Research Note: Customer Experience Management in Cruise Pre-consumption

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Abstract

Purpose - This study will apply the relatively new concept of customer experience management (CXM) to the pre-consumptive stage within a cruise tourist’s journey.

Design/methodology/approach – The work will apply CXM to the tourism sector and, in particular to the cruise market. Academics have noted how CXM needs to takes a holistic integrated approach and focus on the complete customer experience. The cruise sector has been selected for this research because it is the fastest growing tourism sector globally and the pre-consumption stage for cruise passengers is longer than for other vacation types.

Findings - This study has shown how CXM has emerged from the more traditional marketing concept of relationship marketing and has highlighted its relevance within the tourism industry, in particular the cruise sector. In addition, the work has shown how adapting CXM to the pre-consumptive phase more fully will enhance consumer relationships and improve business performance.

Research limitations/implications – This work is conceptual. It is proposed that the research propositions should be verified within the pre-consumptive stage of cruise passenger journeys. Another limitation is that the focus has been solely on the cruise sector and future research could be extended to other tourism service industries.
Practical implications – This work will provide tourism and other service industry managers with a new strategy to enhance consumer experience and improve business performance in the pre-consumptive stage and extend academic understanding within this stage of a cruise tourist’s vacation.

Originality/value – This research is significant because CXM is a model which has been utilised within service businesses but has had limited application to the cruise sector and to the pre-consumption timeframe. It is important to understand cruise passengers in this time-frame to encourage positive relationships, to potentially increase revenue opportunities and provide an overall improved consumer experience.

Keywords Cruise, Experience, Pre-consumption, Management, Tourism

Paper type Research Note

Introduction

This topic is important because of the competitive nature of the tourism and cruise sectors and by embracing customer experience management (CXM) business performance can be enhanced. The aim of this paper is to review CXM and suggest broadening its application to the cruise tourism sector and extending it more holistically to include the pre-consumptive stage of a cruise passenger’s journey. This is significant because this stage is increasing in duration and provides opportunities by extending CXM to build improved customer relationships, potentially increase revenue and develop an overall enhanced experience for the passenger.
CXM has evolved from the traditional marketing concepts of relationship marketing (RM) and customer relationship marketing (CRM) (Palmer, 2010). RM has been defined as “the development and management of long-term relationships with customers, influencers, referrers, suppliers, recruiters and employees whereas CRM is explained as “all marketing activities and strategies used to retain customers. This is achieved by providing customers with relationship-enhancing products and/or services that are perceived to be of value and superior to those offered by a competitor, “(Baines & Fill, 2014).

However, CXM is experiential in nature (Lemon & Verhoef, 2016; Schmitt, 2003); it has been defined as an experience based application (Hwang & Seo, 2016) which makes it attractive to the service sectors because of the intangibly of the products and the experiences throughout the transaction. Sometimes consumers can wait a long time for their actual “product” therefore CXM can be an invaluable strategy to keep customers engaged and provide opportunities to offer further experiences ie add-ons, product updates.

Although CXM has been utilised within the service/hospitality sector the tourism market has seen little application. (Rahimi, Koseoglu, Ersoy & Okumus, 2017). CXM considers the complete journey from the initial inquiry to reflection on return therefore as the tourism sector is experiential and intangible it is suggested that applying CXM is a relevant strategy. It is suggested that CXM is applied in particular to the cruise sector due to the lengthy booking periods and the opportunities to improve consumer relationships, increase revenue and overall business performance.

Within the tourism market the cruise sector is the fastest growing tourism segment globally (CLIA, 2015; Papathanasssis, 2017) and cruise passengers book earlier for this holiday type than for other vacations. The booking trends in the UK and Ireland cruise market highlight that over the past ten years at least a 9-month lead in time has
accounted for at least a quarter of the bookings; booking over a year in advance accounts for over 11% (CLIA, 2017). These booking trends highlight that the period between booking the cruise and the physical trip is extensive. This pre-consumption phase in this work is defined as post-purchase and pre-service delivery. Understanding service consumers is vital and unpicking each stage of the consumer journey is key to providing a positive experience (Reinartz, Krafft & Hoyer, 2004).

Therefore, it is posited that as CXM is experiential in nature it is complementary to the cruise sector. It should be applied to the pre-consumption stage as this is a lengthy time frame in the cruise sector. Existing literature has not explored this application of CXM previously. It is important to develop CXM understanding and explore the relationship with the cruise sector to enhance academic knowledge and offer practitioner guidance to ensure that consumers are satisfied in this stage of the journey to help build relationships and increase potential revenue.

This paper is split into three sections. The first section considers the development of CXM from the traditional marketing relationship models, the second section reviews the cruise industry and examines the relevance of the cruise pre-consumption time-frame within CXM and finally the benefits of understanding cruise pre-consumption is examined with suggestions for future research.

