

A Work Project, presented as part of the requirements for the Award of a Master's degree in
Management, from the Nova School of Business and Economics.

Supporting a Portuguese Hotel chain in attracting and retaining Portuguese guests: the role of
Customer Feedback

Beatriz Madeira Coppelli

Work project carried out under the supervision of:

Euclides Major

Sérgio Guerreiro

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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 the four studied strategies for the Portuguese hotels of the Pestana Hotel Group. The first strategy focuses on CRM and email marketing by applying an email personalisation strategy, the second strategy focuses on customer feedback to improve customer retention and attraction, and the third strategy considers the loyalty program by personalising it to each customer, making it more attractive to Portuguese guests. A final strategy provides advice on the Pestana Hotel Group communication. 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.

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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

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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.

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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,

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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

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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.

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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.

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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

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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).

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

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- 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

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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

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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.

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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 for him 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

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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

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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

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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.

Group Part

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.

Group Part

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).

Group Part

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 (“Attracting and Retaining Customers in a Competitive Market: New Strategies Demonstrate Advertisers Still Have More to Learn” 2011). 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 (“Attracting and Retaining Customers in a Competitive Market: New Strategies Demonstrate Advertisers Still Have More to Learn” 2011).

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

Group Part

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

5.2 Beatriz Individual Part

5.2.1. Introduction

In the hospitality industry context, "Customer feedback" refers to the compilation of information provided to a variety of enterprises, in this instance hotels, by consumers who have used the services provided in the past. On the website of the institution itself, as well as on the websites of online travel agencies, users who have been at the hotel in the past may provide their feedback about their experience there. Hotels are able to encourage guests to offer feedback in the form of reviews by using a range of strategies, which may be found in this study. It is possible for each hotel to make use of this data uniquely, making it possible to improve the services provided and anticipate certain problems that may arise in the future.

5.2.1.1. Problem Statement

The vast majority of people who book hotel rooms attribute a significant importance in online evaluations written by people who have been there before. There are times when this input is more relevant to potential guests than the information that the hotel provides. Even while customer feedback has the potential to be a beneficial tool, several hotels continue to dismiss the relevance of it. Providing previous guests who had a positive experience and important views the opportunity to abstain themselves from submitting a review that could be beneficial to the hotel by attracting new clients. It is a simple instrument to acquire and has a little cost, but it has the potential to provide significant returns.

5.2.1.2. Relevance of the study

This research aims to develop a practical and useful tool that may support the hospitality sector, being useful not only to the hotel businesses but also to the customers staying in hotels.

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Firstly, the objective is to compile data and statistics on the comments and suggestions made by customers in Portugal. The study reveals the effect that feedback from previous customers has on potential consumers in the future. It is providing the Pestana Hotel Group with a fresh approach for effectively use the data collected from customer feedback surveys. It fills a knowledge gap on the utilization of customer feedback by the Pestana Hotel Group in Portugal, which is the main reason why it is essential. The Pestana Hotel Group is the subject of this research; nevertheless, the findings may also be relevant to other hotel companies in Portugal. Due to the substantial quantity of research that has been conducted, this study is able to make use of recent knowledge while also providing new research that is both fresh and constructive, especially regarding the Portuguese market. These gaps serve as the focal point of the investigation.

5.2.1.3. Objectives

This research intends to present and concentrate on a valuable hospitality tool that may help hotels improve in a straightforward and practical manner, being this tool the focus on the feedback provided by guests. In order to better comprehend this instrument, a survey and interviews were conducted. The main purpose of the survey was to determine, alongside to potential guests, their habits related to customer feedback. Regarding the significance of past reviews before booking a hotel room, the current motivation to post a review after a stay, and if this motivation can be increased with the assistance of the hotel institution. The primary objective of the interviews was to determine how hotel managers from the Pestana Hotel Group and other brands use the customer feedback tool. Also, to determine if this tool is given a great deal of significance, what are the techniques for encouraging visitors to write reviews and the advantages that hotels are taking from this tool.

