Customer Centric in Hospitality Industry: a Systematic Literature Review and Future Research Direction

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Abstract

The purpose of this research is to review the literature published from 2010 to 2020 regarding customer-centric strategy in the context of the hospitality industry. The customer-centric paradigm focuses on creating value for its customers, so it becomes interesting to study in the context of hospitality. This is a literature review research with the Publish or Perish software used to obtain initial data from a total of 235 articles published from 2010-2020 according to the Scopus database. The articles were further analyzed according to the criteria, with only 87 articles. The results showed that a customer-centric strategy is a company strategy that pays attention to consumer wants and needs. The customer-centric approach is similar to the outside-in approach because they pay attention to customers and adjust their complaints to company policies and strategies. This research provides benefits for future studies on customer-centric strategy in the hospitality industry that uses big data analytics to create value for customers. Furthermore, it provides an overview of customer-centric strategy trends in terms of understanding, theoretical perspective, and setting needed for future studies.

Customer Centric dalam Industri Perhotelan: Tinjauan Literatur dan Arah Penelitian Mendatang

Abstrak


Keywords: Big Data Analytics; Customer-Centric Strategy; Customer-Centric; Hospitality Industry; Performance Marketing.

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INTRODUCTION

The hotel industry, which is an important component of hospitality and tourism, is currently experiencing rapid development (Attila, 2016). For decades, studies have been carried out on the tourism and hospitality industries to determine customer value combined with service quality and satisfaction (Gallarza et al., 2019). Tourism and hospitality experts used personal values to explain the decision-making process of consumers, tourists, employees, and companies (Kim, 2020). The hospitality industry consists of a wide range of accommodation facilities, from resorts and hotel complexes to Airbnb homestays, food and beverage services and facilities, such as restaurants, fast food outlets, bars and cafes, coffee shops and nightclubs, as well as travel and leisure tours, including cruise, sea and river tour packages (Jones & Comfort, 2020). Several studies have been carried out to determine the importance of luxury hotels (Zhang et al., 2020), brand engagement (Liu et al., 2020), green hotel (Yadav et al., 2019), and hotel shows (Sainaghi et al., 2019) in the advancement of the tourism industry.

Studies carried out in the last ten years regarding the tourism and hospitality industry, including hotels, have provided future research suggestions. For instance, Marques et al. (2016) study, which was analyzed from the customers’ perspective, suggested considering the geographic expansion of hotels. Therefore, it is necessary to research from the hotel perspective. Over the years, various studies have been carried out on customer centricity by academics and practitioners (Inversini et al., 2020). Furthermore, studies from several scientific disciplines have also developed concepts regarding customer centricity, such as marketing (Dadzie et al., 2019), Energy (Donnellan & Kase, 2019), organizations (Rajagopal, 2020), supply chain management (Garai & Roy, 2020), and Information Technology (Kamboj et al., 2018). Syed Saad et al. (2016) stated that customer-centric marketing is based on effectively providing effective services to customers by investing in market management and technology.

Customer-centered companies tend to realize internal integration, with the ability to coordinate all possible efforts to collect various information associated with customers (Lamberti, 2013). Furthermore, a customer-centric company is beneficial for understanding and satisfying the needs of downstream customers and generating financial returns for the company. Several studies have been carried out to examine the impact of customer-centric company structures on the downstream, with none on the upstream (Crecelius et al., 2018). Therefore, further studies need to use a firm perspective to examine a customer-centric corporate structure’s impact to generate the outlined values. The service-dominant logic theory is one of the theories used to explicitly recognize a customer-centered view of value creation in line with its service-dominant logic (Vargo & Lusch, 2008).

Research on mobile content providers (Bonacchi & Perego, 2011) stated that adding a larger sample to companies with a customer-centric strategy helps examine the relationship between the three elements of organizational architecture and their effects on organizational performance. Therefore, the company’s ability to align its organizational architecture with a customer-centric strategy creates an edge over others in the same industry. The theme of customer-centricity and new perspectives on value creation is a core strategy for gaining opportunities in this era of disruptive innovation (Leavy, 2020). Hence, companies engaged in the tourism industry need to consider a change in strategy to increase competitiveness against others. Companies in the tourism industry, such as hotels, need to implement a customer-centric strategy for adequate growth and productivity (Marques et al., 2016).