**Synthesis of CXM Development and the Relevance to the Cruise Sector**

This section will discuss the development of CXM from traditional marketing models and the level of academic research it has attracted. CXM is defined as “the cultural mind-sets toward customer experiences, strategic directions for designing customer experiences, and firm capabilities for continually renewing customer experiences with the goals of achieving and sustaining long-term customer loyalty,” (Homburg, Jozić, & Kuehnl, 2015).
As long ago as the 1800s services were rated less important than goods, however current commentary suggests that consumers do not distinguish between goods and services (Gummesson, 2007; Milman, Zehrer, & Tasci, 2017) and value both products equally. However, since 1970s service marketing entered business schools (Grönroos, 2007) and marketing strategies have moved from a goods focus to a service-dominant view (Vargo & Lusch, 2004) and a clear example of this is the development of the marketing mix extending from the traditional 4Ps of price, product, promotion and place to include people, processes and physical evidence.

It is recognised that CXM has evolved from traditional marketing concepts of RM and CRM, (Homburg et al, 2015). RM is a marketing approach introduced by Berry (1983) who explains that CRM is rooted in the RM philosophy and aims to “attract, maintain and enhance customer relationships” which provides a move from transactional exchanges to a relationship-oriented approach (Grönroos, 1994; Kim, Han & Lee, 2001; Rahimi & Gunlu, 2016). Furthermore, CRM has been defined as an ongoing relationship between provider and customer, (Bergeron, 2002), an approach that involves people, processes and technology across all customer touchpoints, (Wang & Fesenmaier, 2004; Mendoza, Marius, Pérez & Grimán, 2007) and a strategy to increase customer satisfaction and retention especially in service industries (Rahimi et al, 2017).

The start of CXM can be tracked to the 1960s through work by Lemon and Verhoef (2016) who noted changes from customer buying behaviour process, to service quality identifying the contact and element of customer experience to customer engagement, which recognised the role of the consumer. Academics (Homburg et al, 2015; Lemon & Verhoef, 2016; Palmer, 2010; Schmitt, 2003) have highlighted that it is a more relevant approach because it is a customer-focused management concept which builds detailed relations with customers and
is process-oriented. It was in fact identified by the Marketing Science Institute 2016 as one of the most important research challenges in the next few years because of the increasing number of customer touchpoints and the belief that building strong and positive relationships with customers will improve the financial performance of a business. Early stage research has shown that CXM, although embraced within industry, is still in its infancy in academia (Homburg et al, 2015; Kandampully, Zhang & Jaakkola, 2017).

Chahal & Dutta, (2014) consider how the CXM literature is discussed in terms of impressions, feelings and intangible assets after the interaction between customer and service provider and personalisation of this process was highlighted by one of the first researchers to present the concept of customer experience who moved the delivery of “tourism products” to the provision of “tourism experiences” (Palmer, 2010; Pine & Gilmore, 1999;) notes that there are a range of definitions presented from those which are “about the accumulation of knowledge and wisdom” to those which note “experience as a unique event” and others (Harris, Harris & Baron, 2003) which offer a circular function embracing the consumer’s experience and all contacts with a business.

The embedment of customer experience within CXM is important to the development of practice; and a management approach is offered by Grewal, Levy and Kumar, (2009), who explain that CXM is a business process focussed to manage the customers’ experience. Furthermore, for successful CXM design it is suggested an understanding of experiences would help with refinement, as no agreement has emerged regarding a good experience, although there are many definitions of customer experience within academic observations (Arnould & Price, 1993; Meyer & Schwager, 2007; Shaw & Ivens, 2005; Skard, Nysveen & Pedersen; 2011; Tynan & McKechnie, 2009).
Many authors have mentioned the various influencers and stimuli within CXM and the customer journey. Frameworks within CXM can be viewed from a variety of different perspectives. One viewpoint is a business-wide management approach (Homburg et al, 2015). Another is a more collaborative-based outlook based on stimuli looking at brand and interpersonal relationships (Palmer, 2010), finally an experiential based model which embraces the business context with a consumer focus is also considered (Schmitt, 2003). Furthermore, McColl-Kennedy et al., (2015) highlight three areas; broadening consumers’ role, practice-based approach and identifying the dynamic nature of customer experience across all touchpoints and over time. They suggest further research should review how experiences can be optimised at the various touchpoints. Therefore, the measurement of CXM is critical in its evaluation, however literature has highlighted that this limited (Frow & Payne, 2007; Palmer, 2010).

