

A Work Project, presented as part of the requirements for the Award of a Master's degree in
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Supporting a Portuguese Hotel chain in attracting and retaining Portuguese guests:
the role of CRM and Email marketing

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Abstract

The Portuguese tourism sector received many foreign tourists before the Covid-19 crisis, with large hotel companies relying heavily on the foreign tourist segment. Yet, in 2020, the pandemic crisis forced the cessation of international tourism for many months, which led Portuguese hotels to focus on the domestic segment to keep the business alive. The following study identified effective strategies for attracting and retaining Portuguese clients in Portugal, bringing efficient solutions applicable to the Portuguese market. However, the results obtained are more relevant for the Pestana Hotel Group. An internship within this hotel group was done, which is why this study focuses specifically on this brand. An online questionnaire with 215 responses was also carried out, and eleven interviews with professionals in the sector were conducted to gather results on the effectiveness of the strategies presented in this study. The results reported the effectiveness of a strategy that focuses on CRM and email marketing by applying an email personalisation strategy, in order to attract and retain Portuguese guests. These results are relevant for the Pestana Hotel Group and could be helpful for other Portuguese firms within the tourism sector.

Keywords: Domestic tourism – Customer Retention – Customer Attraction – Portugal – Hospitality – Pestana Hotel Group - Marketing

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Chapter 1 – Introduction

1.1. Problem Statement

The travel and tourism industry represents one of the most important sectors for the world's economy. Many countries rely financially on the services industry, with the tourism sector representing a significant part.

Even though this sector has a significant importance in many countries, especially since it has been growing throughout the years. However, it is one of the most sensitive sectors, as it can be heavily impacted by any possible worldwide disaster. With the travel industry relying on human interaction, with the Covid-19 pandemic, people around the world stopped being able to move between countries.

While some people could still travel on international or national territories, most countries closed their borders and implemented nationwide restrictions to contain the spread of the Covid-19 virus.

The pandemic brought the challenge of regaining people's trust to travel again. With international tourism dropping to never seen levels, domestic tourism took a vital role in keeping the industry alive. Furthermore, companies focused on promoting their hotels and brands inside borders, leading companies to still improve while under a virus pandemic.

Therefore, domestic tourism started to take a significant part in each company's strategy, as it was the remaining active sector.

In Portugal, the scenario was not different since the country's government implemented strict restrictions to stop the spread of Covid-19. Because of this, tourism and hospitality brands in Portugal changed their strategy, focusing mainly on the Portuguese segment. The example addressed in this thesis is the case of the Pestana Hotel Group.

Throughout the pandemic, Pestana Hotel Group had to adapt their strategy to focus on the most relevant segment, the Portuguese guests. During 2020 and 2021, Pestana was able to attract many new Portuguese clients, to compensate for the loss of international clients.

The problem statement of the thesis focuses on understating how the Pestana Hotel Group can still attract and retain Portuguese clients in the Portuguese hospitality industry.

1.2. Relevance of the study

Portugal, like many other countries, started targeting the domestic sector during Covid-19 since it was the only achievable segment to explore.

Therefore, the thesis focuses on attracting and retaining Portuguese guests in the Portuguese hospitality industry, specifically focusing on only one Portuguese hospitality company, the Pestana Hotel Group.

This study is relevant as it will allow Pestana Hotel Group to understand how it can widen and improve its guest portfolio, not relying mainly on foreign guests and by gathering valuable data and knowledge about Portuguese tourists, essentially regarding their preferences, needs and habits. In this way, the firm will be able to attract and retain Portuguese guests and consequently develop a risk management strategy that would work if another pandemic or global issue happens. This strategy will be developed through the analysis of the efficiency of four tools that may allow the company to face any situation that could force the business to only receive Portuguese guests as the only active segment, such as the worldwide pandemic.

Even though there are articles analysing domestic tourism in Portugal, there are no studies specifically regarding the Pestana Hotel Group. To understand whether this topic would be relevant to the literature and researchers, the group searched for similar articles and research papers to determine if this topic was already analysed. After some research, it was possible to

conclude that no articles or studies cover this topic. Moreover, this study is the first one analysing the Pestana strategy to attract and retain Portuguese guests after the Covid pandemic.

1.3. Objectives

Regarding the study's relevance, the main objective is to create and analyse different tools that will allow Pestana Hotel Group to focus on the Portuguese guests to attract and retain them as clients.

Therefore, the main objectives of this study consist of the following:

- Develop a strategy to attract and retain Portuguese guests;
- Analyse how a combination of Customer Relationship Management and E-mail marketing can help a brand to personalise e-mails and therefore attract and retain more Portuguese clients;
- Understand if the feedback given by previous guests can help the hotels to improve and prevent future problems;
- Determine a Loyalty Program strategy based on flexibility and personalisation in order to increase the retention of domestic tourism;
- Analyse how an effective Digital Communication Strategy can improve brand equity and loyalty.

1.4. Thesis structure

This study will be developed through seven chapters. The first chapter includes an introduction to the study that is taking place. Here the problem statement, the relevance of the study and the objectives will be presented so the reader can understand the document.

The second chapter focuses on the setting of the context part, which represents a brief explanation of the Portuguese tourism sector, Portugal as a tourism destination and a short presentation about the Pestana Hotel Group.

The third chapter focuses on the literature review to gather information on the attraction and retention of Portuguese guests to build a foundation of information to create a marketing strategy focusing on Portuguese domestic tourism.

The fourth chapter explains how the study was developed, beginning with the research context, followed by the research questions, and concluding with the data collection methods through quantitative and qualitative research.

The fifth chapter contains the individual parts of each group member, where four different marketing tools were studied. Marta studied CRM and E-mail Marketing, Beatriz focused on Customer feedback, Paul brought into focus the Loyalty Program, and Hedi wrote about Brand Communication.

The sixth chapter presents the results gathered in order to define the Portuguese guest persona.

The seventh and last chapter presents the assembling of each individual results in order to build a group strategy. It also includes the contribution of this study to academic studies and to the Portuguese hospitality industry in general. This chapter also states the limitations encountered and recommends possible research topics for the future.

Chapter 2 – Setting the context

2.1. Portugal

2.1.1. Portuguese economy

Portugal is considered one of the world's leading economies, placing as the 48th largest economy in the world and the 16th in Europe (Direção de Gestão do Conhecimento 2020).

According to the global competitiveness index 4.0 in 2019 from the World Economic Forum, which analyses the competitiveness related to each country's level of productivity, Portugal ranked 34th among 141 countries (World Economic Forum 2019).

In 2021, Portugal had a total of 10.31 million habitants, representing a growth of 0,02% compared with the previous year. The estimate of population growth is negative, and it is expected that in 2027 Portugal will have a total of 10.16 million habitants.

The age structure development led Portugal to have in 2021 a total of 63.98% of the population aged between 15 and 64, which shows a negative variation in comparison to the previous year, 64.17%. People between 0 to 14 years old represent a total of 12.87%, which shows a negative deviation compared to last year, 13.05%. People with 65 years and older represent a total of 23.15% of the population in 2021, which shows a positive variation in comparison with the previous year, 22.27% (Statista 2014).

Considering the Gross Domestic Product (GDP) indicator, Portugal was ranked as the 33rd country of the ones with the highest GDP per capita in the world, with a total value of US\$24,528.4, representing a positive growth in comparison with 2020.

Portugal's economy relies mainly on the services industry, accounting for 65.7% of the total GDP of 2020 (Statista 2022a).

2.1.2. The travel and tourism industry: Portugal case

Between 2016 and 2019, the worldwide tourism sector's market size increased by 230.900 billion US dollars. It grew by almost 20% in 2021 compared to the previous year after falling dramatically in 2020 due to the coronavirus (COVID-19) pandemic (Statista 2022b).

As a brief introduction, Portugal represents 1.5% of the European travel and tourism market value. The food service industry is the largest in Portugal, accounting for 53.6% of the total value of travel and tourism (MarketLine 2021).

Portugal accounts with five tourism regions (Oporto and North of Portugal; the Centre of Portugal; Lisbon and the Tagus Valley; Alentejo and Ribatejo; and Algarve) which have the mission of internal promotion and development of tourist products. And then, there are two other Regional Tourism Directions (Madeira and the Azores) with political and administrative autonomy (Machado 2018).

Business groups and other national and regional tourism organisations, such as the Confederation of Portuguese Tourism (CTP), play an essential role in the execution of policies, plans, and initiatives regarding the tourism industry in Portugal. Through the Ministry of Economy and Innovation, the Portuguese government defines the National Strategic Tourism Plan (NSTP), which serves as the foundation for defining activities for the sustainable growth of national tourism and guiding the operation of Turismo de Portugal (Machado 2018).

Tourism in Portugal has grown significantly in recent years for many different reasons. The main ones are: the human resource qualification; supply specialisation; modernization of tourism management processes; marketing development; and investment in infrastructure and other services and products related to it. It is possible already to notice the consequences of these investments: Portugal has received several tourism awards, including the title of 'best destination in the world' in 2017, 2018, and 2019; tourism has suffered an increase in the socioeconomic relevance it has, as one of the leading export activities. International-wise,

Portugal was considered the 14th most competitive destination in the world, in 2017. It is being placed 21st in the world in terms of tourist revenues and 17th in terms of the number of tourist arrivals, accounting for 3% of global international tourism (do Rosário Campos Mira and Maria de Jesus Breda 2020).

As previously mentioned, Portugal's economy mainly focuses on the services industry, with tourism being one of the most important. Over the years tourism has been a significant contributor to the Portuguese economy, representing 12% of the Portuguese GDP in 2020.

This value decreased due to the Covid-19 pandemic, which was 16% in 2019 before the pandemic. However, it is predicted that the tourism contribution to the Portuguese GDP will face a positive variation in the post-pandemic scenario, accounting for 17% in 2025, a value higher than the pre-pandemic scenario (Statista 2020).

