argued that customer value is a superordinate goal and customer loyalty is a subordinate goal. According to goal and action identity theories, a superordinate goal is likely to regulate subordinate goal. Thus, customer value regulates customer loyalty toward the service provider. The concept is now embraced by many of the world's leading corporations such as Nestle, Intel, Unilever, Coca-Cola and Western Union, and the framework and language of shared value has spread quickly beyond the private sector to governments, NGOs, civil society and academia (Moore, 2014).

Bonding and Trust

Both seller and buyer must link together in order to have a long term association with one another. Bonding is one dimension of a business relationship between parties acting in a unified manner toward a desired goal. Various bonds exist between parties and indicate different levels of relationships. Bonding controls social and business behaviour in society, and may remove doubt, forms close relationships, and build trust (Hashem, 2012; Gilboa et al., 2019).

Trust is the faith which exists between parties. In reality is the bond that keeps in touch two parties for the longer time (Jesri et al., 2013; Khan, 2013; Mårtensson & Neij, 2013). Trust indicates that each person of relationship, to what extent can considered other person promise and is defined as the willingness to trust and reliance to audience (Jesri et al., 2013). Trust is an important construct in relational exchange because relationships characterized by trust are so highly valued. Trust has been posited as a major determinant of relationship commitment. Creating trust in customer mind sets its commitment. In order to increase the levels of trust, companies must focus on keeping promises to their customers and consistently carry their best interest at heart (Jumaev & Hanaysha, 2012).

Trust is considered a key determinant of loyalty (Mårtensson & Neij, 2013). Flavián, Guinalíu, and Gurrea (2006) explain trust as a set of beliefs, which is based on an individual's own perception about attribute. It can be divided between honesty and good will.

Tangibility

Tangibility play very important role in the relationship marketing and even some time emotions used for keeping promises. Each and every relationship needs physical aspects to build it stronger. The physical facilities, equipment, and appearance of personnel play a vital role in the making the relationship marketing (Khan, 2013). Tangibility relates to the physical aspects of a service.

Physical aspects include appearance of equipment, physical facilities, materials associated with the service, appearance of personnel and communication materials, convenience of physical facilities and layouts. In addition to the appearance of the facilities, it also takes into account the convenience offered the customer by the layout of physical facilities. The higher customers appreciate the physical aspects, the higher the overall evaluation of service quality (Auka, Bosire, & Matern, 2013).

Commitment

Commitment is another important determinant of marketing relationship strength and useful construct for measuring customer loyalty likelihood and predicting future purchase frequency (Kyratsis et al., 2010; Hashem, 2012; Gilboa et al., 2019). It explains the extent that person intends to keep a valuable relationship, and it is similar to trust in studying customers' loyalty. In marketing literature, commitment is a strong, stable and continuous tendency in order to keep and preserve a valuable relationship (Emami, Lajevardi, & Fakharmanesh, 2013; Khan, 2013; Nella & Christou, 2000, 2014).

Marketing scholars have documented that relationships can be built upon multiple forms of commitment. Social bonding can be a contributing factor of a potential emersion of trust and commitment, although the impact of social bonding might differ depending on the customer segment commitment is a desire to maintain a valued relationship, and can be based on many facets (Mårtensson & Neij, 2013). Commitment in marketing refers to an orientation that specific intentions and behaviours characterize with the purpose of realizing value for both parties over the long term (Taleghani et al., 2011).

Dealing with conflicts

It is important to resolve conflicts for good business relationship. Customers switch to competitor brands because a certain conflict arises and was not solved effectively. For solving such conflicts it is important to have a strong relationship between sellers and buyers. The Stronger the relationship, the easier the conflict can be resolved (Khan, 2013). Conflict handling is defined as cooperative supplier try to minimizing negative results from significant potential involvement. Avoiding conflicts, trying to solve problems before they occur, and the ability to solve problems in suitable time are aspects to handle such conflicts effectively (Jesri et al., 2013).

In interpersonal communication, conflict occurs when an individual perceives incompatibility between his or her personal goals, needs, or desires and those of the other party. Conflict handling requires cooperative behaviour from exchange partners, in a negotiation setting, cooperative versus competitive intentions have been found to be linked to satisfactory problem solution. A good conflict resolution will result in relationship quality positively. Conflict handling is an important relationship builder. However, it is difficult to service industries to achieve zero service failure (Jumaev & Hanaysha, 2012).

2.3 Customer satisfaction and loyalty

Measuring customer satisfaction is a good way to know if customers received the service with their expectations. It is

an important factor in building customer relationship. Customer satisfaction is often a comparison of experiences with prior expectations. In order to bring success and profit for a business, it is necessary to satisfy customers (Triantafylou et al., 2011; Sigala et al., 2002, 2012; Gretzel et al., 2012; Hoang, 2015; Chatzigeorgiou et al., 2016, 2017; Mombeuil, Fotiadis, & Wang, 2019).