5.2.1.4. Thesis Structure

This research is separated into seven sections with distinct names. In the introduction, the research was introduced along with a statement of the problem being addressed in the study, the significance of the study, its objectives, and its structure. Following this comes the literature review, which focuses on the literature component of the customer feedback tool and other topics connected with it. The methodology chapter exists to comprehend how the data that will be analysed was collected. The result analysis constitutes the fourth chapter; in this section, the data collected through the survey is analysed. Then there is a section devoted to the interviews, in which all the data gathered via interviews is presented. Then, the statistics given by the Pestana Hotel Group's customer relationship management department are introduced. As the last chapter, it is presented the conclusions on the customer feedback tool based on all the information previously presented.

5.2.2. Literature Review

Customer feedback includes the information and insights gathered from consumers regarding their previous product and service experiences and can be related to many different industries (Bone et al. 2017). Related to the advancements in technological capabilities, the significance of this concept is growing gradually over time. Because of the explosive growth of e-commerce, an increasing number of individuals are shopping online as at the same time an increasing number of items are being offered for sale on the internet. It is now a standard practice for online merchants to make it possible for their customers to write reviews or voice thoughts on the items that they have bought. This is done with the goal of increasing customer happiness and improving the overall shopping experience. As more and more people use the internet regularly and get more familiar with its interface, a growing number of users are beginning to write evaluations. As a direct consequence of this, the overall number of reviews that a product

gets swiftly increases. On some of the larger merchant sites, reviews for popular goods or services may easily number in the hundreds or thousands in some cases. In addition, the majority of evaluations are rather long, however they just provide a few phrases' worth of commentary on the product. This makes it complicated for a prospective consumer to read them making it more difficult for them to make an educated choice about whether to buy the goods. If they simply read a few reviews, they are more likely to form an opinion that is biased. Because of the vast number of evaluations, it is difficult for product makers to maintain track on the thoughts of their target audience about their products or services (Hu and Liu 2004).

5.2.2.3. Importance of Customer feedback: attraction and retention

Companies must search for ways to motivate their previous customers to create positive reviews, since research demonstrates that the exposure to product and service evaluations have a favourable impact on purchase likelihood and may lead to positive consumer responses. (Orimoloye et al. 2022). Making possible for hotel firms to use the customer feedback as a tool of attraction of new clients. Hotels receive most of this customer feedback via social media and online platforms. Social media is a developing habit in our culture that gives customers a voice that is being heard. Consumers now spend 22% of their online time on social networking sites, and as a result, their purchasing decisions are heavily impacted by the opinion of other customers (Ahmed, Fan, and Billah 2022). In conclusion and according to researcher's findings, internet reviews have a massive impact in the decision-making process of potential future buyers (Ahmed, Fan, and Billah 2022).

Customers may freely provide feedback to hotels, but they may also be motivated to do so by the firm. Companies may solicit this much-needed feedback from their prior consumers through different methods. For example, by asking a series of closed-ended questions or simply asking clients what they liked or disliked about their experience. On the other hand, companies must

evaluate how their method of soliciting feedback affects the actual feedback provided by guests. According to Bone et al. (2017) in contrast to closed-ended surveys, organizations should solicit open-ended feedback, which increases the likelihood of receiving positive responses, since it will develop favourable biased memories making the customers more reachable, resulting in positive feedback and consequently an increase on sales of that specific product or service. A positive effect may appear even if the first contact the customer had with the company was not consistently pleasant, since that if companies solicitate positive comments at the start of a survey it can influence a customer's memories in a way that inspires more positive feedback. On the other hand, a study demonstrates that if consumers are asked to offer feedback on an experience before it begins, they are more likely to make a negative response because they become extra vigilant looking for flaws in the service being provided, given that they assume the company wanted a critical valuation (Bone et al. 2017).

The major conclusion of the article written by Ahmed, Fan, and Billah (2022) is that customers feedback may help hotels retain clients by allowing them to better match the needs and preferences of their consumers. And according to the study, there is a link between customer loyalty and hotel performance. Since customer's reviews in the travel and hospitality industries have been discovered to be a very valuable information resource for travellers and potential clients (Ahmed, Fan, and Billah 2022).