The Portuguese tourism sector accounted for approximately 18% of the country's global exports. Portugal's earnings from tourist service sales reached approximately 28 billion euros in 2019, an increase of more than 70% over 2012, when the numbers reached 16.7 billion euros in sales. The annual sales of the Portuguese tourism sector that year are the lowest of the decade. Another tool that can prove the importance of the tourism sector to the Portuguese economy is the sales of tourism services in the country. In 2010 the sales of tourism services were approximately 17 billion euros and in 2012 went down to roughly 16 billion euros. After that, they increased up to about 28 million euros in sales (Statista 2020).

In 2020 the world faced an expected pandemic named Covid-19, this pandemic has had a more significant impact on the world economy than the 2008 global financial crisis, and the forecast of the Covid-19 implications for the economy and environment was a big concern when it first emerged (Shevchenko et al. 2022). The advent of the Covid-19 pandemic drove most tourists worldwide to postpone or reschedule their visits, resulting in a substantial drop in foreign tourist arrivals worldwide. Following a low of roughly 409.5 million tourist arrivals worldwide in

2020, the lowest level was recorded since 1989. After those, international tourist arrivals increased by nine per cent in 2021 but remained well below pre-pandemic levels (Statista 2021). During the pandemic, one of the significant results of the world stopping were that every country in the world suffered a massive loss on the tourism revenues. The United States of America had the highest loss of about 147 billion U.S. dollars in the year 2020 (between January and October). In this same period, Spain suffered the second-highest drop in tourism revenue in the world, with a loss of roughly 46.707 billion U.S. dollars. Despite Portugal not being one of the most affected countries, its tourism revenue loss was around 13.857 billion U.S. dollars (Statista, n.d.).

Even though all specialists classified Covid-19 as a disaster, this pandemic has accelerated significant developments in the tourist sector, particularly at the economic, financial, organisational, operational, and technical levels. One of the main transformations highlighted by the experts is the increase and, consequently, the development of domestic tourism (Almeida, Mesquita, and Carvalho 2022).

To better understand tourism's contribution to the economy, it is best to first divide tourism into three main categories: domestic, inbound, and outbound.

Domestic tourism represents “the activities of a resident visitor within the country of reference” (OECD 2020), Inbound tourism represents “the activities of the non-resident visitor within the country of reference” (OECD 2020). Lastly, outbound tourism represents “the activities of residents of a resident visitor outside the country of reference” (OECD 2020).

Looking into Portugal's specific scenario, in 2019, the tourism sector created a total value of 27.95 billion euros in sales of tourism services.

Inbound tourism represented a total of 18.431 million euros, outbound tourism a total of 5,300 million euros, and domestic tourism a total of 11,4 billion euros.

Due to the pandemic, in 2020, these numbers suffered a significant decrease accounting for 7,753 million euros for inbound tourism, 2,795 million euros for outbound tourism, and 5,8 billion euros for domestic tourism. As it was mentioned before, the Portuguese economy relies mainly on the service sector, which implies that most population is employed in this sector. Considering specifically the tourism sector, it accounted for a total of 459.500 employees, representing one of the industry's highest values. In 2019 the number of employees was 431.500. Due to Covid-19, when many hotels and other businesses had to close their doors, the number of people working in the sector decreased, accounting for a total of 395.300 employees, caused by large business dismissals (World Tourism Organization 2022).

Although Portugal and the tourism industry were severely affected by the Covid-19 outbreak, the industry will be the main recovery driver for the Portuguese economy, surpassing pre-pandemic indicators (World Travel & Tourism Council 2023).

2.1.3. Domestic tourism: Effects & Rebound after Covid-19

During times of crisis, domestic tourism might be the only and most important focus to cross over a crisis and hostile times. The covid-19 pandemic, besides all its devastating consequences, has to be seen as an opportunity for each country to become aware of the potential of domestic tourism and how it can be promoted.

Even though international tourism receives more attention in some cases, as it might generate more income and export revenues, domestic tourism might represent a more significant percentage of travellers and revenue in some specific nations.

In September 2020, global domestic tourism accounted for a total of 9 billion domestic tourist trips, representing six times more than international tourism.

Domestic tourism represented an average of 75% of total tourism expenditure in OECD countries in 2020 (UNWTO 2020).

With this, it can be understood that the domestic market is the most promising approach to restart the tourist business in the short term because it will take some time to return to pre-pandemic normality (Boto-García and Mayor 2022).

With the easing of travel restrictions worldwide, the business is anticipated to revive during the next several years. Portugal's economic prosperity has been based mainly on the tourism industry. The government created the Sustainable Tourist Strategy 2021–2023 to maintain the growth rate and upgrade the tourism sector. The program aspires to utilise the most recent technological advancements, including cloud computing, extensive data analysis, artificial intelligence, and the Internet of Things, to give guests a customised travel experience (MarketLine 2021).

In Portugal, the expenditure by domestic tourists decreased from the pre-pandemic scenario to the pandemic scenario, 11.4 billion euros in 2019 and 5.8 billion euros in 2020. Even though the decrease was significant and strongly impacted the industry, domestic tourism expenditure increased in 2021, representing 8.6 billion euros.

Still considering the significant decrease in domestic traveller expenditure from 2019 to 2020, the average spending by a tourist has increased for domestic tourism, representing a total of 133 euros in 2019 and 158.3 euros in 2020.

The Portuguese regions that accounted for more domestic tourists, from most chosen to less chosen, are the Northern part of Portugal, central Portugal, Lisbon, the Algarve, Alentejo, Madeira and the Azores (Statista 2020).

Nowadays, tourism is already facing a positive comeback, and in the specific case of Portugal, both international and domestic tourism is already facing some positive outcomes.

Considering domestic tourism, by September 2022, Portugal has already received a total of 20,5309.9 million tourists, with 8,672.2 million national tourists, representing an increase of 39,8% compared with 2021.

Considering the regions with more domestic tourism in all of Portugal and were already mentioned, the northern part of Portugal continues to be the top 1 choice for domestic tourists. This region accounted for 2,213.4 million Portuguese tourists from January to September of 2022, representing an increase of 45,1% compared with the previous year.

The central part of Portugal is the top 2 choice for domestic tourists, accounting for 2,021.2 million Portuguese tourists, representing an increase of 48,8% compared with the previous year.

The Lisbon metropolitan area remains the top 3 choice with 1,657.2 million Portuguese tourists, more than 72% compared to the previous year. This region had the most significant bounce back regarding resident tourism (Turismo de Portugal 2022).

This overall picture represents an optimistic recovery scenario for Portugal after the pandemic. Although the future scenario seems very promising, there is always room for improvement, which means that, although this specific market is recovering, there are still some initiatives and opportunities left to pursue.

Many governments worldwide are creating and putting into action a series of measures aimed at increasing domestic travel and regaining public trust in the tourist industry, with domestic tourism being given initial priority (UNWTO 2020).

According to a report written by UNWTO (2020), there are six main initiatives through which countries might be able to develop domestic tourism, being these:

- Financial motivations
- Advertising and promotion
- Product improvement
- Business cooperation
- Market acumen
- Capability building and coaching

Financial motivations represent a technique that different governments and countries widely use to motivate domestic tourism. These economic motivations can be given to the demand community as well as to the suppliers. On the community side, these incentives can be vouchers for citizens to spend in tourism and hospitality businesses and fiscal encouragements, such as reducing travel and tourism sector taxes. The last financial motivation that can be put into practice is the change of bank holidays closer to the weekends to incentivise long weekends away from home. On the supply side, businesses can provide financial help to the national tourism industry by assigning funds to tourism providers.

Advertising and promotion techniques and strategies have been implemented to grow domestic tourism. In some places, these tools represent the first approach to kick-start domestic tourism and all kinds of tourism. Some countries have been investing in brand-new marketing strategies, and others have reinforced their existing promotions. These same promotions are shared with the community mainly through the internet, via social media, for example, but also through television and radio. Some countries went the extra mile and created more interactive approaches to engage with the community by creating online contests, new platforms or even using big data.

Product improvement is also an essential strategy, as it allows countries to innovate and develop certain products to increase the willingness of residents to do domestic tourism, focusing more specifically on areas that are not overcrowded, like urban areas, and bringing new customers to more rural and the nature-related regions. By saying this, it can be stated that countries are focusing more on wellness tourism, bringing visitors to natural reserves and protected landscapes, developing rural, adventure and ecotourism, and cultural and gastronomy tourism. Some countries are also focusing on developing and promoting national road trips.

Business cooperation creates the opportunity for cooperation between the public and private sectors, by developing ventures to create tourism initiatives that will help boost national and

local tourism. Some countries have already developed initiatives in partnership with national tourism organisations to, for example, give vouchers to the community to incentivise people to travel inside their own country. Besides partnering with national tourism organisations, some countries have also partnered with cities and municipalities to innovate and create new products to promote, develop ideas that would be a better fit for local communities depending on the location, understand which facilities need improvement in each municipality and destination and also build marketing communications to promote domestic tourism with the population.

Another important topic to consider is the cooperation between the public and private sectors in conjoined projects, for example, marketing promotions to share campaigns of different businesses inside the travel and tourism industry, like restaurants and hotels. The creation of national conferences, expositions and/or online platforms to promote destinations to the population. Lastly, the public sector should develop a relationship with the private sector to give special promotions and offers to the community.

Market acumen is related to the capacity of countries to develop more effective marketing plans, in which the primary goal should be to forecast potential domestic tourism better as well as to understand better the client's behaviour, have more information about the market as a whole and the main needs and wants of the customers that will be targeted.

Capability building and coaching focus on helping to understand how countries can develop initiatives through online workshops and conferences to give training sessions and improve capability creation. This will help businesses improve their professional staff skills, in some cases, the workers that have direct contact with the resident customers.

The country and national tourism entity, Turismo de Portugal, looked into the case of Portugal and developed various initiatives to promote domestic tourism.