Customer satisfaction is significantly taken into account as assurance for customer retention. It is one of the top management main concerns in businesses. Satisfaction has been thoroughly studied for consumer services. Relationship satisfaction is the customer's positive feeling that comes from the customer's evaluation to the buyer- seller relationship (Halimi, Chavosh, & Choshalyc, 2011). Customer satisfaction is completely dependent of the customer expectation and how the customer's actual perception of the product's performance matches the expectations (Rizan, Warokka & Listyawati, 2014). It is a frequent predictor of customer loyalty (El-Adly, 2019).

The value of customer loyalty is that it undoubtedly impacts the company's continual existence and future progress. Customer loyalty can be illustrated as the customer's commitment to a company, or the customer's desire to keep an enduring relationship with the vendor. The most important goal of customer relationship marketing is to obtain and keep customers. Based on previous studies, all marketing activities intend to create customer loyalty. Customer loyalty is an intention to keep a valued relationship. Managers and marketers should highly pay attention to customer loyalty as an important factor that has to be developed to develop company's profitability (Sigala & Christou, 2006; Halimi et al., 2011; Gretzel et al., 2012; Pirnar et al., 2019).

Relationship marketing is considered as the road that leads to achieve and create loyalty, because loyalty cannot be achieved unless there are good relations with customers. Since relationship marketing is an activity of important marketing activities that cannot be disregarded, since each institution needs to build a solid base of loyal customers. In order that companies can achieve their objectives, and to be a leader in providing the best service among all competitors; they should identify their customers first, to be able to build long - term relationships with these customers and to have closer bonds with them in a way that creates state of pleasure and confidence and security with this customer. In other words when a customer is confident with the services provided by the staff and committed in dealing with them, they become satisfied loyal to the institution and its staff and services (Nsour, 2013; Sezgen et al., 2019).

2.4 CRM and airline industry

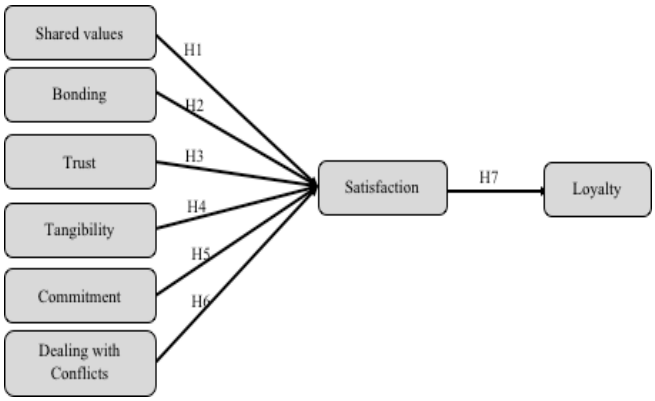
Many airline managers think of passenger needs from their own perspective. However, customer demands and expectations are changing in today's world. Therefore, airlines have to think in CRM as a long term investment, with the true benefits earned through profitable lifelong customer relationships. CRM comprises the acquisition and deployment of knowledge about customers to enable the airline to sell more of their services more efficiently (Ahadmotlaghi & Pawar, 2012).

Furthermore, CRM is an essential component of the corporate strategy of airlines to differentiate themselves from competitors. CRM is a strategy for airlines to individualize their service, create better communicational channels with customers and ensure satisfaction of customers as a base of loyalty (Christou et al., 2018; Ahadmotlaghi & Pawar, 2012). If the airline has chosen the right CRM and marketing strategy, it can immediately increase the effectiveness of its services. The effectiveness of the strategy adopted supports the organization's capability to win customers from competitors which is the base for business continuation. Other benefits of CRM to airlines include ability to target profitable customers, addressing individualized marketing messages, and customized products and services (Amoako, Arthur, Christiana, & Katah, 2012).

2.5 Research Framework

Loyalty is a deeply held commitment to specific behaviour (i.e. re-buy or re-patronize) towards a preferred product or service. One of the basic assumptions in relationship marketing is that long-term loyal customers are profitable. Customer relationship profitability is achieved through a chain that starts with perceived value that creates customer satisfaction that, in turn, strengthens the relationships so that it lasts longer and thus becomes more profitable (Jesri et al., 2013). This study integrates the dimensions of CRM to measure its effect on customer loyalty. This integration provides a better understanding to the predictors of customer loyalty in service industry. Therefore, this study adopts six dimensions of CRM, these are shared values, bonding, trust, tangibility, commitment, and dealing with conflicts. It tests the causal relationships between these dimensions and customer satisfaction and loyalty. The developed research framework (Figure 1) indicates seven hypotheses to measure this effect in airline companies.

Figure 1. Research Framework



From Figure (1), the developed hypotheses could be stated as follows: Customer satisfaction is positively affected by shared values (H1), bonding (H2), trust (H3), tangibility (H4), commitment (H5), and handling conflicts (H6). Meanwhile, customer loyalty is positively influenced by customer satisfaction (H7).