The more often a company interacts with customers and gets acquainted with their desires, the greater their ability to find a suitable
match for their needs in line with the products or services offered (Leavy, 2020). Information on customers’ needs, collected in large quantities, is called big data. It contains demographic information, interests, hobbies, and other data needed to stay in line with customers. This is because big data provide customer information patterns to predict and assume their customers need (Anshari et al., 2019). However, the number of articles published in 2017 on the implementation of big data in the tourism and hospitality industries is still marginal (Mariani et al., 2018). This study encourages the reassurance and suitability of data sources to resolve the cultural gap between tourism and the hospitality industries to accept, embrace, and apply new methods.

Mikalef et al. (2017) also carried out researched on a company’s ability to analyze big data. This research argued that the value of big data depends on the technology it uses as well as the large networks absorbed by the organization. Therefore, it can increase organizational capabilities, and needs to be supported by a network that can be used to increase the capabilities of an organization. Further studies need to be carried out to empirically examine the framework using surveys, interviews, observations with managers, decision-makers, and customers to understand big data analysis’s ability to increase a firm’s value. This research presents a literature review on customer-centric strategies in the hotel industry, especially those that use big data analytics to enhance their business performance.

The purpose of this research is to review the literature published from 2010 to 2020 regarding customer-centric strategy in the context of the hospitality industry. Therefore, for this reason, the following research questions are asked. First, what research has been carried out in the field of customer-centric strategy in the context of the hospitality industry regarding definitions, theories, themes, and methodologies. Second, what is the future research agenda on customer-centric strategy in the hospitality and tourism industry.

The literature review is carried out to identify research gaps and evaluate current knowledge in the field, thereby making it possible to increase its perspectives on a broader field (Toorajipour et al., 2021). This research utilized the literature review methodology formulated by Indarti et al. (2020). There are five steps in the literature review process used in this research, with a detailed explanation of each one explained in the next section. The literature review acts as an illustration for further research on customer-centric strategy in the hospitality industry. This research is organized into various sections. The first section is the research background and the process associated with submitting the questions. The second section explains the methodology used to carry out the systematic bibliometric analysis, including the steps to search for articles using the Publish or Perish software. Section three describes grouping and discussion results in more detail to answer research questions using a systematic literature review process. Finally, section four conclusions the research and provides further recommendations.

METHOD

This section describes the terms and criteria adopted for a systematic literature review in the context of the hospitality industry using the bibliometric approach, which is an integral part of the research evaluation methodology, especially in the scientific and applied fields (Ellegaard & Wallin, 2015). Therefore, following the provisions of bibliometric analysis, data are obtained by browsing publications that have titles, abstracts, or keywords containing the theme of the research. In this research, the theme to be studied is a customer-centric strategy in the hotel industry, with specific keywords, used to obtain data in the hospitality industries and other disciplines. Data can be obtained from various sources, such as Scopus of Elsevier database, Google Scholar, EBSCO, Thomson Reuters, etc. However, this research obtained data
from the Scopus database, using the Publish or Perish application. This application allows the author to get articles relevant to the research theme through a various databases (Buyuk et al., 2016).

The second criterion in this study is to use sources in the form of articles, conference proceedings, books, and theses. Thirdly, data was obtained from articles published in reputable international journals indexed by the Scopus database from Q1 to Q4 based on the Scopus Rankings Index. Fourthly, articles were obtained related to those written in English. Therefore, articles in languages other than English are excluded from the search results. All data is stored in an Excel workbook for easy export to SPSS, which is for mapping.

This study uses a research methodology comprising of 5 stages, which was carried out by Indarti et al. (2020) are defining search keyword; obtaining initial research results; refining the search results; compiling the initial data; analyzing the data.