Related to advertising and promotions, Portugal developed some campaigns to encourage domestic tourism all over the national territory, with the priority to kick start tourism again. In

June 2020, Turismo de Portugal launched a campaign called #Youcan, which was created with the primary purpose of encouraging the Portuguese community to visit and enjoy different locations inside Portugal territory. The campaign was carried out in 3 specific phases. In the first one, Turismo de Portugal shared a video promoting different locations inside Portugal via social media and national television. The second phase consisted of a video that was created to share personal testimonials of different workers from various locations in Portugal. The third phase consisted of the creation of a digital platform to serve as support for national promotion but also to regional promotions. This platform compiled various tourists' feedback about their experience in all different locations in Portugal.

The increased presence of these services will help strengthen the regional economy and enhance their marketing initiatives by enabling them to make offers mainly targeted towards national tourists, who don't often use their services (UNWTO 2020).

2.2. Portuguese tourist customer journey in Portugal

Hotel owners must establish a solid, long-lasting relationship with their guests if they want their business to succeed. To interact with their visitors, they must be able to recognise the numerous touchpoints of a trip. Mapping the client journey for hotels is crucial for this reason.

Client journey mapping describes the different phases a customer or visitor experiences, from discovering travel inspiration to arranging a trip and leaving the hotel only to return time and time (Kte'pi 2021).

In other words, it provides a thorough picture of the direct and indirect interactions that the guest would find on the journey.

In the era of widespread digitalisation, travellers are independent and do their searches for the lodging they will use. Therefore, it has become crucial to draw consumers to understand the

customer experience's many phases and difficulties. After all, not every traveller has the exact requirements, standards, and tendencies (Towers and Towers 2022).

It is imperative that the guest feels comfortable and safe throughout the customer's journey. Therefore, ensuring that the guest lacks absolutely nothing and that everything goes easily and pleasantly is essential.

The customer journey reflects a numerous call for further efforts in the integrated marketing communications field and to provide robust empirical proof of the positive effects that organisations can experience in terms of performance through the implementation, especially within the tourism sector and the hospitality industry (Shen, Sotiriadis, and Zhang 2020).

More importantly, this study provides a unique contribution to the body of knowledge by developing and validating a scale that measures the level of integrated marketing communications taking a broader organisational approach and demonstrating that the effective integration of all the communication efforts made by hospitality businesses has a strong and positive association with superior market performance (Lemon and Verhoef 2016).

This literature review suggests that the paucity of empirical research has hindered a broader acceptance and application of integrated marketing communications. More specifically, the research presented in this paper represents one of the few attempts to empirically demonstrate the effects of implementing integrated marketing communications on the performance of lodging businesses. In addition, the proposed integrated marketing communications scale can serve as a valuable instrument to support the CEOs of hotel chains and senior hotel managers in their decision-making processes (Shen, Sotiriadis, and Zhang 2020).

More importantly, this paper provides the managers of hospitality-based businesses with a valid and reliable measurement tool that enables the evaluation of integrated marketing communications taking a firm-wide approach by assessing the integrated marketing

communications degree achieved among the wide range of communication activities performed in all the organisational functions, divisions, and units (Gilliam et al. 2022)

Moreover, managers need to enhance organisational responsiveness, speed of response and reciprocity of the organization-stakeholder interrelationship via active listening to the internal and external stakeholders' voices. Another critical issue managers of hospitality businesses need to acknowledge is the need to ensure that communication flows adequately to promote a healthy climate of collaboration within the organisation (both horizontally and vertically) and between the organisation and external partners or outsourced functions (Lemon and Verhoef 2016).

While the integrated marketing communications scale validated in this paper can be applied by hospitality managers to audit and track the integrated marketing communications score reached by the firm, the dimensional sub-scales can be used as separate measures to assess the degree achieved in terms of consistency, interactivity, stakeholder orientation and alignment of the organisational processes and messages, thus enabling managers to detect any areas requiring further revision and attention (Laurie and Mortimer 2019).

Top and senior managers of hospitality- and lodging-based businesses should emphasise and encourage the application and enhancement of integrated marketing communications as a key organisational value. In pursuing this aim, managers need to acknowledge the relevance of adequate coordination of messages generated by different departments and divisions of the organisation (i.e., hotel reception, marketing management, and booking department) (Siebert et al. 2020).

2.3. Pestana Hotel Group

2.3.1. History of Pestana

The Pestana Hotel Group was founded in 1972 on the island of Madeira by Manuel Pestana and his son Dionisio Pestana, the current main shareholder and president. In 1976 Dionisio Pestana finished his management studies and was challenged by his father to assume the operational management of the hotel in Madeira and thus make it profitable. In 1986 Pestana started the operation of Casino Park. This place was not only a hotel but also a casino. In the 90s, the Pestana Hotel Group diversified and expanded to the south of Portugal in the Algarve region.

The group acquires several hotels, quickly making it the hotel group leader in Portugal. From 1998, Pestana Hotel Group expanded internationally, with its first destination being Mozambique, followed by Brazil, with two hotels and other countries in South America. The company reached the symbolic 5000-room target in 2002 and acquired its first luxury hotel, the Pestana Palace. The following year Pestana Hotel Group starts the Pousada de Portugal business with the government's support, which has doubled the group's portfolio. The company continued to grow in the following years and, in 2010, opened a hotel in London and another in Berlin. Three years later, Pestana Hotel Group launched investments in Spain and opened a hotel in the USA. In 2014 the company received three million guests for 25 million nights. The last significant event of the group was the signing of the contract with Cristiano Ronaldo. The world-famous Portuguese star signed a contract with Pestana Hotel Group for 75 million euros. In March 2020, the hotel group faced an almost complete shutdown of all its activities due to the Covid-19 crisis. This worldwide pandemic has been difficult for the group and the hotel industry (Pestana Hotel Group 2022b).

2.3.2 Overview of Pestana

Pestana Hotel Group is defined as a company in the tourism field, with its primary activity being the hospitality industry. The group is the most important hotel group in Portugal in terms of rooms, ahead of the Vila Galé Group (Horwath HTL Deutschland 2021). Pestana Hotel Group is present in 16 countries with 64% of its rooms being located in Portugal. In Latin America there are 23% of the rooms, followed by Africa with 8%, other European countries with 4% and North America with 1%. The group manages more than 100 hotels, corresponding to more than 12,000 rooms (Pestana Hotel Group 2022b). Most of the hotels of Pestana Hotel Group are in the resort segment, with 66% of the rooms. The company received in its best year (before covid) more than 3.5 million tourists in one year (Pestana Hotel Group 2022c).

For its business model, Pestana Hotel Group has chosen an ownership strategy with 50% of the hotels owned by the group, 39% leased and 11% under management/franchised contract. Pestana Hotel Group focuses on asset-heavy strategy with 50% of rooms under ownership. This business structure slows the portfolio's rate of development and puts it at a more significant demand risk than asset-light models. However, this company strategy produces a valuable portfolio of fixed assets and gives them more financial freedom (Grupo Pestana 2021).

The structure of the Pestana Hotel Group is represented by this chart (Appendix 1). Pestana International Holdings is the owner of 6 entities that manage different hotels or companies belonging to the group (Pestana Group, n.d.).

2.3.3 Pestana in Portugal

In Portugal and its islands (Madeira and Azores), Pestana Hotel Group shows a leading position in terms of rooms and hotels. The group operates 70 hotels in the country with 6810 rooms under ownership, lease, management, or franchise schemes. The Pestana Hotel Group is the leader by far ahead of its competitors, being the most important national competitor the Vila

Galé group, with 4334 rooms, followed by Accor Hotels, which has 33 hotels (Grupo Pestana 2021). Their hotel network is spread over the domestic market, focusing on Portugal's major touristic destinations (Lisbon, Porto, Algarve, and Madeira). Madeira is the largest market in terms of rooms, accounting for 38.1% of all rooms (2596 rooms) in June 2019 (Grupo Pestana 2021).

2.3.4 Pestana and financial data

In terms of results, the company had a total revenue of 349.1 million euros, a gross operating profit (GOP) of 127 million euros and a positive net income of 80,5 million euros in 2019; during the covid pandemic, there was a drop in revenue, only 163,1 million euros, and a decrease in the result with a gross operating profit of 27,3 million euros in 2020, the company will end the year with a loss of 18,1 million euros. Pestana Hotel Group recovers with a revenue of 262,2 million euros, a GOP of 77,2 million euros and a net income of 30 million euros in 2021. The company divides its revenue into four sectors (Pestana Hotel Group 2022a): Hospitality (the main one), real estate, vacation club and others. In 2019, the hospitality sector will account for more than 71% of the company's revenues. However, in 2020, the weight of the hospitality business in the revenues was only 50%. This shows that in times of crisis in the tourism sector, it is essential to diversify its sources of income (Pestana Hotel Group 2022a).

2.3.5. Pestana brand review

The Pestana Hotel Group has four brands that correspond to different segments. Firstly, there is the Pestana Hotels & Resorts brand. This brand contains 35 units and is part of the upper midscale. Most of the hotels are located in iconic cities and famous tourist destinations. This brand targets different types of customers, from individuals to families and business segments.

Pestana Pousada de Portugal is an upscale brand with over 30 units. The specificity of this brand is that the venues are castles, monasteries, forts, or manors that have been restored and turned into hotels. This brand is an ambassador of authentic Portuguese culture and gastronomy. Pestana Collection Hotels is the upper upscale brand of the group. This brand contains seven hotels, some of which are members of the Leading Hotels of the World, making this brand a luxury segment. The hotels are located in unique and prestigious locations. The hotels provide a high standard of service (Pestana Hotel Group 2022c).

Pestana CR7 lifestyle is the ultimate brand of the group. This brand is a partnership between the Portuguese soccer star Cristiano Ronaldo and the Pestana Group that started in 2015. The goal of this brand is to diversify its clientele by trying to appeal to a younger and more dynamic public looking for another type of experience. The hotels CR7 are not only places to sleep but create real different experiences related to sports (Pestana Hotel Group 2022c).