3 METHODOLOGY

This study adopts the quantitative approach to test the research hypotheses. The questionnaire is the data collection method. It is developed from literature studies to measure the causal relationships developed in the research framework. The form includes two parts. The first aims to describe the personal information of the passengers including their gender, age, qualification, number of flights in the last 12 months, and purpose of travel. The second part includes ten latent variables. The latent variables represent the eight constructs included in the research framework (Table 2). Shared values are measured by 3 items, bonding (3 items), trust (3 items), tangibility (4 items), commitment (3 items), dealing with conflicts (3 items), satisfaction (3 items), and loyalty (4 items). The items appearing in Table (2) under each construct was developed based on literature review, reviewed and piloted on 40 passengers to check its face and construct validity. Preliminary statistics showed good corrected item-total correlation among items of each construct in addition to acceptable internal consistency.

After piloting the questionnaire, forms were randomly distributed to EgyptAir passengers during the months of February-April, 2017. EgyptAir is the national flag carrier of Egypt and one of the society's major pillars that contributes largely of Egypt's social and economic development. EgyptAir was established in 1932 as a pioneer air carrier in Middle East and Africa. In the recent years, EgyptAir has faced drastic challenges due to the critical period that the region has been through and had its negative impact on tourism in general and consequently on air traffic. 7.4 million passengers have flown on EgyptAir in 2013-2014 but the company aims to increase the number to 12 million passengers by 2020. The corporate strategy of the company aims to enhance its image to be the customer first choice in Egypt, and internationally to increase its market share (EgyptAir 2017)

215 questionnaires valid for analysis were returned. Data were coded and entered in SPSS and analyzed using structural equation modelling (SEM). SEM is advanced multivariate technique that is used to measure complicated models with latent constructs and multi causal relationships among constructs. WarpPls version (5) was used in analysis. It is a variance-based technique that uses Partial Least Squares as analysis procedures. Measurement model was generated to measure the indictor loadings, the average variance extracted (AVEs) by each construct, Cronbach's alpha and composite reliability. The measurement model aims to check construct validity (convergent and discriminant validity) and reliability (internal consistency and composite reliability). Afterwards the structural model was generated to measure the causal (cause-effect) relationships between CRM dimensions, passenger satisfaction and loyalty.

4 RESULTS AND DISCUSSION

4.1 Descriptive statistics

Findings revealed that 69.3% of respondents are male. 33% of respondents are between 31 and 40 years, 26.5% are between 20 and 30 years, 21.4% are between 41 and 50 years, 11.2% are more than 50 years, and 7.9% of respondents are less than 20 years. 46.5% of respondents have university qualification, 7.9% have college qualification, 6.5% have secondary qualification, and 39.1% have other qualifications. As for the number of travels during the last 12 months, 61.9 % of respondents have travelled once, 27.9% have travelled 2-3 times, 8.4% have travelled 4-6 times, and 1.9% of respondents have travelled more than 6 times. 41.4% of respondents were travelling for leisure purposes, 34% of respondents travelled for business/ work, 16.3% travelled for study/ training, 0.9% travelled for health purposes, and 7.4% travelled for other purposes.

Looking at the mean values of the research model constructs (Table 1), it is revealed that respondents agree with 'trust, tangibility, commitment, and loyalty' (mean values $\geq$ 3.5 based on a 5-point Likert Scale, strongly disagree(1) - strongly agree (5)). Furthermore, respondents have 'neutral' opinions on 'shared values, bonding, dealing with conflicts, and satisfaction' (3.5 > mean values> 3). These neutral opinions reflect unsure perceptions of EgyptAir practices on these constructs of CRM.

Table 1. Mean values of research model constructs

Dimensions	Mean	Std. Deviation
Shared values	3.11	0.192
Bonding	3.39	0.164
Trust	3.61	0.176
Tangibility	3.57	0.155
Commitment	3.50	0.045
Dealing with conflicts	3.32	0.077
Satisfaction	3.37	0.105
Loyalty	3.50	0.210

4.2 Measurement model

The measurement model looks at the relationships between indicators and latent variables. The model fit indices for the measurement model reveals a good model fit. Indices include average path coefficient (APC)=0.259, P<0.001, average R-squared (ARS)=0.678, P<0.001, average adjusted R-squared (AARS)=0.674, P<0.001, average block VIF (AVIF)=2.363, average full collinearity VIF (AFVIF)=2.939, Tenenhaus GoF (GoF)=0.692, Sympson's paradox ratio (SPR)=1.000, R-squared contribution ratio (RSCR)=1.000, Statistical suppression ratio (SSR)=1.000, and nonlinear bivariate causality direction ratio (NLBCDR)=1.000.

Looking at Table 2, it is revealed that average variance extracted (AVEs) for the measurement model constructs are greater than 0.50 which reflects the convergent validity of the measurement model constructs (Fornell & Larcker, 1981). The square root of AVEs is higher than correlations among measurement model which means that discriminant existed (Kock, 2015). Cronbach's alpha and composite reliability exceed 0.70 for all constructs reflecting the reliability of measurement model constructs (Hair, Black, Babin, & Anderson, 2010).