A summary of the logical flow chart of the methodology used in this review literature is shown in Figure 1. Detailed descriptions of the bibliometric analysis protocol, including data obtained with the Publish or Perish (PoP) application, are discussed in the following section.

Defining the Search Keyword.
The Publish or Perish (Harzing, 2010) software was used to obtain data for the research using several keywords in the form of “research title” and “publication year limit.” The first and second keywords used are “customer-centric” and “customer-centric strategy.” Therefore, because this research was applied in the context of hospitality, the words “tourism,” “hospitality,” and “hotel” are also used as keywords in the search for data sources. Furthermore, the publication year is limited from 2010 to 2020. Limitation and keyword selection are intended to obtain articles that are following those studied in this research, namely,

![Flow Chart Bibliometric Analysis](image)

**Figure 1. Flow Chart Bibliometric Analysis**
customer-centric strategy in the context of the hospitality industry.

Obtaining the Initial Search Result.
Data were obtained as many as 235 journal articles from the Scopus database using related keywords in the Publish or Perish software. The data obtained were 57 types of conference proceedings, 4 books, 41 chapters, and 19 other categories. Data is taken only from those with various criteria in the form of articles from well-known international journals chosen because they received trusted indexers. The next process is to classify the data that has been obtained.

Refining the Search Result.
After the classification based on the type of article, the data search results are filtered and differentiated by the Scopus Rankings Index. Furthermore, before screening the quartile, a check was carried out on the latest Citescore Scopus database in September 2020 to determine whether the journal is still indexed by Scopus or has been discounted. When it is realized that the Scopus is not indexed, the article is excluded from the database. Literature reviews were conducted on a total number of 98 articles, with their identities, such as author data, article titles, year of publication, abstracts, research methodology, keywords, and future research, presented in excel.

Identifying all identities make it easy for the literature review process to run more effectively. Excel was chosen because of the ease of importing into SPSS with data processed through the menu by clicking the Analysis menu, followed by selecting the Descriptive statistics and then clicking on the Frequency. Therefore, some of the graphs in this study are generated from SPSS 23. Data from 2010 to 2020 indicates that articles on customer-centric strategy have an increasing trend, as shown in Figure 2.

![Figure 2. Number of Publications per Year (2010-2020)](image-url)
After analyzing all the articles used in this study, the quartile and publishers of 87 articles were also examined. The data shows that the number of articles in Quartile 1 is more than those in Quartile categories 2, 3 and 4. Data presentation regarding quartiles’ division based on the Scopus Index and its publisher, is sequentially presented in figures 3 and 4.

Graph 3 shows that four publishers had the most significant number of analyzed articles in this study. These publishers are Taylor and Francis, Emerald, Springer Nature, and Elsevier. Meanwhile, journals with the most analyzed articles in this study were the Journal of Strategic Marketing (Q2) with the publisher Taylor & Francis, followed by the Journal of Business and Industrial Marketing (Q1) publisher Emerald.

Figure 3. Number of Articles Based on the Source

Figure 4. Articles by Publisher
RESULT AND DISCUSSION

Content analysis was carried out by examining the previous articles written on customer-centric. The result is used as a stepping stone to carry out recommendations for further research on customer-centric, particularly in the hospitality industry, which leverages big data analytics. According to Roberts (2015), the content analysis is a technique used to map symbolic data into a matrix suitable for statistical analysis. This technique can be applied to samples such as books, paintings, technological innovations, etc. The most common content analyzes are text and transcripts. Furthermore, in content mapping, the author uses the review method to describe and summarize the definitions, theories, themes, research methodology, and settings for each article (Indarti et al., 2020).

Customer-centric Definitions in Various Research Contexts.

Some of the articles analyzed in this study explained the meaning of customer-centric in its various applications. Although the definition is not completely clear and precise (Rupprecht, 2020), this research presents several customer-centric notions relevant to the field of marketing. Sidhartha and Thenarasu (2020) defined customer-centric as understanding customer needs and wants regarding product features and their interactions with companies that are embedded in business processes. This is also in line with Rajagopal (2020) research, which stated that the customer-centric approach’s philosophy is to understand consumer needs and develop appropriate products.