Although relating to the evolution and state-of-the art aspects of CXM, it is noted that there is very little research in the hospitality and tourism field, (Rahimi et al, 2017; Ritchie, Tung & Ritchie, 2011). This research note highlights the need to focus this new approach to the cruise industry because of the experiential nature and intangibility of this sector. In this section it has been explained how CXM relates to the various touchpoints in a passenger’s trip and the relevance of building strong relationships with customers to provide improved customer satisfaction and loyalty ensuring improved business profits.

**The Significance of CXM and Changes within the Cruise Industry**

This section will discuss how experiential services, including the cruise product, can be split into three phases; pre, during and post. Furthermore, trends will be reviewed with the cruise industry and CXM will be considered as a viable option for this stage of a cruise passenger’s journey.
CXM has generally been applied to the actual experience within a consumer’s journey (Kandampully et al., 2017). Experiences have been identified as having several sections. The main stages are pre-experience, during experience and past-experience. This research note is suggesting applying CXM to the pre-consumption phase of post-booking and pre-travel more fully in order to enhance customer relationships and potentially increase revenue. Therefore, this pre-experience stage will be reviewed.

Many academics have identified holiday stages with pre, during and post being the three steps discussed. The proposal of this work is to apply CXM to the stage between booking and before travel in the cruise market. The reason this is suggested is because there are frequently lengthy timeframes between the initial booking and the travel date. The models to be reviewed consider the different stages and they are included in this research note to highlight how academics have identified the stages in the consumer journey.

Prat and de la Rica, (2012) offer a three-stage model of pre-trip, on-trip and evaluation however they split up the stages into the several mini-sections. Considering the period between booking and undertaking the trip they identify stages of anticipation and ‘feeling the essence’ of the trip. Clawson and Knetsch (1966) also note anticipation as a mini-sage between pre-trip and on-trip. Aho (2001) also notes that in between the pre-tip and the on-trip stage there is an attachment stage, which includes preparations for the trip. (Chubb & Chubb, 1981) also noted anticipation and preparation being key between booking and travelling.

The cruise industry is still relatively new; purpose-built ships for leisure cruising did not appear until 1970 when Royal Caribbean Cruise Line began (Klein, 2017). However, it is currently the fastest growing sector in the world. The UK and Irish market surpassed two million for the first time in 2018. The figure has been the British cruise industry’s target since
2015, with the initial aim to reach it by 2020. (Parry, 2019). The cruise industry is the fastest growing travel-business in the world (CLIA, 2015; Papathanassis, 2017) and demand for cruising has increased 68% in the last ten years (CLIA, 2016). The growth in cruise corresponds with an increase in lead-in times. Cruise passengers tend to book earlier than holidaymakers booking other types of vacations, for example consumers can already book for sailings departing in 2022 with Crystal. Cruise passengers book early; the average lead-time for booking cruise is now 7 months, the longest since 2009. The reasons for this early booking are price, holiday components, value for money and special offers, specifically the inclusive drinks packages (Sharples, 2018). In the cruise industry the pre-consumptive phase is utilised by cruise practitioners. In a cruise sales cycle (Macefield, 2018) this stage is identified as “preparing the customer” and involves advising passengers on essentials to book ahead ie excursions, drinks packages etc. Moreover, cruise company Carnival have embraced technology launching a wearable medallion which passengers can wear when on board. However, before travelling it provides cruise customers the opportunity to set-up port activities, on-ship interests and preferences for food and drink. This personalises the passengers’ holiday engagement and enhances the experience. Furthermore, by developing the relationships through a travel agent or new technology can drive revenue generation and increase profits.

This research note has focussed on the consumer approach to CXM, however the benefits of CXM to the cruise business also needs to be addressed. This work has noted that by building relationships with cruise passengers after they have booked and before they travel can enhance revenue and engagement. Cruise industry practitioners will be able to utilise the data from these decisions which will inform both operational and strategic planning. By understanding the intentions of customers can advise decision varying from what the most
popular food choices are likely to be during a sailing, to which cabins have been to up-sold after the original booking – the information which can be collated is invaluable.

CXM is a holistic approach embracing touchpoints throughout the consumer journey. The application of CXM will vary depending on the passenger type. There are many market segments who take cruise holidays and therefore the most relevant strand of CXM should be utilised depending on the customer profile. Some passengers will purchase all-inclusive packages; therefore the ability to drive addition revenue is limited. The CXM approach will be different to those who had not bought this add-on. In this circumstance it is suggested that CXM could be utilised to enhance the touchpoints experience ie when customer pays the balance, or emails an enquiry.

Within cruise the cruise market there are many loyal customers who frequently travel with the same company, often on the same ship. These customers expect the company to know their personal needs and requirements and therefore providing personalised CXM is essential when dealing with loyal customers. Sometimes undecided potential customers can pay a deposit to secure a discounted price and then decide on the actual cruise at a later date. In this context the CXM can be applied to ensure the customer cruise choice matches the consumer profile which could help to secure the passenger’s future loyalty.