Following the analysis of customer reviews, a large amount of data is produced, which gives many helpful conclusions to hotel sector organizations, allowing them to understand how they may enhance and tailor the services given. Hotels will also be able to forecast their financial success, as a consequence. Because if the data obtained shows that customer satisfaction is high, it suggests that customers are more likely to be loyal to that certain brand. Making the company well-known via the power of favourable word-of-mouth, requiring the company to spend less money on advertising (Ahmed, Fan, and Billah 2022).

5.2.2.4. Evolution of the global online travel sector

The global online travel sector grew in 2021 when compared to the previous year. Overall, the global internet travel industry was valued around 433 billion US dollars in 2021, rising from approximately 396 billion US dollars in 2020. By 2026, this industry is expected to be worth around 691 billion US dollars (Statista 2022c).

Confirming this fast grow and importance of the digital investment in the travel industry there are statistics proving that the tourism industry in the United States spent \$6.09 billion USD on digital advertising in 2019. Because of the coronavirus epidemic, the sector's digital ad expenditure in 2020 went down by 51%. Spending is not likely to rebound to 2019 levels by 2023, when it is estimated to be \$4.54 billion (Statista n.d.).

5.2.2.5. Hotel presence online

Faceless reviewers are becoming the online travel opinion leaders, and as a result, a study proposes that hotels invest in their social media presence as well as focus on content provided by users, so they can control their online reputation. Furthermore, hotels should consider not only how their reactions to reviews will impact the complaining customers, but also how it will influence clients who just observe and actively evaluate the complaints and the establishment's responses to these criticisms. Through this, hotels are being able to retain their customers, meaning they will have greater organizational power to suit their consumers' demands and preferences. Positively influencing their guests' purchasing behaviour and ensuring that they keep consumers who are committed to repurchase (Ahmed, Fan, and Billah 2022).

5.2.2.6. Customer feedback influences potential clients

Most reviews are detail-oriented, influencing the emotions and behavioural decisions of potential future guests who read them. In terms of negative or good reviews, when most of the

reviews are unfavourable, the readers may be misled since they will focus on the bad side and neglect certain crucial facts. As a result, the intention shifts in the direction indicated by the communication made. In addition, clients who are dissatisfied with the service they received are more likely to leave an online review.

Since perceived expectations and perceived execution determine service quality, when most reviews are favourable or neutral, the service offered by the hotels is more likely to exceed the guests' expectations. Typically, potential visitors would choose businesses with the most ratings, since this indicates the hotel has more experience and hence may provide a better service (Bone et al. 2017).

The study concludes that the more reviews that exist, the lower the negative effect gets—suggesting that hotels should aim to increase the number of reviews they receive to balance the positive and negative representations of their unit, in addition to analysing and fixing the sources of negative comments (Orimoloye et al. 2022).

As a conclusion, customer feedback may be a source of helpful data that reflects the client view of different companies' service quality, particularly in the hotel business. It may also aid in anticipating organizations' financial success and influencing other consumers before they decide whether to acquire the service/product - individuals' decision-making processes. It may also result in significant savings.

To use customer feedback as a tool, hotels must invest and focus on how to control the type of feedback offered by prior customers.

5.2.3. Methodology

The survey conducted was filled out by participants in four distinct chapters and gathered a total of answers of 215. But nine of these answers were not considered since they were invalid,

leaving a total of 206 valid answers. And eleven interviews were also made, to Pestana hotel managers, other hotel managers and to the digital marketing director of the Pestana hotels.

5.2.4. Survey demographics

According to the survey and after conducted an analysis on the survey's demographic data, the conclusion is that most respondents are between the ages of eighteen and twenty-four years old, accounting for 36.3% of the total, and that those between the ages of forty and sixty years old represented the second largest age group, representing 32.1% of the total. People over the age of sixty years old make up 15.8% of the total population, while those between twenty-five and thirty-nine-years old account for 14.9%. Leaving the younger age group with a reduced percentage of 0.9% for those younger than eighteen years old. (Appendix 2).