Customer-centered marketing starts with understanding the needs and wants of individual consumers (Dadzie et al., 2019). For instance, Park and Nicolau (2019) research on tourist destinations stated that a customer-centric’s performance can be seen from the satisfaction and desire to return. Another research carried out by Haverila and Haverila (2019) on project management showed that customer-centric measures are associated with their relationships with the company, value for money, satisfaction level, and repurchase interest. Manral and Harrigan (2017) also stated that the customer-centric approach is associated with the “demand-side.” Therefore, companies need to make investments on the “demand-side” to explore consumer wants to grow significantly. The numerous definitions of customer-centric are shown in Figure 5 and Table 1.

Figure 5. Mindmap Context of Customer-centric
Companies use a customer-centered business strategy to enhance their products and services following the customer relationship management perspective (González-Serrano et al., 2019). Several studies link customer relationship management with a customer-centric approach (Dadzie et al., 2019; Syed Saad et al., 2016). From the discussion carried out on customer-centric, this study classifies the theories commonly used as follows:

1. Service-Dominant Logic Theory
2. Resource Base theory
3. Resource Advantage Theory

Vargo and Lusch (2004) analyzed the service-dominant logic theory in research entitled “Evolving to a New Dominant Logic for Marketing.” Service dominant logic deals with service-based logic, while identification is the application of resources to various activities as an attribute of economic and non-economic exchange. The activities are an outcome from the company’s specific knowledge to generate “value,” which is the purpose of the exchange. Therefore, the purpose of an exchange is not basically the “goods” rather, it is the value of a product transmission from the company to the customer.

**Table 1. Detail Various Definitions of Customer-centric**

<table>
<thead>
<tr>
<th>Researcher</th>
<th>Special Terms Used</th>
<th>Definition</th>
<th>Context</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crecelius et al. (2018)</td>
<td>Firm’s Customer-Centric Structure</td>
<td>The degree to which the firm’s business units are aligned to distinct customer groups.</td>
<td>customer-centric organizational structure</td>
</tr>
<tr>
<td>Chwialkowska (2019)</td>
<td>The customer-centric message</td>
<td>“interactions with friends, for entertainment, jokes, and the latest happenings in and around the community.”</td>
<td>Social Media</td>
</tr>
<tr>
<td>Zhang, Li, and Fan (2018)</td>
<td>Customer-centric trust evaluation</td>
<td>A striking feature of this model is to support personalized service selection according to customer preferences and expectations.</td>
<td>Web services</td>
</tr>
<tr>
<td>(Kamboj et al., 2018)</td>
<td>customer-centric technology systems</td>
<td>The degree to which firms tailor their business processes and systems toward serving customers.</td>
<td>social media</td>
</tr>
<tr>
<td>Hendar, Nurhayati, and Sugiyarti (2018)</td>
<td>Customer-oriented company</td>
<td>A company that is responsive to customers</td>
<td>Fashion</td>
</tr>
<tr>
<td>Manfred Bruhn (2017)</td>
<td>customer-centric Integrated Marketing Communication</td>
<td>A company is considered customer-centric when it aligns its communication activities with customers and vice versa.</td>
<td>social media</td>
</tr>
<tr>
<td>Nishikant Mishra (2017)</td>
<td>consumer-centric supply chain</td>
<td>Information on consumer expectations is obtained from social media, hence it can survive in a competitive market.</td>
<td>Beef supply chain</td>
</tr>
<tr>
<td>Manral (2016)</td>
<td>firm’s demand-side strategic assets</td>
<td>It includes those that either support its customers’ value chain activities or underpin the linkages. Therefore, the primary distinguishing characteristic of a firm’s demand-side strategic assets is that they are embedded in a relationship with the current or potential customers.</td>
<td>Multi-Product corporation.</td>
</tr>
<tr>
<td>O’Cass, Ngo, and Siahtiri (2012)</td>
<td>Customer-centric performance</td>
<td>This is also the firm’s ability to retain customers by enhancing add-on products.</td>
<td>SME</td>
</tr>
<tr>
<td>Marques et al. (2016)</td>
<td>Customer-centric Strategy</td>
<td>A customer-centric strategy that provides a vision for future business development.</td>
<td>Hotel</td>
</tr>
</tbody>
</table>
Resource types are divided into two, namely operand and operant. Operand resources are in the form of machines, raw materials, natural products, and others that are static in nature. Meanwhile, operant resources are dynamic, such as humans, related to their knowledge and skills, organization related to supervision, routine and organizational culture (Day et al., 2004). According to Vargo and Lusch (2004), operant resources affected customers, therefore at the end of the twentieth century when humans started to realize the importance of skills and knowledge, which was considered the most important resource.