4.3 Structural Model

The structural model tests the causal relationships between the research model's constructs. According to Figure (2), seven hypotheses were tested. It is revealed that there is a

significant effect between 6 out of 8 dimensions of CRM and customer satisfaction: Shared values have a positive significant effect on satisfaction (β=0.15, P<0.05, and the first Hypothesis (H1) is supported), Bonding is significantly affecting satisfaction (β=0.15, P<0.05, and H2 is supported), and the same are Trust (β=0.12, P<0.05, and H3 is supported), Tangibility (β=0.13, P<0.05, and H4 is supported), Commitment (β=0.38, P<0.01, and H5 is supported), and Dealing with conflicts (β=0.12, P<0.05, and H6 is supported). The dimensions of CRM explain 73% of the variance in customer satisfaction (R square =0.73). Furthermore, customer satisfaction has a positive significant impact on customer loyalty (β=0.79, P<0.01, and H7 is supported). Customer satisfaction explains 62% of the variance in customer loyalty (R square = 0.62).

Figure 2. The structural Model

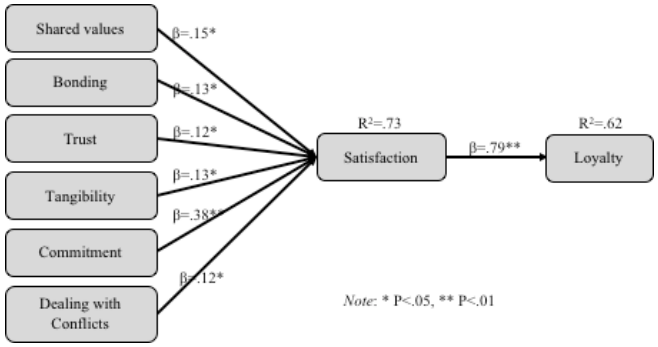


Table 2. Measurement model

Dimension	Indicators	Loadings	AVEs	CA	CR	√AVEs	VIF
Shared values	The provided service in EgyptAir worth the value for money paid	0.781	0.667	0.749	0.857	0.817	2.35
	EgyptAir involve customers in decisions relating to customer service	0.859					
	EgyptAir offers incentives to their customers for purchasing their service	0.809					
Bonding	EgyptAir implements prior promises transparently	0.788	0.629	0.705	0.836	0.793	2.80
	The company strengthen relationships with customers	0.814					
	I feel to belong to EgyptAir	0.777					
Trust	There is a trust in the promises made by EgyptAir	0.852	0.726	0.812	0.888	0.852	2.90
	There is a privacy/ confidentiality of my personal information	0.846					
	I trust the information provided by EgyptAir	0.859					
Tangibility	Inflight services are presented in a good appeal	0.873	0.631	0.803	0.872	0.794	2.25
	EgyptAir employees are courteous and have a good appeal	0.824					
	Tickets of EgyptAir have attractive design/ visual appeal	0.723					
	Aircrafts design is comfortable and appealing	0.747					
Commitment	EgyptAir is committed for a high quality level of service	0.851	0.735	0.820	0.893	0.858	2.43
	EgyptAir fulfils their commitments towards customers	0.854					
	The company is committed to maintain a standard level of quality	0.868					
Dealing with conflicts	EgyptAir seriously handles customer complaints	0.853	0.707	0.792	0.878	0.841	2.44
	There are declared written procedures to deal with complaints	0.817					
	The company offers solutions to the complaints that confront you in a timely manner	0.851					
Satisfaction	I am satisfied with the services provided by EgyptAir	0.902	0.772	0.852	0.911	0.879	2.94
	Perceived services of EgyptAir meet my expectations	0.848					
	Overall, I am satisfied with EgyptAir services	0.886					
Loyalty	I will continue buying EgyptAir services as am satisfied with it	0.892	0.772	0.901	0.931	0.879	2.23
	I share the positive things about EgyptAir	0.828					
	I feel proud when I use EgyptAir services	0.898					
	I will recommend others to use EgyptAir services	0.895					

Note: AVE= Average variance extracted, CA=Cronbach's alpha, CR=Composite reliability, and VIF=variance inflation factor

5 DISCUSSION OF FINDINGS

Relationship marketing aims to improve the satisfaction and loyalty of customers in order to build long term relationships. This concept depends on a number of procedures that help keep customers satisfied. These procedures were translated in this study in a number of constructs through which it can be revealed that EgyptAir (the national airline company of Egypt) adopts such procedures or not and how effective is this adoption on passenger satisfaction and loyalty.

The first dimension of CRM is shared values (the first hypothesis measuring the effect of shared values on passenger's satisfaction). Shared values refer to the beliefs of passengers towards the services provided by EgyptAir and how appropriate they are. The structural model revealed a significant relationship between shared values and passenger satisfaction. Passengers perceive the services provided by EgyptAir to worth the value paid. EgyptAir involves customers in their customer-related decisions and offer incentives to buy the company services. These practices are certainly affecting passenger satisfaction and transfer them to be loyal passengers through time. This finding is consistent with Heffernan et al. (2008) and Taleghani et al. (2011) who highlighted the role of shared values in building long term buyer-seller relationships.