When the data according to gender was analysed, it was found that 68.4% of the respondents were of the female gender, while just 31.6% were of the male gender. (Appendix 2).

In terms of how the respondents are currently spending their time, most of them (66%) are employed, followed by 31,2% of respondents who are students, 6,5% of respondents who are retired, 3,3% of respondents who are unemployed, and 1.9% of respondents whose circumstances deviate from all of these. (Appendix 2).

As a conclusion, the majority of the replies come from individuals in the age range of 18 to 24 years old, with the vast majority of respondents currently employed and being of the female gender.

5.2.5. Results analysis: survey

5.2.5.1. Introduction

After considering that most of the respondents stayed in a hotel four or more than four times and usually within a couple and with the purpose of leisure, it was possible to focus on this part of the study. (Appendix 3).

The purpose of the questions asked in this chapter of the survey is to get an understanding of how consumers perceive the significance of providing feedback being this about themselves or about the hospitality establishments. It was also asked if customers go through the establishment's past customers' evaluations and take note of the rating the hotel currently has, before booking their stay. It was also necessary to comprehend the channels via which customers often book their accommodations. In addition, the purpose of these questions was to get a better understanding of whether visitors typically feel inspired to post reviews after their stay, or whether or not the majority of guests need an incentive in order to be more likely to write a review.

In addition to the survey, information was also gathered through holding interviews with hotel directors from some of the Pestana hotels as well as directors from other hotel chains. Some of these interviews were carried out with the intention of getting a deeper comprehension of the procedures followed by hotels in the management and assessment of the consumer feedback provided by previous clients. One of the interview's main objectives was to understand how most of the Pestana hotels react to reviews that are not positive and to the positive ones, as well. In addition, it was also an objective of finding out whether the Pestana hotels have any kind of plan to encourage its customers to contribute with ratings and comments, in the Pestana website or in the websites of the different online travel agencies (OTA). Being this strategy applied during the guests' stay, during the check-out or after the guest left the hotel.

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As a last resource there was the data provided by the Pestana Hotel Group Customer Relationship Management - CRM department where the actions of previous Pestana guests were provided. In terms of how many guests leave reviews after their stay in a Pestana hotel and the percentage of negative and positive reviews that Pestana hotels receive. The Customer Relationship Management – CRM department also provided information about the strategy Pestana has when dealing with Customer feedback.

Beginning with the analyse of the data provided through the survey. In this section there was five questions being made to the people answering the survey.

5.2.5.2. Booking channel

More than half of the participants who participated in the poll said that the majority of their hotel reservations are made via the use of online travel agencies – OTA, for example Booking.com, Agoda, Expedia, and E Dreams.... In the survey, around 21% of respondents said that they make their hotel reservations via direct methods, such as the hotel's website. This indicates that the majority of hotel visitors in Portugal visits the website of different Online Travel Agencies, abbreviated as OTAs, prior to making reservations for their stays. Meaning that the image that the hotels transmit in the Online Travel Agencies -OTAs needs to be analysed so that it will influence positively the guest's perception of the hotel. Due to the fact that this stage marks the beginning of the customer journey, it is extremely important that hotels accord it the same level of significance as they do to the stages that take place during the direct interaction with guests when they are staying at the hotel (Appendix 5).

5.2.5.3. Attention given to previous reviews

Approximately 66.5% of those who participated in the survey said that they always check the online evaluations of a hotel before making their reservations, in the hotel's website or in the

websites of the online travel agencies - OTAs. And almost 29,8% of those who responded said they only check the reviews sometimes, leaving just 3,7% of those who said they never read the reviews before booking a stay in a hotel. This knowledge goes along with the issue that was covered before, which means that a hotel should really concentrate on the image that they are conveying via their online presence, whether it be on the website of an Online Travel Agency or on their own website. Nowadays, as previously said, most of travellers access some type of online tool before booking a stay in a hotel, even if inside of their own country or in a different country (Appendix 6).