Service dominant logic was developed when it was first described by (Brodie et al., 2019). Currently, there are three periods of service-dominant logic evolution, namely, formative, improvement, and recent. The formative period was marked by the publication of the first paper on SDL in 2004, while the improvement was associated with the service-dominant logic paper on continuous evolution in 2008. In this period, Vargo and Lusch carried out a research entitled Institution on Axioms, with a case study of the extension and upgrade of dominant service logic (2016). The three papers explained the development of axioms and basic premises in SDL, which also developed over time. Initially, SDL only recognized eight basic premises before it increased to eleven, which led to various customer-centric discussions.

Resource-based theory or view is one of the theories used as the basis for customer-centric discussions in the articles analyzed in this study. It was first introduced by Barney (1991) with the title ‘Firm resources and Sustainable Competitive Advantage’. The basic argument from the resource-based view is that the company’s performance is determined by its resources (Liang et al., 2010). Companies with scarce, valuable resources produce a more sustainable competitive advantage. The resource-based view also examines the role of corporate resources, such as human, capital, technology, and society, as a driver of competitive advantage (Rajagopal, 2020). There are several literatures on hospitality and tourism in line with a resource-based view (Evans, 2016; Fraj et al., 2015; Omar & Mohamad, 2017; Seyitoğlu & Ivanov, 2020). This theory is suitable for application in many research contexts in accordance with the view that competitive advantage is generated from the ability of an organization to use resources (Jogaratnam, 2017).

One of the organization’s resources is the dynamic capabilities, which enables an organization to determine its strategy and sources of competitive advantage (Camisón & Forés, 2015). Organizational resources that can create profits need to have the following attributes (1) Valuables, such as resources that allow the company to broadcast or implement strategies and increase their efficiency and effectiveness, (2) Rare, which means a valuable resource, cannot be owned by a number of large competitors, (3) Imperfectly imitable, specifically valuable resources that cannot be easily imitated, (4) Non-Substitutable, valuable resources that are not easily replaced by other substitutes (Liang et al., 2010). The company gets a competitive advantage when it can utilize the resources with the above-listed attributes.

The third theory discussed in this research is the resource advantage theory (R-A Theory), which emerged due to the criticism of industry-based strategy. According to Hunt and Madhavaram (2019), the resource-based approach questions industry-based strategic approaches and argues that strategy needs to focus on heterogeneous and imperfect company resources. R-A Theory explains that resources are one of the important drivers in a company’s business processes, used to build a competitive advantage. The use of R-A Theory in the customer-centric study is due to the resource advantage paradigm that pays attention to its relevance to customer value (Wang et al., 2018). It means that resource advantage is determined by making different decisions with varying weights based on customer value’s personal relevance.

Research Themes in the Field of Customer-centric in the Hospitality Industry.

Based on the analyzed articles, this study classifies three research themes. The first is custo-
mer-centric in the field of tourism, which includes visiting ski areas in Canada (Haverila & Haverila, 2018), hotels with internet access (Marques et al., 2016), tourist destinations (Park & Nicolau, 2019), and customer’s perceptions of fairness (Mathies, 2013). The second group is customer-centric research in the financial industry, which includes research on banking clients in Bangladesh (Andaleeb et al., 2016), mobile banking in developing countries (Mishra, 2013), and Islamic Banking (Rashid, 2013). The third group is a research on supply chains, such as beef supply chains (Mishra, 2017) and supply chain management models in the T-environment (Garai & Roy, 2020).