As previously noted are three clear stages within an experiential transaction, pre-trip, on-trip and post-trip therefore it is essential that CXM is applied throughout the journey (Kanampully & Solent, 2015) capturing the sequential character and experiential responses over time (Ghoshal, Yorkston, , Nunes & Boatwright, 2014; Verhoef et al, 2009). There is evidence showing that the anticipation of an event may, in its own right be an important experiential benefit (Cowley, Farrell & Edwardson, 2015). Furthermore it is noted that customer satisfaction and longer-term intentions are affected by emotions during the pre,
actual and post stages of a service transaction, (Oliver, 1993; Barsky & Nash, 2002). Palmer (2010) highlights how managers should provide a “stream of experiences” which will develop over time and Nixon and Rieple (2010) adds that the experience can extend beyond the service delivery to include both pre and post exchanges with Hwang and Seo (2016) emphasising the holistic experiences within hospitality and tourism because of the numerous stages within the consumer journey. To help clarity and context, table 1 shows significant CXM literature relating to the important themes within the topic.

Table 1: Significant CXM literature and themes

<table>
<thead>
<tr>
<th>Theme</th>
<th>Author (s)</th>
<th>Comment</th>
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<tbody>
<tr>
<td>Experiential and Holistic</td>
<td>Harris et al., 2003; Lemon &amp; Verhoef, 2016; Schmitt, 2003;</td>
<td>Customer experience management involves the whole and complete process of the customer journey and is a circular process.</td>
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<td>Experience management will vary as the time-frame changes to adapt to the relevant experience.</td>
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<td><strong>Touchpoints</strong></td>
<td>Mendoza et al., 2007; Wang &amp; Fesenmaier, 2004.</td>
<td>Touchpoints are interactions with customers at different stages of the experience and are vital within customer experience management.</td>
</tr>
<tr>
<td><strong>Stimuli and influences</strong></td>
<td>McColl-Kennedy et al., 2015; Palmer, 2010.</td>
<td>These can include developing the consumer function and the vibrant character of and relate to brand and interpersonal relationships.</td>
</tr>
<tr>
<td><strong>Limited tourism application</strong></td>
<td>Rahimi et al., 2017; Ritchie et al., 2011.</td>
<td>Little academic commentary with limited research within tourism; cruise review extremely sparse.</td>
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**Future Research on the Extension of CXM to Cruise Passenger Pre-consumption**

In this section the application of CXM in the cruise pre-consumption phase will be discussed and opportunities for future research identified. As already examined CXM has been developed to match and embrace the more experiential nature of service industries.
Within the cruise market there are lengthy periods between booking and travelling (Sharples, 2018) and therefore CXM should be extended more fully to encompass this timeframe. This stage is important because of its long duration and because consumer relationships can be developed alongside revenue generating opportunities enhancing business success. A large proportion of CXM research is conceptual which highlights the need for more empirical investigation (Hwang & Seo, 2016). This paper is conceptual, and further research is proposed. There have been limited applications of methodologies within CXM and it is suggested that more sophisticated and innovative methods should be adopted to improve research vigour (Boulding, Staelin, Ehret & Johnston, 2005; Law, Fong, Chan & Fong 2018). It is posited that a hermeneutic phenomenology study will be undertaken with cruise operator managers and passengers to capture the essence of CXM in the pre-consumption stage.

Hermeneutic phenomenology has been selected because this method considers the experience from the viewpoint of meanings, understandings and interpretations. It is suggested that using hermeneutic phenomenology in tourism provides for situated and full description and offers the prospect to probe into the understanding of a tourist’s experience (Pernecky & Jamal, 2010).

The managerial implications for cruise practitioners are that by utilising CXM in this pre-consummptive phase they will have a greater understanding of their passengers in this post-booking/ pre-travel stage and will be able to build stronger relationships, earn potential further revenue and provide an improved experience for their customers. Consequently, they will be able to utilise the information collated in this stage to inform operational and strategic planning and business decisions, which will improve the overall performance of the cruise company.
Limitations of this work is that the focus has been solely on the cruise sector and future research could be extended to other service sectors, such as higher education where students select their programmes of study many months ahead of course starting dates. Moreover, consideration can also be given to the post-stage to help provide a comprehensive view of the overall CXM journey.

In summary, this research note has discussed the emergence of CXM and has noted why CXM is relevant to the tourism sector and in particular to the cruise market. The work has focused upon the post-purchase /pre-consumption stage of the journey, because of the lengthy duration. There are many advantages of implementing CXM which include improving customer engagement, developing customer relationships and improving business planning and performance. This research offers CXM as a new strategy in this currently under-researched phase of cruise pre-consumption.
References


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