5.2.5.4. Importance of hotel's evaluations

On a scale from one to five, with one meaning "not putting a lot of emphasis in a hotel's numeric evaluation in an online travel agency" and five meaning "giving a lot of attention to the hotel's numeric evaluation in an online travel agency,". According to the findings that were given, the relevance of a hotel's numerical rating in an online travel agency is determined to be a 4 by 60.9% of the respondents. And 20.5% of the respondent's state that they give a significance level of 5 to this assessment. And only 1,4% stated that they give an important of only 1 to the numeric evaluation of a hotel in an online travel agency.

As a conclusion, it was able to verify, from the answers to this question, that the majority of visitors would take into account the rate a hotel in online travel agencies, before making their reservation.

In most cases, the rates might be assessed anywhere from one point to five points. When a hotel receives a rating of one point, it indicates that the services it offers do not meet the standards that are expected by the customers. On the opposite side of the spectrum, a score of five points indicates that the hotel in question is delivering an outstanding level of service, and it is

quite possible that prior visitors will make an effort to book a room at that hotel again in the future.

As a conclusion, once again, hotels must invest time and know-how in how to maintain the hotel's reputation online impeccable and attractable to future guests (Appendix 7).

5.2.5.5. Motivation to write a review

When asked whether they felt inspired to submit a review after their stay at a hotel, 31.2% of the people who responded to the poll said that they always write a review after their visits. The responses indicated that a total of 29.8% of respondents never take the time to provide feedback after staying at a hotel. 25,1% of those who responded claimed that they would only submit a review if they had a good experience in the hotel, and 14% answered that they would only give a review if they had a negative experience in the hotel.

Meaning that most guests always write a review following their stay, but this figure is not much larger compared to the others, indicating that there are still a significant number of individuals who do not see it necessary to submit evaluations after staying in a hotel. That is why hotels should create a strategy to motivate their previous guests to leave a review after their stay. It was also possible to understand that if guests have a negative experience with a hotel, they feel less motivated to leave a review after their stay (Appendix 8).

5.2.5.6. Motivation changes after a reminder

It was stated by 74.9% of respondents that they would be more likely to submit a review if they were reminded via email at the end of their stay to post a review on the website after they checked out. And 25,1% of the people who took part in the survey submitted responses indicating that they would not feel any more compelled to do so.

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This means that the majority of guests may be encouraged to provide feedback after their stay. Being that in this research it was considered the concept of sending an e-mail to visitors as a reminder to submit a review, but every hotel can create their very own methods of reminding guests to write reviews (Appendix 9).

5.2.6. Interviews

After collecting the information that was supplied during the interviews, it was easy to realize that each hotel that is part of the Pestana Hotel Group has its unique approach regarding how to encourage guests to submit reviews after their stay at the hotel. Some of them will send a friendly reminder in the form of an e-mail to each and every prior visitor. And some will send the same e-mail, but they will also ensure that, throughout the process of check-out, the staff at the hotel tries to get the guest's perspective on their time spent at the hotel. In addition, if the stay was enjoyable, the employees at the hotel will make it a point to remind the customer about the e-mail the hotel will send. At some other hotels, guests are given access to a review app during their whole stay, allowing them to voice any concerns or make any recommendations about how to improve their experience at the hotel. Throughout the duration of the guest's stay, the hotel maintains touch with the guest to ensure that their experience is flawless. By using this application, the hotel can enhance its services and prepare for any potential issues that may arise in the future.

Regarding the way hotel managers handle the reviews that are provided, whether they are positive or negative, it was possible to understand that every hotel that was interviewed has the strategy of replying to every review that they obtain on their website or through the website of an online travel agency. Every one of them also has the same technique, which is to contact the customers who have left a very negative review when the comment is regarding something that

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the hotel might have done better. These customers are contacted, and the hotel will often provide them a gift.