In addition to shared values, bonding was found significantly contributing to passenger satisfaction (the second hypothesis of the study testing the relationship between bonding and passenger's satisfaction). Bonding represents the link between EgyptAir and their customers. This includes the procedures employed by the company to strengthen relationships with passengers, and how accurate does EgyptAir implement prior promises to passengers. Linking with customers and implementing promised services lead customers to feel that they belong to the company. This positive feeling is definitely a predictor to passenger satisfaction. This finding is concurrent with Khan (2013) who cited that linking with customers in order to build long term relationship is an important component of CRM.

Having shared values with passengers and linking to customers could have a positive impact on passenger satisfaction unless trust is not missing. Trust (the third hypothesis of the study testing the effect of trust on passenger's satisfaction) is the main concern that keeps customers linked, engaged and loyal to a business. Passengers' trust in the promises of the service provider, the confidentiality and privacy of personal information, and the trusted information provided by the company could build strong longer relationships between business and customers. This study revealed a positive impact of trust on EgyptAir passenger satisfaction. This finding is similar to Rizan et al. (2014) who believes that customers feel satisfied with a business if they have an honest investment and engagement with the service provider.

Tangibility (the fourth hypothesis of the study investigating the impact of tangibility on passenger's satisfaction) is considered the core of service quality leading to customer satisfaction. It focuses on the tangible services provided by the airline. Respondents of this study positively perceive the inflight service and its good appeal, courteous employees, attractive tickets, and comfortable and appealing aircraft design. Hence it is logic that tangibility affecting the satisfaction of passengers. This finding is similar to Jesri et al. (2013) who stated that tangibility is an important dimension of CRM that affects passenger satisfaction.

As for the effect of commitment on passenger's satisfaction (the fifth hypothesis of the present study), commitment is perquisite of building trust. The greater the business is committed to its goal and mission, the greater the customers are satisfied and loyal. The respondents of passengers in this study think that EgyptAir is committed to a high quality level of service; it fulfils their commitments towards customers, and is committed to maintain a standard level of quality. The commitment of EgyptAir leads to its customer satisfaction as a result. This finding is definitely true according to Taleghani et al. (2011) who claimed that commitment is a crucial

determinant for measuring the likelihood of customer loyalty and predicting future purchase frequency.

Dealing with conflicts is another vital determinant of passenger satisfaction (the sixth hypothesis of the current study). The capability of airline to seriously dealing with any issues relating to customer complaints is a success key. Dealing with conflicts completes the cycle of bonding, trust, and commitment of the company. Handling complaints and having declared procedures to deal with it, and offering instant solutions are key factors affecting the passenger satisfaction. According to passengers involved in this study, they have a positive impression about seriousness of EgyptAir in handling complaints according to declared regulations in a timely manner. Therefore, it is revealed that dealing with conflicts ability of EgyptAir has positively affected their passenger satisfaction. This finding is again similar to Jesri et al. (2013) who showed the role of dealing of conflicts and its contribution to customer satisfaction.

While customers are satisfied about the services of airline, they become loyal through time (the seventh hypothesis of the study testing the influence of passenger's satisfaction on their loyalty). This study confirms the results of a previous study of Jesri et al. (2013) who claimed that customer relationship is achieved through a chain that starts with perceived value that creates customer satisfaction and, in turn, strengthens the relationships so that it lasts longer and thus customers become loyal. This study revealed a positive effect of customer satisfaction where passengers could continue buying EgyptAir services; share the positive things about EgyptAir, and recommend others to use EgyptAir services.

6 CONCLUSION AND IMPLICATIONS

Airlines are among businesses caring strongly about their passenger satisfaction and loyalty. EgyptAir, the national airline company of Egypt, has been investigated through its passenger in the current study to perceive the effect of its relational marketing procedures on passenger satisfaction and loyalty. Using structural equation modelling to analyse 215 responses from EgyptAir passengers, it is revealed that relational marketing dimensions are positively affecting passenger satisfaction. However, these dimensions have small effect size on passenger satisfaction. Mean values of relational marketing dimensions refer to neutral opinions of passengers on airline shared values practices, bonding, dealing with conflicts, and satisfaction of passengers. It is worth to pay attention to such practices to enhance the passenger satisfaction and loyalty to the airline.

Having shared values with customers, implementing what the company promises and its commitment to a high level of service quality, in addition to trust building between the company and its passengers, appealing tangible services provided by the company and instant dealing with customer conflicts and complaints according to the declared regulations could strongly have a positive impact on the perception of passengers to the services provided by the company and forming a positive attitude toward the airline.