2.3.6. Pestana Guest Club: Loyalty Program

Pestana's loyalty program name is Pestana Guest Club (PGC). There are over 1,500,000 members in the program, including 170,000 active members. PGC was created to satisfy loyal clientele. The operation is simple; members earn points on each reservation according to the amount spent. They can use them by receiving discounts or free nights in the group hotels. In addition, members gain status that allows them to benefit from more significant discounts and have services such as "early check-in or late check-out". Status varies, starting with Guest, Elite, Elite Plus and Honour (Pestana group, n.d.). To become a member only takes a minute, and it is free. Members earn 10% off bookings on the site and restaurants and bars. PGC also has partners such as the Portuguese airline TAP, allowing the members to redeem points for airline miles. The PGC loyalty program is crucial to gathering data from the company's perspective and also helping to manage the clientele database.

Chapter 3 – Literature review: attraction and retention of guests

To better understand the main topic discussed in this thesis, it is crucial to learn more about the concept of attraction and retention of guests. The level of retention that a consumer may represent can depend on several factors, including the income a guest has. The smaller it is, the more loyalty the guest will show to the company because guests with a significant income are fine switching between firms. Another point that may influence the guest's retention is the age of the guests. Because the older a guest is, the more loyalty will be shown to a specific brand because of the habit and the personal experience the guest already has on that brand (Morgeson et al. 2020).

For this study to be constructive, it is essential to examine the research that has already been done on the subject. An article written on the Indian market informs that the cordial relationship between employees and customers is one of the biggest influences on guest satisfaction. This relationship will be pleasant if the employees are satisfied at work. To ensure this satisfaction at work, hotel managers must be connected to the staff and close to them. This article concludes that good management of the staff from the management team leads to a growth in customer loyalty (International journal of research in commerce & management, n.d.).

Because clients now have more access to information about a hotel's offered services and how previous customers view those services, competition in the hospitality industry has increased rapidly, and hotels must now seek out methods that will assist them in facing this competition (Paulina Nillie Adzoyi, Blomme, and Honyenuga 2018).

Even though hotels end up providing similar services, they can outstand themselves by providing excellent service quality that will attract guests (Paulina N. Adzoyi, Blomme, and Honyenuga 2021).

In terms of consumer culture, this period is the most competitive the world has ever known. Therefore, businesses must develop tactics to keep past customers, so they do not switch to a

competitor's product or service. Some of these tactics include sending out newsletter e-mails to constantly remind customers of the existence of that particular brand and informing them of any discounts or changes that may affect the consumers. In addition, many businesses use a rewards card system that allows customers to remain brand loyal and accumulate points when they purchase the company's services or products (Emma Steele 2012). It is also possible to achieve this client retention once the customer is satisfied with the service provided, so firms should also invest in increasing the services provided and, therefore, customer satisfaction (Paulina Nillie Adzoyi, Blomme, and Honyenuga 2018). Suppose the hotel offers a service that will satisfy the customer's needs and wants. In that case, retention will happen since that customer will repurchase from that particular firm, adding up to the Customer Retention portfolio of that specific hotel (Paulina N. Adzoyi, Blomme, and Honyenuga 2021).

Even though the world of attracting and retaining clients is becoming more and more competitive, companies can still make this happen if they invest in new strategies with the use of technologies (Emma Steele 2012).

For this literature review, it was also found an article about the different strategies linked to digital to attract and retain clients. According to Andrew Petersen et al. (2022), it is examined that digital strategies are a crucial help for firms, specifically hotel firms, to retain customers.

An article written on the hotelier market in Ghana brings interesting information, as the article indicates a correlation between the hotel's marketing relationship with its customers and their final satisfaction. There is a positive connection between "trust, commitment and customer satisfaction" (Amoako et al. 2019). This suggests that an increase in both trust and commitment in relationship marketing will considerably boost consumer satisfaction (Amoako et al. 2019).

According to Muhammad et al. (2019), whose study focuses on implementing a marketing strategy in a tourism start-up, many topics can be chosen to develop a marketing strategy.

However, there are some subjects, among many others, that are relevant and should be taken

into consideration. These subjects focus specifically on customer relationship management, customer loyalty programs, and marketing through email, online reviews and social media communication (Muhammad et al. 2019).

Chapter 4 – Methodology

4.1. Research context

The worldwide pandemic changed the perspective of every tourist company about the future and the security that the industry represents. Covid-19 affected every industry, but especially the tourism sector. The pandemic forced this sector to stop its activities, evaluate and reinvent itself. Therefore, one of the main differences that the industry verified is the exponential growth of domestic tourism. Because of that, the Portuguese hotels had to adapt to the Portuguese guest's needs, habits and preferences. The Pestana Hotel Group is the largest Portuguese hotel firm with a strong presence in the country. An analysis of possible strategies to attract and retain domestic customers has been performed. The company was generating a large part of its revenues with foreign customers but currently wants to diversify its segments with more national customers to reduce the risk of revenue loss in a global crisis.

4.2. Research Question

This study focuses on identifying if the studied strategies positively impact the retention and attraction of Portuguese customers, in the Portuguese hotel market, for the specific case of a Portuguese hotel brand.

The previous literature review shows that several factors influence customer attraction and retention, and that the pandemic substantially impacted the tourism and hospitality sector. Consequently, the research questions are:

1. Does a combination of CRM and Email Marketing to develop personalised offers represent a successful strategy to attract and retain Portuguese customers?

2. Does considering Customer feedback as a tool to improve hotel services represent a good strategy to attract and retain Portuguese customers?
3. Does changing the strategy of the group's Loyalty Program to make it more flexible and personalised to the Portuguese customers could increase the retention and activity of the group?
4. Does implement an effective Digital Communication could improve Brand Loyalty?

4.3. Data Collection Methods

Quantitative and qualitative data were collected to generate reliable results and gather relevant information.

A survey was conducted to collect data related to customer perception of each of the strategies mentioned before and their perception of the Portuguese hospitality industry and the Pestana Hotel Group.

The survey comprised 42 questions, compiling all group members' questions. It started with general demographic questions and then to study-related questions. Multiple-choice questions were the most used format, where respondents could choose from one up to five answers, depending on the question asked. It was also requested for respondents to grade sentences according to their level of agreement, using the following range: Strongly Disagree, Disagree, neither agree nor disagree, Agree and Strongly Agree.

After closing the survey and removing all invalid questionnaires, the final sample consisted of 206 responses for analysis.

To collect qualitative data, the group did 11 interviews. The group interviewed mainly Pestana professionals, such as general, operation, and marketing managers. The group also had the opportunity to interview other professionals from the sector unrelated to the Pestana Hotel Group brand. For each interview that was made, the questions asked were specifically tailored for the position the interviewer has in a company; for example, the group asked different

questions to General Managers than the ones that were asked to the digital marketing manager. The group also considered the location where the professional works to have more precise information according to the type of clients that went to a specific hotel to the activities that could be done in that same region. For example, the questions asked to a general manager of a hotel in a city centre differed from those of a hotel manager in a rural or natural area. The results of the interviews are going to be analysed in each individual part.

Chapter 5 – Individual parts

5.1 Marta Individual Part

5.1.1. Introduction

5.1.1.1. Problem statement

Over the years, the travel and tourism industry has been one of the industries with the fastest growth and development worldwide.

With Covid-19, the industry was severely affected, leading to multiple hotel closings and unemployment growth.

Nowadays, the markets are trying to bounce back from the pandemic, putting efforts into attracting new clients and retaining existing ones. The pandemic had a lot of negative impacts, but it changed how hotels and other tourism-related businesses see their clients.

A problem found during the pandemic by possibly every travel and tourism company was that, with countries' borders closed, there was only one market left to explore, the domestic market. Companies understood that the most valuable client, during covid and in the future, might be those already in their country. So, the industry needed to know how to attract and retain customers from their own countries, in this case, how to attract and retain Portuguese clients.

Besides this challenge, the industry must create new strategies to meet customer needs and wants, as most customers nowadays prefer a more unique and personalised service. These new strategies represent an opportunity for the sector to understand how hospitality can become more personalised, considering each customer's preferences and behaviour.

To conclude, the travel and tourism industries must create more personalised offers to their customers and understand how to attract and retain more domestic customers to re-bounce after Covid 19.

5.1.1.2. Relevance of the study

After the Covid-19 pandemic, the travel and tourism business have two significant opportunities. The first is to develop a risk management strategy, incorporating everything they learned through the pandemic. The other opportunity focus on the fact that during the pandemic, most companies from the hospitality sector focused more on their domestic tourism and implemented strategies that focused mainly on this specific segment. Focusing on domestic tourism represents an opportunity because hospitality businesses may continue to implement these same strategies, not only for a risk management strategy but to widen their customer portfolio. Focusing on domestic tourism will help to create a broader client portfolio while working on a risk management strategy. The main goal is to gather these opportunities with the knowledge that businesses have about the current customer and their behaviour to develop more personalised services considering the specific needs and wants of a client.

The following thesis aims to develop a strategy to help the hospitality industry, specifically the Pestana Hotel Group, understand customer preferences and how they can use that information to attract and retain more Portuguese clients.

This thesis aims to address and solve a vital issue in Pestana Hotel Group's CRM system: the low conversion of clients who sign into the loyalty program and clients who make reservations. In the Pestana Hotel Group loyalty program, Pestana Guest Club (PGC), 1.5 million clients signed in, but only 170.000 are active. Another problem addressed with this thesis is that many clients let PGC points expire, even though the Pestana Hotel Group sends emails to clients, remembering that PGC points will expire.

To conclude, this thesis is relevant as it addresses topics that are key to the industry's future.

5.1.1.3. Objectives

The main objective of this thesis is to understand how a hospitality company can use the information stored in the CRM about the client to develop more personalised and unique offers to send via email. This will help hotels understand whether using email is a good strategy to attract and retain customers by sending personalised offers. Therefore, the main objectives are:

1. Understand what the customer perception is about receiving more personalised emails;
2. Understand the professional opinion on the use of this strategy;
3. Analyse how CRM and Email marketing can be combined to attract and retain Portuguese clients.