It is also necessary, and these hotel managers are doing it, to maintain continual communication with every team that is located inside the hotel. This ensures that the reviews are being addressed and that the hotel is aware of the areas in which it can enhance the quality of the services that are being offered.

The interviews conducted to Pestana Hotel Group employees, including hotel managers and the digital marketing manager, led to the conclusion that the complaints are related to a variety of circumstances, each of which may be found at a specific hotel within the group. Beginning with issues with the room's view, continuing to issues with the hotel's Wi-Fi and facilities, and some others. After all the interviews it was also able to determine that it is vital to pay attention to each guest, but in Pestana hotels in Portugal, the Portuguese guest requires special care. Since Portuguese are opinionated visitors, they will almost probably post a review after their stay, regardless of whether it is good or bad.

5.2.7. Customer Relationship Management department – data

It was also possible to arrive to the conclusion that in 2022, according to the data supplied by the Customer Relationship Management team of the Pestana Hotel Group, that in every hotel owned by the Pestana Hotel Group, there were 80.5% of positive evaluations and 7.1% of negative ones. Such data leads to a favourable conclusion for the Pestana hotels in general since it demonstrates that the hotels are offering the appropriate services and having a positive impact on previous guests, directly influencing potential guests.

5.2.8. Conclusion

After compiling all this information, it is possible to conclude that each Pestana Hotel Group property should prioritize customer feedback. From the first point of contact that a potential guest has with the hotel, whether through the hotel's website or the websites of various online travel agencies. It is also important to pay attention to the guest throughout their stay and to encourage them to write their thoughts about their stay and assign a rating to the hotel afterwards. It was also possible to understand that Portuguese guests need to receive extra attention from the hotel. Since they are a demanding type of guest who does not need to be motivated by the hotel to leave their feedback online, after their stay.

After the reviews are written, it is beneficial to the hotel to focus on the content of those reviews rather than just taking advantage of them because of the online presence they represent. Since that the reaction the hotel has to different reviews, will influence the way that potential guests perceive the hotel. By emphasizing this content, the hotel in a freeway, will be able to conduct a deep analysis of the establishment, allowing for a better understanding of the areas for improvement. The hotel will have access to detailed information about its provided services from those who receive them.

Hotels also need to discover different ways to motivate their previous guests to write reviews, especially positive ones.

The different hotels in Portugal now have a powerful tool at its disposal to enhance the quality of the services provided; all they need to do is to understand how to make use of this tool in the most efficient manner possible.

5.2.8.1. Contribution for academic studies and hospitality brands

This research focusing on the Customer feedback tool will give a structured and user-friendly access tool, primarily for hotels belonging to the Pestana Hotel Group. However, this easy tool

may also be used by hotels of several brands located in Portugal, since the research focuses on the Portuguese guests.

This research is significant academically since it focuses on a tool that has never been explored in such depth. Since this research focuses on the Pestana Hotel Group's Customer feedback tool for Portuguese guests, in the Portuguese territory.

5.2.8.2. Study Limitations

Despite the fact that this is a valuable study concentrating on the customer feedback tool, the research was conducted with several constraints. Some of these included the work required to conduct interviews in order to acquire information on other Portuguese hotels, which required some effort.

Due to the fact that this is the first research focusing on hospitality technologies in Portugal for Portuguese guests, it was also difficult to reach a conclusion. Since there is a lack of material about the behaviour and demands of Portuguese visitors.

In addition, there was a dearth of literature about the consumer feedback tool.

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 (see Appendix 4).