EgyptAir has courteous employees, attractive aircrafts, and builds long term relationships with customers. These customer-centred practices have significantly affecting the satisfaction of the customers and succeeded to convert them to loyal marketers speaking positively about the company and recommend its services to others. Generally service providers in tourism and hospitality sectors have to keep a strong relationship with customers where the word of mouth and reviews of customers have a crucial impact on other customers who consider seriously the comments and opinions of those tried the service and make a decision accordingly. In addition the competition among airlines has become fierce, and online travel portals help passengers to search, compare, and buy airline services globally which should be taken considerably by airlines to retain their passengers and increase their customer-base.

6.1 Implications

Contribution to Knowledge

This study contributes to theory adopting and incorporating constructs from previous studies in a rigorous model to investigate the effect of customer relationship marketing dimensions on customer satisfaction and loyalty. It evaluates the perceptions of EgyptAir passengers towards its provided services, practices relating to customers, its commitment to promised and declared itineraries. The study adds to the extant knowledge in airline sector and provides a research model that can be used to investigate the activities of customer relationship marketing in the sector. Academics and researchers are invited to adopt the developed model, develop it further and test it in different contexts. Testing the causal relationships between constructs of the model could help increase the understanding of the factors affecting passengers of airlines and their loyalty to specific ones.

Managerial implications

This present study contributes to practice by revealing a number of results relating to the relationships of the airline with their customers. Although having positive and significant findings in this study and having a clear effect of relational marketing activities on customer satisfaction, the regression loadings and mean values of opinions refer to the need to better improvement of such practices. it is revealed in this study that commitment of the company to what it promises have the greatest effect on its passenger satisfaction, and this is followed by shared values, bonding and tangibility. Constructs of bonding, tangibility, trust, and dealing with conflicts need to have a stronger effect on customer satisfaction. EgyptAir and airlines need to:

- Build stronger relationships with customers and improve communication procedures with them and engage them more in their decisions. This will help customers understand the areas of defect and the procedures airlines could take to improve their services and respond to passengers' feedback. Finally this communication increases passengers' satisfaction and loyalty.
- Improve marketing efforts as marketers of airline services could use the findings of this study to increase the customer satisfaction through building a trust between airlines and their passengers reflecting the importance of their feedback and how airlines try to improve their services in order to satisfy their customers

and have loyal passengers.

- Introduce the dimensions that influence passenger satisfaction in their loyalty programmes in order to have loyal customers and positive word of mouth about the flights, its services, facilities and complaints' handling.

6.2. Limitations and further research

One limitation of this study is it investigates the opinions of passengers on different routes, short and long haul flights. Long haul flights and short flights should be investigated separately and a comparison of findings should be introduced. A comparison between EgyptAir and other airline companies should be conducted. Furthermore, the majority of the sample units were males. Additionally, the sample size could be increased for better generalization concerns. Further research should focus on these limitation and academics are invited to test and develop the research model in other tourism sectors.

REFERENCES

Ahadmotlaghi, E., & Pawar, P. (2012). Analysis of CRM programs practiced by passengers'airline industry of india and its impact on customer satisfaction and loyalty. Researchers World, Journal of Arts, Science & Commerce, 3(2 Part 2), 119.

Amoako, G. K., Arthur, E., Christiana, B., & Katah, R. K. (2012). The impact of effective customer relationship management (CRM) on repurchase: A case study of (GOLDEN TULIP) hotel (ACCRA-GHANA). African Journal of Marketing Management, 4(1), 17-29.

Auka, D., Bosire, J. N., & Matern, V. (2013). Perceived service quality and customer loyalty in retail banking in Kenya. British Journal of Marketing Studies, .1 (3), 32-61.

Avdimiotis, S. & Christou, E. (2004). GIS applications in tourism planning: A tool for sustainable development involving local communities. Journal of Environmental Protection & Ecology, 5(2), 457-468.

Chao, C.-C., Chen, H.-T., & Yeh, T.-L. (2015). A comprehensive relationship marketing model between airlines and travel agencies: the case of Taiwan. Journal of Air Transport Management, 47, 20-31.

Chatzigeorgiou, C. & Christou, E. (2016). Destination branding and visitor brand loyalty: Evidence from mature tourism destinations in Greece. Tourismos: An International Multidisciplinary Journal of Tourism, 11(5), 102-123.

Chenini, A. & Touaiti, M. (2018). Building Destination Loyalty Using Tourist Satisfaction and Destination Image: A Holistic Conceptual Framework. Journal of Tourism, Heritage & Services Marketing, 4(2), 37–43. http://doi.org/10.5281/zenodo.1490491

Christou, E. and Nella, A. (2016). Web 2.0 and pricing transparency in hotel services, in Sigala, M., Christou, E. and Gretzel, U. (Eds), Social Media in Travel, Tourism and Hospitality, Ashgate Publishing, Surrey, pp. 133-148.

Christou, E., Avdimiotis, S., Kassianidis, P., & Sigala, M. (2004). Examining the Factors Influencing the Adoption of Web-Based Ticketing: Etix and its Adopters. Information and communication technologies in tourism 2004, the 11th ENTER International Conference in Cairo, Egypt, 2004, pp. 129-138.