5.1.1.4. Thesis structure

The structure of this thesis will begin with a brief literature review on CRM, Email marketing and personalisation. Chapter 3 will explain how the study was conducted, focusing on the research context, the research question, and the data collection methods. Chapter 4 will focus on understanding what the results of the study were. Lastly, in Chapter 5, the conclusions for this thesis will be presented, as well as the contribution to the academic field and hotel managers and implications and topics for future research.

5.1.2. Literature Review

5.1.2.1. CRM

5.1.2.1.1. CRM: Definition & Overview

According to Kumar and Reinartz (2018). Customer Relationship Management (CRM) is defined as “the strategic process of selecting customers that a firm can most profitably serve and shaping interactions between a company and these customers. The ultimate goal is to

optimise the current and future value of customers for the company” (Kumar and Reinartz 2018).

Existing research also suggests that CRM is a proven effective strategy for achieving excellent business performance and developing customer retention and satisfaction (Rahimi 2017).

Research indicates that CRM has become an essential tool a company can have, as it has become indispensable for companies to manage their clients cost-effectively (Kumar and Reinartz 2018).

Companies implement CRM as a tool to enable and simplify the communication between the firm and its customers and deliver feedback about customers and their experiences, understand clients’ data and information and develop custom-made offerings to customers (Day 2003).

Another definition of CRM, according to Payne and Frow (2005), is that it consists of a “strategic approach that is concerned with creating improved shareholder value through the development of appropriate relationships with key customers and customer segments. CRM unites the potential of relationship marketing strategies and IT to create profitable, long-term relationships with customers and other key stakeholders. CRM provides enhanced opportunities to use data and information to understand customers and create value. This requires a cross-functional integration of processes, people, operations, and marketing capabilities enabled through information, technology, and applications.” (Payne and Frow 2005). CRM has changed from being seen as a technology that could allow automating procedures to a strategic, customer-centric approach that considers customer preferences (Payne and Frow 2005).

Verhoef (2003) mentions in his research that CRM positively impacts a strong relationship with its customers. Considering research by Josiassen, Assaf, and Cvelbar (2014), it can also be stated that companies tend to perform better when they have a stronger connection and bond with their clients (Josiassen, Assaf, and Cvelbar 2014). According to research, companies that

implement a customer-centric approach into their business strategy, creating a more customer-focused approach, have been shown to have a higher rate of customer loyalty and performance (Gay and Salaman 1992).

5.1.2.1.2. CRM in hospitality

Considering the travel and tourism industry, according to Sarmaniotis, Assimakopoulos, and Papaioannou (2013) the use of CRM in the sector is exponentially increasing.

After extensive research, it can be stated that, according to Wu and Lu (2012), implementing CRM in hotels has positive implications not only for the satisfaction of the clients but also for the lifetime value of each customer, leading to positive hotel performance.

Besides the positive impact on the company performance, CRM constitutes a vital tool for a company, a hotel, in this case, to achieve goals and objectives, for example, positive and increasing satisfaction of the customers, high loyalty and retention rate, and, last but not least, upsurge the business profitability (Io, Stalcup, and Lee 2010).

5.1.2.1.3. CRM and personalisation

According to Kumar and Reinartz (2018), if a company changes its mindset to a customer-centric strategy, companies will be able to build a more competitive CRM system to satisfy every customer's needs. Nevertheless, as consumers' needs and wants are becoming more diverse, companies must focus on a more personalised marketing concept. Businesses must learn to consider customer preferences to increase their value proposition and product and service personalisation.

According to Jackson (2007) the combination between CRM and personalisation has increased companies' attention because of the benefits it brings to a business. To integrate and develop personalisation, a company must consider it a key factor for strategy and CRM success.

CRM and personalisation are defined as being complementary. Customer relationship management focuses on the development of strategies with the goals of attracting customers, retaining these same customers, and continuously helping a company to grow its customer portfolio. Personalisation is considered a method to help accomplish CRM's most important purposes. Combining these two strategies allows a company to give each customer the right product or service at the right place and, most importantly, at the right time. This enables the company to grow its competitive advantage in the market. Although the outcomes of these strategies are very favourable for a company, some businesses face the problem of implementing these strategies together and integrating personalisation in CRM (Jackson 2007). According to Jackson (2007) personalisation helps a company better understand a client, enabling the opportunity to create interactions that give regular, well-timed, and relevant offers to each of them, increasing the client's loyalty and lifetime value. Personalisation is then considered a strategy that helps a company to give recommendations according to each client's preferences (Jackson 2007). However, personalisation implementation is a timely process, requiring some steps to integrate it into the company strategy.

According to Marinova, Murphy, and Massey (2002), it is stated in literature that “customer relationship management argues that personalisation is a critical element for sales success” (Marinova, Murphy, and Massey 2002).

5.1.2.2. Email Marketing

5.1.2.2.1. Email Marketing: Overview

To implement a customer-centric strategy is also important to understand through which channels it is easier for a company to develop its marketing communications.

Nowadays, campaigns can be done through many different channels, but one of the most relevant continues to be E-mail marketing. “The success of a campaign involves reaching out

to the right customer with the right offer at the right time and through the right channel” (Kumar and Reinartz, 2018).

According to DuFrene et al. (2005), many companies integrate email into their marketing strategies, as it allows companies to attract new clients and share future offers with current clients while developing a relationship with the customer, which will have positive implications for company sales.

Email marketing can be considered one of the most helpful marketing strategies regarding the benefits and opportunities created for a particular company. It is considered one of the most popular marketing tools as it facilitates communication with the client while still being effective in sales (O’Connor 2008).

5.1.2.2.2. Email marketing in the hospitality

According to Marinova, Murphy, and Massey (2002) study, which focuses on understanding how hospitality operators from an Australian hotel can use email marketing to build relationships with existing customers, email marketing in the hospitality industry is a great strategy. It allows travel and tourism companies to send promotional communication through email, which is inexpensive and allows them to interact with current customers and attract new ones. However, with increasing online communication with clients and prospective clients, businesses must start taking a different approach. To do so, businesses must focus on customers' preferences and purchasing history and determine customers' future purchase intentions. Taking this action will help a company to have a clearer understanding of its customers and their preferences regarding a particular product or service (Marinova, Murphy, and Massey 2002).

5.1.2.2.3. Email Marketing and personalisation

According to Phelps et al. (2004), it can be stated that email marketing allows a company to send communications to specific targets, which will have a favourable implication in the customer response rate. This makes email marketing one of the most cost-effective marketing strategies. Online marketing enables a whole new world of opportunities for companies. Nevertheless, it is imperative to keep developing new strategies that go hand in hand with constant challenges. This makes understanding customers' preferences an essential element for a company to compete in the market. It will allow a company to understand the customers better and make strategic decisions to fulfil their expectations (Sharma 2021).

According to Tanford, Shoemaker, and Dinca (2016), email marketing can attract new customers and retain current clients. However, it can also handle inactive clients by sending offers and surveys to encourage customers to purchase again.

Existing research also suggests that using personalisation in email marketing positively impacts attracting new customers and retaining existing ones (Sahni, Wheeler, and Chintagunta 2018).

5.1.3. Methodology

The research methodology applied consisted on a qualitative and quantitative analysis.

The methods used to collect information were a survey intended for Portuguese, interviews with professionals from the hospitality industry, as well as the collection of data from the Pestana Hotel Group.

With the application of the survey, it was possible to collect 215 responses. However, nine answers were deleted after carefully analysing the data set due to a lack of conciseness, being taking in consideration for the study 206 responses. The data collected was treated with Excel and Spss. In this thesis, the topic studied with the survey is Demographics, Hotel guest information, CRM and Email marketing and the Pestana Hotel Group brand.

For this study, 11 interviews were conducted with general, marketing, and operational managers from Pestana Hotel Group and other Portuguese hospitality brands. The set of questions applied in each interview was different for each interview, according to the person assigned position, company and experience.

With the collection of data, it was possible to collect data from CRM regarding Portuguese clients. In this dataset, the identification of the client is anonymous, and each client is represented by a number only for statistical purposes.

5.1.4. Results analysis and discussion

5.1.4.1. Survey

5.1.4.1.1. Survey results

The first step to analysing the survey responses is to understand the demographics of the respondents. After analysing the dataset in excel and Spss, it can be stated that most respondents have between 18 and 24 years old or between 40 and 60 years old. Most of the respondents are female and currently working (Appendix 2).

Regarding the part of Hotel Guest information, it can be stated that most of the respondents go to a hotel one time per year or four or more times per year.

For the following questions in this survey section, the respondents that mentioned that they 'Never' go to hotels were not considered. So, for the respondents that stay at a hotel at least once per year, it can be understood that most of them go to a hotel as a couple or with their families. When it comes to reasons to stay at hotels, the majority of respondents choose leisure as the main reason. When asked which characteristics represent a reason to be loyal to a company, the top 3 choices are Pricing, locations, and the facilities available (Appendix 3).

Considering the specific topic of this thesis, which has the purpose of understanding how clients would react to more personalised email offers and know if it represents a good retention and attraction strategy, the following questions were asked (Appendix 4).

By analysing the results (Appendix 4), it can be understood that more than half of the respondents usually do not give their email to hotels in order to receive promotional communications. When asked about the number of times they have used an offer via email, most clients mentioned that they have never used it.

To understand if sending an email would attract clients, respondents were asked about using an offer received via email from a hotel they have never stayed with. Most of the respondents would consider using an offer depending on its privileges. When asked what can be defined as a good offer to be considered, most respondents chose discount on the price, and free breakfast as the leading offers that would influence using or not an offer that was received via email.

When asked whether respondents would be more willing to give their email in the first place if they knew that the offers received would take into consideration previous preferences, most respondents mentioned that they would be more willing to give their email in the first place.

When asked about using an offer from a hotel they have already stayed with but considering that this offer considered the client's preferences, more than 90% of the respondents said they would be more willing to use it. To understand how important, it is for respondents to consider clients' previous stay preferences, almost half of the respondents strongly agree that hotels should consider this when developing promotional offers to send via email.