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

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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

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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,

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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

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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,

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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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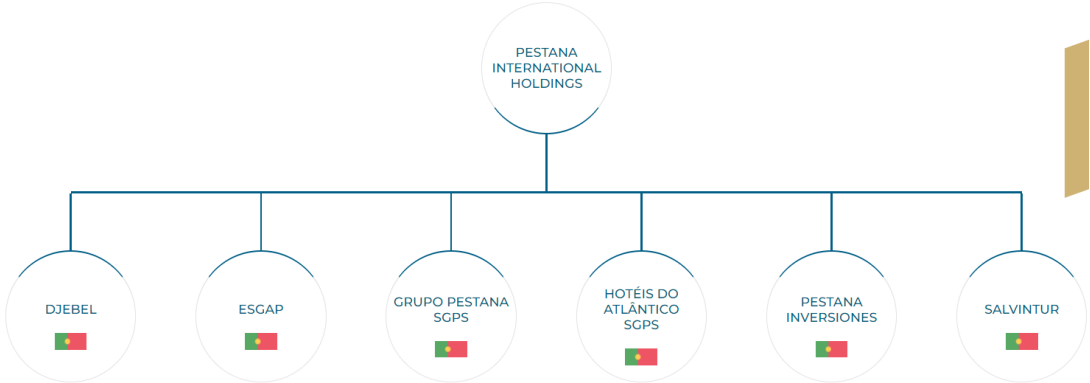
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Chapter 9 - Appendix



Appendix 1: Organization chart of the Pestana Hotel Group Source: (Pestana Hotel Group 2022c) Error! Bookmark not defined.

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

Appendix 2. Demographics of respondents

Group Part

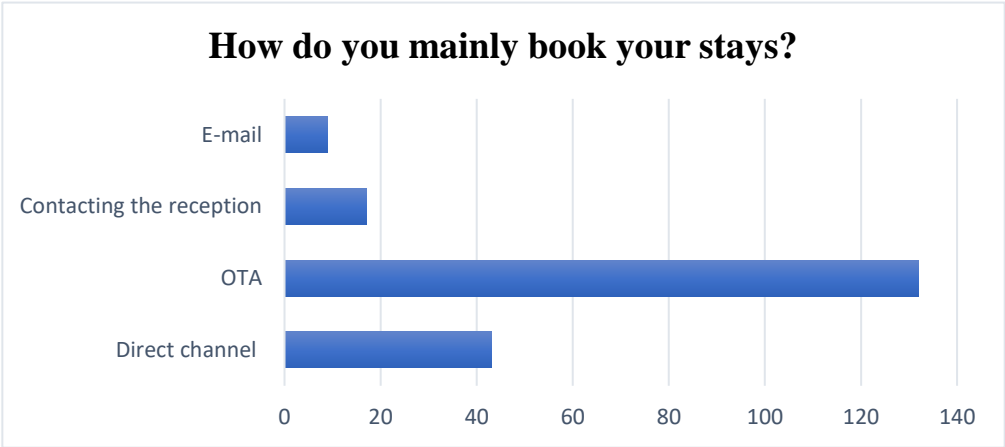
<i>Hotel Guest Information</i>	(%)
<i>How often do you stay at a hotel (per year)?</i>	
<i>Never</i>	3.9
<i>1 time</i>	29.1
<i>2 times</i>	22.8
<i>3 times</i>	18.0
<i>4 or more times</i>	26.2
<i>When you go to a hotel, you usually go...</i>	
<i>Alone</i>	10.8
<i>As a couple</i>	43.3
<i>With family</i>	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