Domazet, I., Zubović, J., & Jeločnik, M. (2010). Development of Long-term Relationships with Clients in Financial Sector Companies as a Source of Competitive Advantage. Bulletin Universităţii Petrol-Gaze din Ploieşti, 62(2), 1-10.

EgyptAir (2017). Egyptair official website: Egyptair.com

El-Adly, M. (2019). Modelling the relationship between hotel perceived value, customer satisfaction, and customer loyalty. Journal of Retailing and Consumer Services, 50, 322-332.

Emami, J., Lajevardi, M., & Fakharmanesh, S. (2013). An integrated model in customer loyalty context: Relationship quality and relationship marketing view. Australian Journal of Basic and Applied Sciences, 7(2), 399-407.

Evans, J. R., & Laskin, R. L. (1994). The relationship marketing process: A conceptualization and application. Industrial Marketing Management, 23(5), 439-452.

Flavián, C., Guinalíu, M., & Gurrea, R. (2006). The role played by perceived usability, satisfaction and consumer trust on website loyalty. Information & Management, 43(1), 1-14.

Fornell, C., & Larcker, D. F. (1981). Evaluating structural equation models with unobservable variables and measurement error. Journal of marketing research, 39-50.

Fotiadis, A. & Williams, R.B. (2018). "TiCoSa" a 3d matrix conceptual model to investigate visitors' perceptions in an athletic event. Journal of Tourism, Heritage & Services Marketing, 4(2), 32–36. http://doi.org/10.5281/zenodo.1490450.

Gilboa, S., Seger-Guttmann, T., & Mimran, O. (2019). The unique role of relationship marketing in small businesses' customer experience. Journal of Retailing and Consumer Services, 51, 152-164.

Gretzel, U., Sigala, M. and Christou, E. (2012). Social Media Change the Name of the Game in the Tourism and Hospitality Industries, *The European Financial Review*, 20 October, available at: http://www.europeanfinancialreview.com/?p=1340.

Hair, J., Black, W., Babin, B., & Anderson, R. (2010). Multivariate data analysis: a global perspective: Pearson Prentice Hall.

Halimi, A. B., Chavosh, A., & Choshalyc, S. H. (2011). The influence of relationship marketing tactics on customer's loyalty in B2C relationship–the role of communication and personalization.

Hashem, T. N. (2012). The impact of customer relationship marketing on costumers'image for jordanian five star hotels. International Journal of Business and Social Science, 3(2), 129-134.

Hassan, R. S., Nawaz, A., Lashari, M. N., & Zafar, F. (2015). Effect of customer relationship management on customer satisfaction. Procedia Economics and Finance, 23, 563-567.

Heffernan, T., O'Neill, G., Travaglione, T., & Droulers, M. (2008). Relationship marketing: The impact of emotional intelligence and trust on bank performance. International Journal of bank marketing, 26(3), 183-199.

Hoang, D. T. L. (2015). The impact of relationship marketing on customer loyalty in the airline industry: Case study finnair. (Degree Programme in Business Management), Centria University of Applied Sciences, Finland.

Jamart, T., & Kupka, S. (2009). The achievement of sustainable competitive advantage through relationship marketing: A case study of European Low Cost Airlines (Masters), Halmstad University, Sweden.

Jesri, P., Ahmadi, F., & Fatehipoor, M. (2013). Effects of relationship marketing (RM) on customer loyalty. Interdisciplinary Journal of Contemporary Research in Business, 4(11), 304-312.

Johan, M., Noor, N., Bahar, N., Yan, L., & Ping, L. (2014). Factors Affecting Customer Loyalty Towards Airlines Industry in Malaysia: An Exploratory Analysis. Interdisciplinary Journal of Contemporary Research in Business, 6, 12-23.

Jumaev, M., & Hanaysha, J. R. (2012). Impact of relationship marketing on customer loyalty in the banking sector. Far East Journal of Psychology and Business, 6(4), 36-55.

Kebede, A., &Tegegne, Z. (2018). The effect of customer relationship management on bank performance: In context of

commercial banks in Amhara Region, Ethiopia. Cogent Business & Management, 5(1), 1-9.

Khan, S. (2013). Attaining customer satisfaction! The role of customer value and relation base marketing a study of policy holders of Peshawar Pakistan. International Journal of Managing Value and Supply Chains, 4(1), 11-24.

Kock, N. (2015). WarpPLS 5.0 user manual. Laredo, Texas: ScriptWarp Systems.

Kumudha, A., & Bhunia, A. (2016). Customer relationship management and marketing practices in airlines industry-An empirical study. IJAR, 2(11), 39-43.

Küçükaltan, E. G., & Pirnar, I. (2016). Competitiveness factors of a tourism destination and impact on residents' quality of life: The case of Cittaslow-Seferihisar, Journal of Tourism, Heritage & Services Marketing, 2(1): 22-29. http://doi.org/10.5281/zenodo.376332.

Kyratsis, P., Chatzigeorgiou, C., Tsagkaris, A. & Dinopoulou, V. (2010). Failure mode and effect analysis (FMEA) implementation in conference tourism services. The Cyprus Journal of Sciences; Nicosia Vol. 8: 119-131.