In the last section of the survey, respondents were asked a few questions about the Pestana Hotel Group. In this sense, almost three-quarters of the respondents are familiar with the Pestana Hotel Group. However, most have never stayed in a hotel from the brand.

Most respondents have stayed in Pestana hotels in Portugal when asked about the location chosen for the stay. Among the four brands of Pestana, according to the survey results, most

respondents stay at properties that belong either to the brand Pestana Hotels and Resorts or to Pestana Pousadas of Portugal.

Respondents that have never stayed at a Pestana Hotel were asked if they would consider using an offer sent via email from Pestana, and almost 70% mentioned that they would use the offer.

Respondents that are already clients of Pestana mentioned that, on the other hand, they have never used an offer received via email, with more than 80% of respondents choosing this option.

However, when asked if they would be more willing to use an offer if it considered their previous stay preferences, more than 70% either 'Agree' Or 'Strongly Agree' (Appendix 5).

Besides considering the information gathered with the survey, the creation of crosstabs in Spss to better understand customer perception about the topic addressed in this study.

The first correlation (Appendix 6) analysed the relationship between the age of the respondent and the times stayed in a hotel. With this analysis, some relevant results can be understood.

Most respondents between 18 and 24 stay at least once in a hotel per year. On the other hand, respondents between 40 and 60 years old stay four or more times in a hotel per year.

Considering this conclusion, it is also relevant to understand how many of the respondents, who stayed at least once in a hotel, chose Pestana Hotel Group.

The second correlation (Appendix 7) then focuses on how often respondents have stayed in a Pestana Hotel according to their age group. With this analysis, it can be stated that people aged between 18 and 24 have never stayed in a Pestana Hotel, while people aged between 40 and 60 choose mostly Pestana Hotels.

A third and fourth correlation (Appendix 8 and 9) were done to understand the willingness of respondents that never stayed in Pestana, but are aware of the brand, to use an offer received via email, as well as to understand if respondents who are already clients of Pestana have ever used an offer received via email, according to their age range.

It can then be concluded that, from the ones that never stayed, the majority would be willing to use an offer, with most of them belonging to the age range from 18 to 24. For the ones that are already clients of Pestana, most of them have never used an offer received via email, with most of them belonging to the age range from 40 to 60 years old.

A fifth and final correlation (Appendix 10) was developed considering the age group and the willingness of respondents to use a personalised offer received via email if they are already brand clients. With this analysis, both age groups mentioned before are willing to use this type of offer.

Combining the information from the five correlations done before, it can be understood that, according to the sample studied, Pestana Hotel Group should focus on people in the age range between 18 and 24, as well as between 40 to 60. In the first one, an attraction strategy might be applied to capture these clients, as they are willing to use a personalised offer and if it is from Pestana Hotel Group. In the second one, a retention strategy might be applied by sending personalised offers to increase the use of offers sent via email to keep the relationship between client and company alive.

Although this information is already insightful, a set of interviews was also done to understand better how these strategies might be applied.

5.1.4.1.2. Interviews results and Pestana Data collection

Focusing on the interviews conducted, using Email marketing and CRM to send more personalised offers is an excellent strategy to attract and retain Portuguese customers.

Regarding the attraction strategy, first, clients would need the incentive to make a reservation, with the possibility of it being the discount available if they join the PGC. However, this strategy has some impediments, as a brand can only use email to communicate if the client gives permission, which limits the list of possible contacts.

In the case of Pestana, it would be possible to use the emails of customers signed in the PGC or the newsletter who have never stayed in a Pestana hotel, in order to attract them.

According to the interviews and data collection, for the attraction strategy, Pestana Hotel Group has 212.467 Portuguese signed in the newsletter, from which 211.057 belong to the PGC and 1.410 don't. Considering Portuguese clients signed to the PGC, almost 400.000 Portuguese signed in the PGC, with 193.442 already made a reservation, and 193.364 never made a reservation and are signed only in the program. The remaining clients not contemplated in these categories correspond to cancelled, expired or inactive cards.

Another critical step to consider with this information is to ask the client for more details on each platform. When signing in to the PGC, the client could do a more extensive registration for Pestana to give offers according to the person's location, for example. In the newsletter registration, the client could also mention the birthday to create the possibility of sending an offer on this date.

Regarding the strategy to retain current clients in Pestana, interviewees mentioned that nowadays, personalisation is crucial, and that the existing customer expects the company to give more personalised offers and understand customer preferences and behaviour.

Some interviewees mentioned that a good path for this strategy would be to understand on which dates a client usually comes to a hotel, if they celebrate important dates, as well as the type of hotel they have stayed, for example, the hotel's brand. Overall, interviewees believe that email is an excellent channel to share unique and personalised offers with a client and that keeping track of this information in the CRM system will not also be beneficial for email personalisation but also for other parts of the hospitality business, for example, the operational part.

To conclude, to give a more accurate view of how Pestana Hotel Group could implement the strategy in the customer journey, what it would require the client to do, and the benefits for

Pestana in each step. A framework for a possible customer journey is presented, considering the information given in the interviews (Appendix 11).

The data collection, from Pestana, for this study, focused on understanding how many points from the loyalty program clients earn and let expire. Before understanding the analysis, it is essential to mention that points from the PGC have a total lifetime of two years. By analysing the CRM Dynamics of Pestana Hotel Group, it can be stated that, in 2019, the number of points that expired was almost the same as the ones earned (95.1%). In 2020 and 2021, when the pandemic happened, Pestana made the decision to freeze the expiration of points, as the client did not have the opportunity to spend them. The points started to be active again in June 2021 for clients from the lowest tier of the PGC and in November 2021 for the other tiers of the PGC. Although clients did not fully come back to hotels in these two periods, the points expired are way more than the ones earned (347.7%). In 2022 the scenario is positive, with the earning of points being much higher than the expiration of them.

5.1.5. Conclusion

5.1.5.1. Summary of results

The analysis of the perception of Portuguese regarding the use of personalisation in email marketing, considering CRM information, led to the following conclusions.

Even though most companies communicate with their clients via email, Portuguese clients are more willing to use an offer received via email if it is personalised according to their personal information and preferences. Therefore, implementing this strategy in the attraction and retention strategy of Pestana Hotel Group is expected to have a positive impact. One of the interviewees mentioned that “Personalisation is the future of the service industry”, and with the development of this study, this sentence is believed to be true.

5.1.5.2. Contribution for academic studies and hotel managers

Reflecting on the previous summary of results, this study adds value in terms of current literature, and it is also useful for the Pestana Hotel Group. This study analyses how a Portuguese hospitality brand can use CRM and Email marketing in order to attract and retain more Portuguese customers.

This study adds value by providing information on how Portuguese customers would react to personalised offers, as well as the opinion of various managers on this strategy.

As a result, Pestana Hotel Group can integrate this strategy in their current marketing strategy in order to reach the end goal of attracting and retaining more Portuguese customers.

5.1.5.3. Study limitations and avenues for further research

Like most studies, the present one had some limitations. The first big limitation was the lack of literature review regarding Portugal and the Pestana Hotel Group. For the development of the thesis, literature review about CRM, Email marketing and personalisation was vast, but none of the articles and journals read studied the previously mentioned topics, considered either Portugal or Pestana Hotel Group. Although some similar studies were already done considering other hospitality brands and countries, the lack of articles regarding the Pestana Hotel group was also a limitation of the study.

Another limitation of the study was the lack of willingness of professionals from other Portuguese hospitality brands to proceed with an interview, as the project considers the Pestana Hotel group, which is a rival of the other Portuguese brands.

A recommendation for future research can be to focus on brands from a specific country and study the domestic tourism of that same country to understand how this same brand can attract and retain more national customers.

Chapter 6 – Relevant Results: Defining of Portuguese guest Persona

A study of the Portuguese domestic tourist has been produced in order to better understand their habits and demands. This review was generated by aggregating data supplied by Pestana Hotel Group, data gained via interviews with hotel managers in various departments within Pestana and other hotel brands, as well as data collected through a survey with 206 valid responses.

According to the survey applied, Pestana Hotel Group's Portuguese clients prefer to stay in the Pestana Hotel and Resorts, according to a poll of 206 people, with 48.7% of the respondents staying in hotels from this brand (Appendix 5).

Based on the data collected, it was feasible to determine that most Portuguese travellers book their accommodations through online travel agencies, the most popular of which is Booking.com. With the analysis of data collected from Pestana Hotel Group, it is possible to understand that Portuguese consumers choose to stay at Pestana Tróia Eco-Resort, and the seasons with more Portuguese reservations are August, end of September, and December. The segmentation of Portuguese visitors in the Pestana Hotels and Resorts brand, to which Pestana Tróia Eco-Resort belongs, is defined by being predominantly adults belonging to a couple, followed by those belonging to a business group, and finally, those belonging to a family.

The Pestana Tróia Eco-Resort offers various features encouraging Portuguese visitors to book vacations here. This hotel is located in Alentejo, is a golf resort, and offers privileged beach access. It is distinguished by its energy efficiency, since it has an Eco concept with a strong connection to nature, imparting a sense of serenity and tranquillity to its visitors.

According to Pestana statistics, Portuguese visitors choose modest hotels near the beach or near an activity centre. As many of the hotel managers contacted verified, depending on the type of hotel, usually Portuguese visitors prefer doing activities outside of the hotel. This sort of client also appreciates being near historical sites and structures so they can explore and learn about the culture. The general managers contacted acknowledged that the Portuguese customers like

to stay in hotels with nice amenities such as swimming pools, spa facilities, and kids play centres with employees caring for the children so that the parents can rest. These customers also love eating breakfast inside the hotel, often in an all-inclusive or half-pension, and then having some of their other daily meals in restaurants outside but not too far from the hotel amenities, since they appreciate sampling the local food of the many Portuguese areas. Depending on the style of hotel, Portuguese may spend the entire day outside of the hotel and only sleep and have breakfast inside. The general manager of Pestana Sintra Golf & Resort, for example, revealed that Portuguese tourists do not stay there throughout the day, but Pestana Porto Santo asserted that these guests never leave the hotel during their stay because it is all-inclusive hotel.