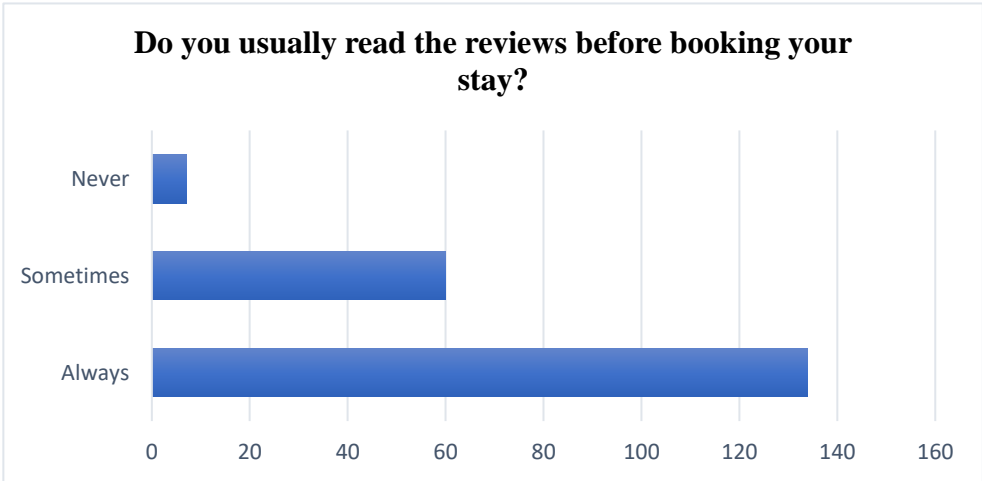
Group Part

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

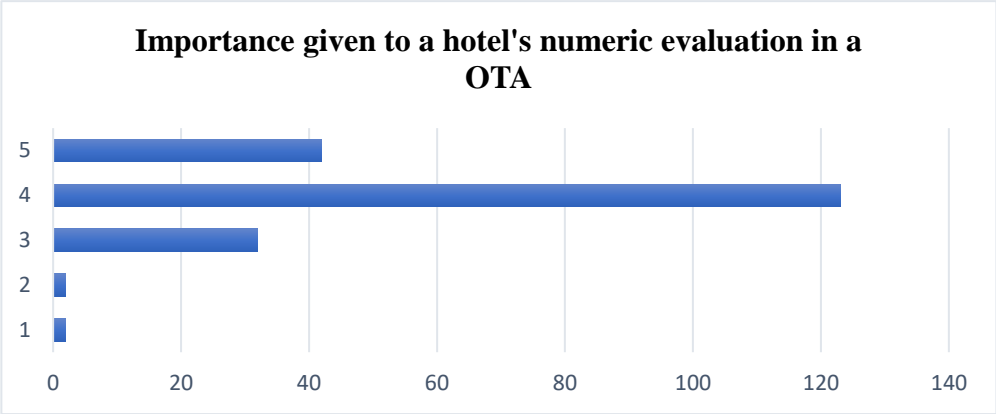
Appendix 4. Pestana Hotel Group Information



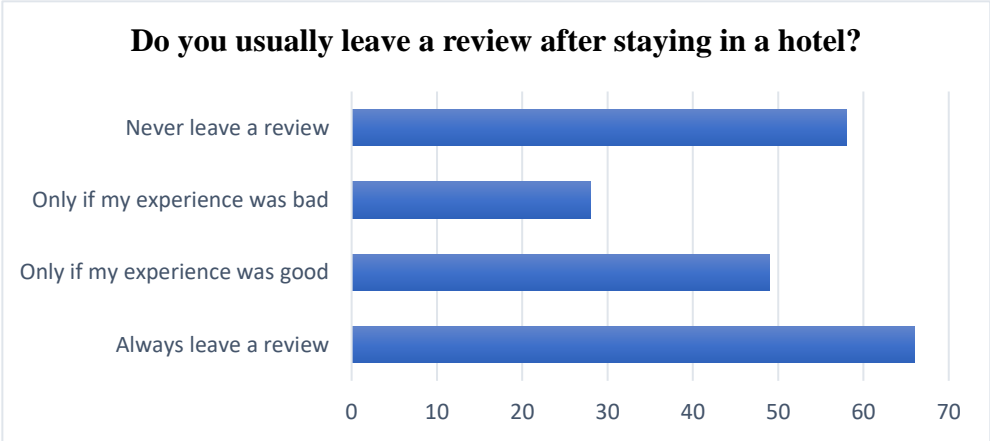
Appendix 5. Answers to the first question on the “Customer feedback” section of the survey



Appendix 6. Answers to the second question on the “Customer feedback” section of the survey



Appendix 7. Answers to the third question on the “Customer feedback” section of the survey



Appendix 8. Answers to the fourth question on the “Customer feedback” section of the survey



Appendix 9. Answers to the fifth question on the “Customer feedback” section of the survey