Mensah, I. & Mensah, R.D. (2018). Effects of Service Quality and Customer Satisfaction on Repurchase Intention in Restaurants on University of Cape Coast Campus. Journal of Tourism, Heritage & Services Marketing, 4(1), 27–36. http://doi.org/10.5281/zenodo.1247542.

Mohamud, M. (2019). The Effect of Customer Relationship Management and Organizational Performance in Mogadishu Somalia. International Journal of Science and Research, 8 (1), 2061- 2062.

Mårtensson, S., & Neij, R. (2013). Customer loyalty across industries: a quantitative study in a Swedish retail setting on the impact of relationship marketing. Linnaeus University, School of Business and Economics.

Martín-Consuegra, D., Molina, A., & Esteban, Á. (2006). Customer Orientation in the Airline Industry: A Comparison between Travelers and Airlines. e-Review of Tourism Research, 4(5), 108-118.

Mombeuil, C., Fotiadis, A. K., & Wang, Z.-h. (2019). The Pandora's box of corporate social irresponsibility: An exploratory study within a failed State context. Journal of Cleaner Production, 234, 1306-1321. doi:https://doi.org/10.1016/j.jclepro.2019.06.262

Moore, C. (2014). Corporate social responsibility and creating shared value. Heiffer International, 1-6.

Nella, A. & Christou, E. (2014). Segmenting Wine Tourists on the Basis of Involvement with Wine, Journal of Travel & Tourism Marketing, 31(7), 783-798, https://doi.org/10.1080/10548408.2014.889639.

Nsour, I. A. (2013). Impact of Using Relationship Marketing Strategies on Customers Loyalty Study on STC Customers in Riyadh–KSA. European Journal of Business and Management, 5(28), 139-150.

Payne, A., Ballantyne, D., & Christopher, M. (2005). A stakeholder approach to relationship marketing strategy: The development and use of the "six markets" model. European Journal of Marketing, 39(7/8), 855-871.

Pirnar, I., Kurtural, S. & Tutuncuoglu, M. (2019). Festivals and destination marketing: An application from Izmir City. *Journal of Tourism, Heritage & Services Marketing*, 5(1), 9–14. http://doi.org/10.5281/zenodo.2640987.

Rizan, M., Warokka, A., & Listyawati, D. (2014). Relationship Marketing and Customer Loyalty: Do Customer Satisfaction and Customer Trust Really Serve as Intervening Variables? Journal of Marketing Research & Case Studies, 2014, 1-12.

Sezgen, E., Mason, K., Mayer, R. (2019). Voice of airline passenger: A text mining approach to understand customer satisfaction. Journal of Air Transport Management, 77, 65-74.

Sigala, M. & Christou, E. (2006) Investigating the impact of e-customer relationship management on hotels' website service quality. ECIS 2006 Proceedings. 118. http://aisel.aisnet.org/ecis2006/118.

Sigala, M., Christou, E. & Baum, T. (2002). The impact of low cost airlines on business travel. Proceedings of AIEST Conference (Vol. 44, pp. 313-334), Salvador-Bahia, Brazil.

Sigala, M., Christou, E., & Gretzel, U. (Eds.) (2012). Social media in travel, tourism and hospitality: Theory, practice and cases. Ashgate Publishing, Ltd.

Sin, L. Y., Tse, A. C., Yau, O. H., Lee, J. S., & Chow, R. (2002). The effect of relationship marketing orientation on business performance in a service-oriented economy. Journal of Services marketing, 16(7), 656-676.

Taleghani, M., Gilaninia, S., & Mousavian, S. J. (2011). The role of relationship marketing in customer orientation process in the banking industry with focus on loyalty (Case study: Banking industry of Iran). International Journal of Business and Social Science, 2(19), 155-166.

Triantafyllou, G., Christou, E., Kassianidis, P. & Lagos, D. (2011). Wine Packaging Elements: Do they impact consumer's purchasing behavior. Proceedings of 2nd Advances in Hospitality and Tourism Marketing and Management (AHTMM) Conference, Istanbul, Turkey, Bogazici University.

Williams, J., & Chinn, S. J. (2010). Meeting relationship-marketing goals through social media: A conceptual model for sport marketers. International Journal of Sport Communication, 3(4), 422-437.

Wilson, D. T. (1995). An integrated model of buyer-seller relationships. Journal of the academy of marketing science, 23(4), 335.

Yilmaz, O.Z. (2018). Revisiting Employee - Guest Interactions in Hotels: An Analysis of Critical Incidents. Journal of Tourism, Heritage & Services Marketing, 4(2), 17–23. http://doi.org/10.5281/zenodo.1490400.

SUBMITTED: OCTOBER 2018
REVISION SUBMITTED: FEBRUARY 2019
ACCEPTED: MAY 2019
REFEREED ANONYMOUSLY

PUBLISHED ONLINE: 30 NOVEMBER 2019