Chapter 7 – Conclusion

7.1. Summary of results & Integration of the four strategies developed within the customer journey

To summarise the results obtained, the group concluded that all the strategies studied will have a positive and effective result on attracting and retaining Portuguese clients. It is important to notice that all four strategies combined, will not only create a powerful marketing strategy, but each of the strategies will benefit from the information from the other strategies. The purpose of the group was mainly to develop a strategy that would work together and that will reach the main goal of attracting and retaining Portuguese clients.

The CRM and Email marketing strategy will be helpful to, first, maintain a continuous and personalised communication with each guest, via email. This is a good strategy to overcome the problem of guests letting their loyalty program points expire, increasing the retention rate. It will also be helpful to attract clients that are connected with Pestana, which may receive the newsletter or just be a part of the Pestana Loyalty Program without having been in a Pestana

Hotel. In a second step the loyalty program strategy will be equally effective. Obviously, this strategy applies mainly to customer retention rather than to attractiveness but having an optimal loyalty program will also positively influence attractiveness. At first, the Pestana Hotel Group will improve the program to appeal more to its Portuguese customers by adapting the rewards to each customer's desires. Secondly, this more attractive and advantageous program will reduce the number of customers going through online travel agencies channel, which will increase the group's profitability.

In terms of communication, it is possible to conclude that developing a digital communication system is essential for hotels. Implementing digital communication networks is one of the keys to the success of short or long-term projects. In fact, this first allows the Marketing department to better know its customers, their preferences, their habits, their characteristics and needs. By knowing the guests, the hotel can take better care of them and thus offer a more relevant and memorable service/experience. This study focused on the communication plan on social media, and more specifically on Instagram. Indeed, the hotel will have the possibility to connect and interact with their different guests at any time and in just a few seconds. These new communication channels are crucial in nowadays market, the hotel can develop and launch communication campaigns accessible by millions of users worldwide. Representing a great impact on the hotel's visibility.

However, the subtlety that is very interesting for the Hotel is that the campaigns can be at the same time targeted to the desired specific segments, but also accessible to a huge mass of millions of potential new guests.

If the communication on this kind of networks is well done, the Hotel will have the opportunity to build a more personal, intimate, and therefore stronger relationship with their guests. The goal would be to create special and warm relationships. The client must always feel unique,

privileged, and recognized. This relationship will then lead to trust, and this trust will eventually turn into loyalty.

We also saw that communication was essential to be able to develop the image, value and characteristics of the brand, which is essential for a customer to identify with it.

Customer feedback has proven to be crucial since hoteliers may gain a thorough understanding of their customers' sentiments about a certain hotel by focusing on this technique. This means that hotel managers and other hotel workers will be able to first enhance the services and products offered, and then foresee certain future difficulties that may arise through the entire customer experience a hotel client goes through. This technique may also help hotels with marketing since past reviews that potential guests may read online can be the major motivator for booking a stay.

After the group research, it is possible to conclude that the four topics that were studied before, have shown up to be an efficient strategy to attract and retain Portuguese clients, in the Portuguese hospitality industry, for a Portuguese hotel brand, specifically Pestana Hotel Group. By combining four different topics, which focus on loyalty program, CRM & Email marketing, customer feedback and brand communication, it is possible to develop a strong marketing strategy.

Following the hospitality customer journey, the potential guest will begin by having the will of travelling and then the investigation part will begin, where the potential guest will be in contact with the digital platforms of the potential hotel brand, such as the Online Travel Agencies websites, the hotel website, and social media. Meaning the client will examine the website and the social media in terms of its appealing context, campaigns, loyalty program and feedback provided by previous guests. The client can also sign to the hotel newsletter with an email, which will allow the client to keep up with brand news and special offers. If the client wants to

know a bit more about the hotel loyalty program, they can also sign into the program online, even without booking an hotel.

After that, the client will make the decision of getting into a deeper search, where the Online Travel Agencies websites and the hotel's website will be explored and taking into consideration when booking a stay. On this step the guest will analyse previous guest's feedback and the rating of the hotel on the different Online Travel Agencies. This is also when the guest books the stay, deciding the number of days and the location of the future stay. Sometimes, the guest will pay for the stay in this step.

Once the guest arrives to the hotel the loyalty program will be presented as well as its advantages, benefits, and rewards. A strategy will be putted in place to motivate the guest to join the Pestana Guest Club. The strategy consists of personalising the loyalty program to each customer. The guests would need to do a longer registration process around four to five minutes. This more detailed process will allow Pestana to get various valuable data on the preferences of the guests in terms of rewards and benefits.

In the case that the client agrees to sign to the loyalty program, an email will be asked to keep contact in the future with the customer and to send them offers and special discounts.

In some cases, during the stay the guest will have the chance of writing reviews that can help to improve the stay while it is happening. In the future, the customer will receive personalised offers via email, which will take in consideration their stay preferences, for example, the dates in which they stayed at the hotel, the location, or the brand itself.

After the stay the guest may receive an e-mail to be motivated to leave a review so that in the future, they can help the hotel to improve its services.

7.2. Contribution for academic studies and for hospitality brands

This study showed to be important for both academic studies and for hospitality brands. Since it addresses a crucial topic that has not been very much explored yet, academic wise. Attraction and retention of domestic traveller is important to increase brand revenue and limit online travel agencies dependence. This topic addresses tools which can attract and retain Portuguese guests inside of Portuguese hotel groups, more specifically applied to Pestana Hotel Group, being the largest hotel brand in Portugal. Even though this research is focused especially on a Portuguese hotel brand, the tools that are being provided can also be implemented in any other hotel in Portugal.

7.3. Study limitations and avenues for future research

The present study faces some limitations when being written. One of these limitations being the fact that there is a lack of literature about e-mail marketing personalisation. Since this research is the first one focusing on the attraction and retention of specifically Portuguese guests, it was challenging to get data on this topic. There was also only few information about the importance that Portuguese guests attribute to the content present in the Online Travel Agencies websites. Since the information gathered in this study can be applied to any Portuguese brand, it is a problem the fact that it is only focused in the Pestana Hotel Group. Another difficulty was the fact that when the research focused specifically in topics about Portugal, there was a lack of information online.

Another problem is the fact that when analysing the communication part, sometimes it is difficult to quantify, assess and analyse the direct benefits it represents on the brand.

For future research, the group considers that a similar study might be done considering other countries and the respective national hospitality brands. As a matter of fact, the retention and attractiveness of domestic tourists is increasingly essential for the hospitality industry. Firstly,

the crisis of the Covid-19 is not over yet, and businesses should consider the possibility of another worldwide health crisis, that would have similar implications as the ones faced due to the pandemic. Secondly, the geopolitical instability in Europe and in the world demonstrates that hotel groups cannot simply focus on international tourists; they must diversify as much as possible their segments, especially by trying to get more domestic tourists.

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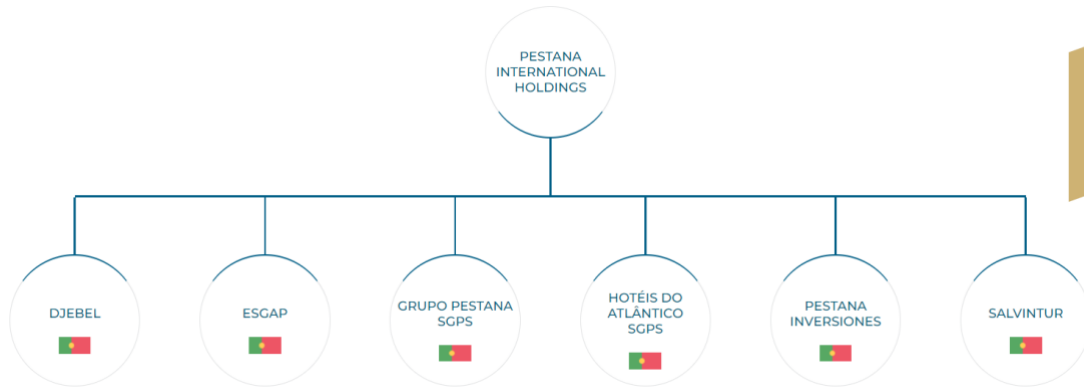
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Chapter 9 - Appendix



Appendix 1: Organization chart of the Pestana Hotel Group Source: (Pestana Hotel Group 2022c).

<i>Demographics of respondents</i>	(%)
<i>Age</i>	
<i><18</i>	1.0
<i>18-24</i>	36.9
<i>25-39</i>	14.1
<i>40-60</i>	32.5
<i>>60</i>	15.5
<i>Gender</i>	
<i>Female</i>	68.4
<i>Male</i>	31.6
<i>Current situation</i>	
<i>Studying</i>	29.6
<i>Working</i>	61.9
<i>Unemployed</i>	2.7
<i>Retired</i>	5.8

Appendix 2. Demographics of respondents

<i>Hotel Guest Information</i>	(%)
<i>How often do you stay at a hotel (per year)?</i>	
<i>Never</i>	3.9
<i>1 time</i>	29.1
<i>2 times</i>	22.8
<i>3 times</i>	18.0
<i>4 or more times</i>	26.2
<i>When you go to a hotel, you usually go...</i>	
<i>Alone</i>	10.8
<i>As a couple</i>	43.3
<i>With family</i>	28.6
<i>With friends</i>	17.2
<i>What are the main reasons why you stay at hotels?</i>	
<i>Business</i>	18.2
<i>Leisure</i>	78.6
<i>Studying</i>	1.4
<i>Health</i>	1.8
<i>Which of these characteristics would influence your loyalty to a hotel brand? (select up to 5)</i>	
<i>Hotel brand recognition/status</i>	8.0
<i>Locations available</i>	18.9
<i>Different concepts related with the same brand (like city hotel, rural hotel, resort...)</i>	6.5
<i>Facilities</i>	14.8
<i>Personalised service</i>	6.5
<i>Reviews</i>	9.8
<i>Pricing</i>	19.8
<i>Loyalty Program</i>	3.0
<i>Influencer related with hotel</i>	0.5
<i>Sustainability</i>	6.2
<i>Offers received by email</i>	1.4
<i>Good online communication</i>	4.6