CONCLUSION AND RECOMMENDATION

The tourism industry demand prediction is an aspect considered in managing customers. Therefore, when a company understands the demand from customers, they tend to become highly competitive in the hospitality industry by developing a customer-centric strategy. Unfortunately, many hotel industries have limited knowledge of the customer-focused organization, company needs, and the adaptation of a customer-centric strategy (Wechsler & Schweitzer, 2019).

The first step in becoming a customer-centric company is to ensure that all members of the organization obtain continuous knowledge of customers and the market (Rashid, 2013). Every individual in the company needs to be aware of their responsibility in responding appropriately to customer wishes based on their knowledge. To be a customer-centric organization, the company needs to look at the outside-in rather than the inside-out. The inside-out approach focuses more on questions related to company resources that can respond to market changes (Varadarajan, 2020). These questions are related to the company’s expertise, product capabilities, and effective use of resources. Conversely, the outside-in approach is an understanding of changing customer needs obtained from marketing insights and where these ideas are acted upon by the company.

There are several advantages associated with the implementation of an outside-in approach by companies, such as it maintains long-term relationships with consumers. The outside-in approach becomes effective when the company focuses on customer satisfaction and revenue. Insights into customer needs and wants tend to ascend through the organization (Rust, 2020). One of the drivers of the outside-in approach is the use of big data, which increases outside in activities, such as market-sensing and customer relationship management, and allows the ability to explore new business opportunities (Suoniemi et al., 2020). In general, with a database of customers’ wants and needs, companies can be more agile by creating values. The most basic definition of a business model from a company perspective is how it creates value needed by the company (Leavy, 2020).

The ultimate goal of a company is to increase loyalty by creating value for its customers (Hülya Güc & Demira, 2017). It also benefits channel members that contribute to the provision of goods and services purchased by customers (Crecelius et al., 2018). The importance of creating value for customers has been widely discussed in various studies, including research on sustainable tourism (Font et al., 2021), tourists’ experiential (Fan et al., 2020), and business to tourism context (Tuan et al., 2019), which all use dominant service logic as their perspective. Companies do not have the ability to deliver value, however, they tend to participate in the creation and offering of value propositions (Vargo & Lusch, 2016). This encourages them to use dynamic resources, such as knowledge and organizational abilities to create value together with customers.

The industry closest to customer-centered services in the hospitality industry, such as hotels that thrive on understanding consumers’ needs and desires, often referred to as “guests.” Understanding the needs and desires of guests is key to a successful hotel management system. The hotel industry is often associated with discussions on customers’ experience (Zhang et al., 2020), which is used to determine value
depending on how the beneficiary states their experience (Vargo & Lusch, 2008). Therefore, companies also need to understand the experiences desired by customers following the outside-in concept.

Based on the discussion, this study suggests future research uses several concepts from the theory concerning the delivery of services to consumers by taking into account their needs and desires, which is obtained by utilizing the company’s big data analytics (Holmlund et al., 2020). After utilizing big data analytics and understanding consumer wants and needs, it is expected that significant changes can occur to its strategy. Therefore, Dynamic Capability Theory helps future research on the hospitality industry, which uses a customer-centric strategy to analyze big data. Furthermore, the use of service-dominant logic is still suitable for service-based research, such as in the hospitality industry.

This study has several shortcomings. Firstly, Scopus was the only database used, irrespective of the numerous ones, such as WOS, EBSCO, and Google Scholar. Secondly, the comparison of customer-centric studies to the sample articles in this study is lacking because this study only used 87 articles according to the results from publishing or perish. Thirdly, the research examined only three theories, namely Service-Dominant Logic, Resource-Based Theory, and Resource Advantage.

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