Appendix 3. Hotel Guest Information

<i>CRM and Email marketing</i>	(%)
<i>When going to a hotel, do you usually give your email to get offers via email?</i>	
<i>Yes</i>	48.5
<i>No</i>	51.5
<i>How many times have you used an offer, received by email, from a hotel?</i>	
<i>Never</i>	62.1
<i>1 time</i>	15.2
<i>2 times</i>	8.1
<i>3 or more times</i>	14.6
<i>If a hotel company, that you have never stayed with, send you an offer via email, would you use this offer?</i>	
<i>Yes</i>	19.9
<i>No</i>	9.2
<i>Depend on the offer</i>	70.9
<i>What would you consider a good offer? (select up to 3)</i>	
<i>Discount on the price</i>	39.1
<i>Free breakfast</i>	23.5
<i>Room upgrade</i>	20.6
<i>Free drink</i>	4.0
<i>Discount on hotel activities</i>	12.8
<i>If you knew that in the future you would receive more personalised offers via email, would you be more willing to give your email to a hotel in the first place?</i>	
<i>Yes</i>	81.7
<i>No</i>	18.3
<i>If a hotel company, that you were a client of, sends you a personalised offer, which takes into consideration your previous stay preferences (example: hotel you already stayed in), would you use this offer?</i>	
<i>Yes</i>	90.9
<i>No</i>	9.1
<i>Do you think hotels should take into consideration your previous stay preferences (hotel, location, F&B orders, activities inside of the hotel) in order to provide you with more personalised offers?</i>	
<i>Strongly disagree</i>	1.5
<i>Disagree</i>	1.9
<i>Neither agree nor disagree</i>	13.1
<i>Agree</i>	34.5
<i>Strongly Agree</i>	49

Appendix 4. CRM and Email Marketing

<i>Pestana Hotel Group Information</i>	(%)
<i>Are you familiar with the Pestana Hotel Group?</i>	
<i>Yes</i>	71.9
<i>No</i>	28.1
<i>How many times have you stayed in a Pestana Hotel?</i>	
<i>Never</i>	40.0
<i>1 time</i>	16.4
<i>2 times</i>	13.8
<i>3 times</i>	5.6
<i>4 or more times</i>	24.1
<i>If you ever stayed at a Pestana Hotel, where did you stay?</i>	
<i>Portugal</i>	81.0
<i>Outside of Portugal</i>	19.0
<i>In which brands of the Pestana Hotel Group have you stayed in?</i>	
<i>Discount on the price</i>	
<i>Pestana Hotels & Resorts</i>	48.7
<i>Pestana Pousadas de Portugal</i>	41.2
<i>Pestana CR7</i>	1.6
<i>Pestana Collection Hotels</i>	8.6
<i>If you are not a client of Pestana and you receive an offer via email, would you use this offer?</i>	
<i>Yes</i>	69.1
<i>No</i>	30.9
<i>If you are already a client of Pestana, have you ever used an offer received via email?</i>	
<i>Yes</i>	18.9
<i>No</i>	81.1
<i>If you are already a client of Pestana, would you be more willing to use an offer received via email, if it took into consideration your previous preferences (example: hotel that you have already stayed in)</i>	
<i>Strongly disagree</i>	1.7
<i>Disagree</i>	4.2
<i>Neither agree nor disagree</i>	22.5
<i>Agree</i>	40.8
<i>Strongly Agree</i>	30.8

Appendix 5. Pestana Hotel Group Information

How old are you? * How often do you stay at a hotel (per year)? Crosstabulation

		How often do you stay at a hotel (per year)?					Total
		1 time	2 times	3 times	4 or more times	Never	
How old are you?	<18	1	0	0	1	0	2
	>60	9	4	10	9	0	32
	18-24	32	19	10	8	7	76
	25-39	8	11	4	5	1	29
	40-60	10	13	13	31	0	67
Total		60	47	37	54	8	206

Appendix 6. Crosstabulation 1

How old are you? * How many times have you stayed in a Pestana Hotel? Crosstabulation

		How many times have you stayed in a Pestana Hotel?					Total
		1 time	2 times	3 times	4 or more times	Never	
How old are you?	<18	0	2	0	0	0	2
	>60	8	4	1	11	8	32
	18-24	7	8	3	6	45	69
	25-39	8	5	1	3	11	28
	40-60	9	9	7	27	15	67
Total		32	28	12	47	79	198

Appendix 7. Crosstabulation 2

How old are you? * If a hotel company, that you were a client of, sends you a personalised offer, which takes into consideration your previous stay preferences (example: hotel you already stayed in), would you use this offer? Crosstabulation

		If a hotel company, that you were a client of, sends you a personalised offer, which takes into consideration your previous stay preferences (example: hotel you already stayed in), would you use this offer?		Total
		No	Yes	
How old are you?	<18	0	2	2
	>60	1	31	32
	18-24	8	61	69
	25-39	4	24	28
	40-60	5	62	67
Total		18	180	198

Appendix 8. Crosstabulation 3

How old are you? * If you are not a client of Pestana and you receive an offer via email, would you use this offer? Crosstabulation

If you are not a client of Pestana and you receive an offer via email, would you use this offer?

			No	Yes	Total
How old are you?	<18	2	0	0	2
	>60	27	1	4	32
	18-24	36	12	21	69
	25-39	23	2	3	28
	40-60	56	2	9	67
Total		144	17	37	198

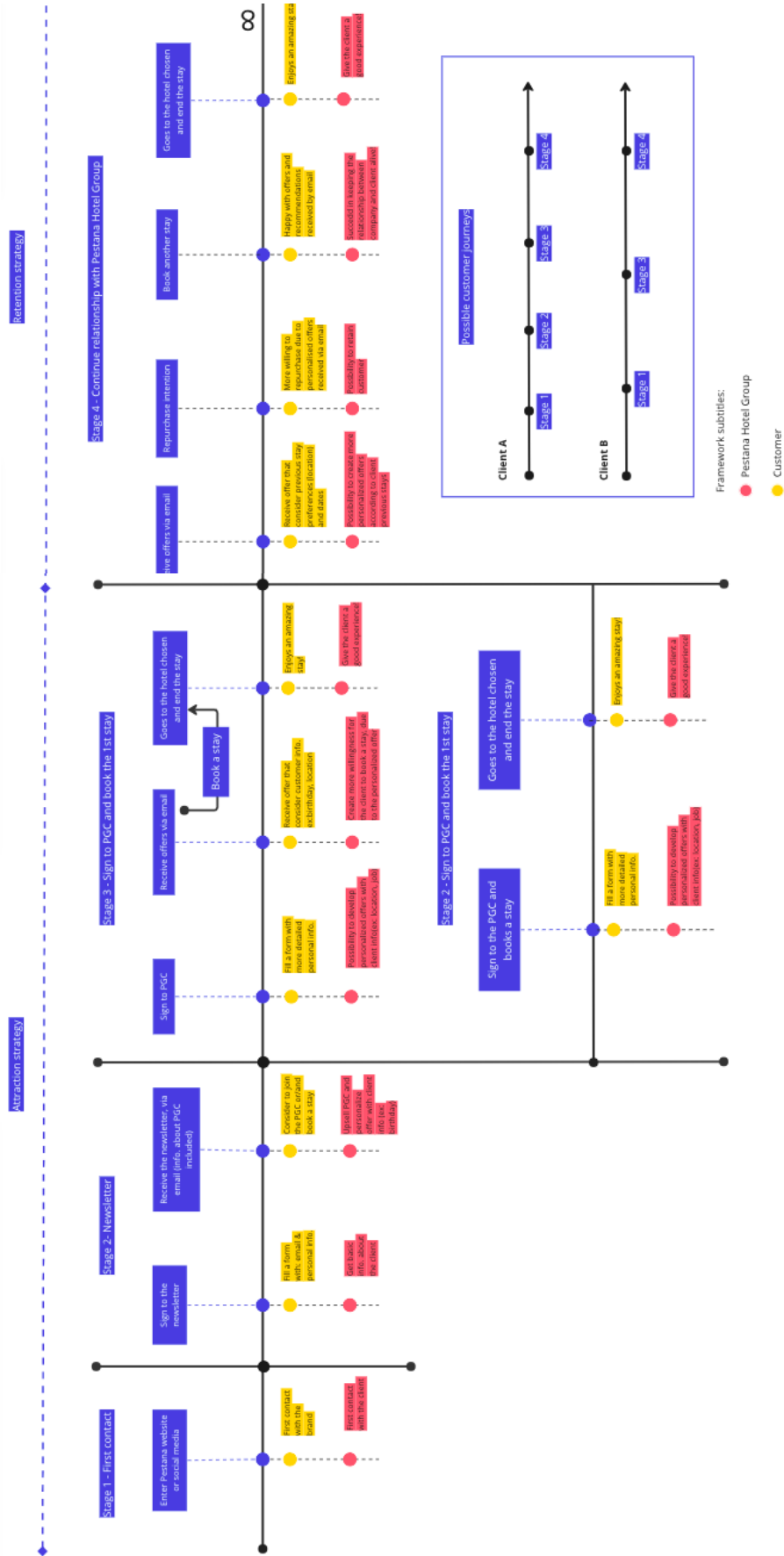
Appendix 9. Crosstabulation 4

How old are you? * If you are already a client of Pestana, have you ever used an offer received via email? Crosstabulation

If you are already a client of Pestana, have you ever used an offer received via email?

			No	Yes	Total
How old are you?	<18	0	1	1	2
	>60	10	17	5	32
	18-24	49	15	5	69
	25-39	12	13	3	28
	40-60	20	38	9	67
Total		91	84	23	198

Appendix 10. Crosstabulation 5



Appendix 11. New Customer Journey