
CUSTOMER RELATIONSHIP MANAGEMENT PRACTICES ADOPTED BY HOSPITALITY INDUSTRY IN SELECTED STATES OF NORTH INDIA

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ABSTRACT

The use of a Customer Relationship Management application is to create a business strategy is an excellent way to increase customer loyalty and customer retention. By personalizing a customer's stay, a hotel can ensure that customers will come back again and again simply by remembering their favourite beverage, pillow or other preferred amenity.

CRM implementations allow hotels to customize the stay of loyal and valued customers as well as create special loyalty rates for customers who continue to spend quality time and money with the hotel. This is important because customers remember hotels that gave them personalized care. Also a business strategy put into place with CRM ensures that the hotel's technology is up to date and that a hotel can track a customer's satisfaction by creating a close relationship to that customer. The research paper focuses on CRM practices in hospitality industry in selected states of North India.

INTRODUCTION

The use of a Customer Relationship Management (CRM) application to create a business strategy is an excellent way to increase customer loyalty and customer retention. By personalising a customer's stay, a hotel can ensure that customers will come back again and again simply by remembering their favourite beverage, pillow or other preferred amenity. CRM implementations allow hotels to customize the stay of loyal and valued customers as well as create special loyalty rates for customers who continue to spend quality time

and money with the hotel. This is important because customers remember hotels that gave them personalised care. Also a business strategy put into place with CRM ensures that the hotel's technology is up to date and that a hotel can track a customer's satisfaction by creating a close relationship to that customer.

The hospitality industry in India is increasingly taking the help of CRM to not only cut costs but also lure customers.

Relationship marketing is an important benefit of direct marketing. Technology is not always a necessary component of CRM, unlike what is popularly believed.

DEFINITIONS

Galbreath and Rogers (1999) defined “Activities a business performs to identify, qualify, acquire, develop and retain increasingly loyal and profitable customers by delivering the right product or service, to the right customer, through the right channel, at the right time and at the right cost. CRM integrates sales, marketing, service, enterprise resource planning and supply chain management functions through business process automation, technology solutions, and information resources to maximize each customer contact. CRM facilitates relationships among enterprises, their customers, business partners, suppliers and employees”.

Paravtiyar and Sheth (2000) defined “Customer Relationship Management is a comprehensive strategy and process of acquiring, retaining and partnering with selective customers to create superior value for the company and the customer”.

CUSTOMER RELATIONSHIP MANAGEMENT DIMENSIONS

1. **Technology and Automation:** includes technologies that manage customer service activities in storefronts, call centre and field service databases, support field self-service applications, enabling different types of customers to work across a single service channel, provide sifting facilities through data created during customer's interactions to find or generate useful business information.

2. **Buying Behaviour:** concerns the process that buyers go through when deciding whether or not to purchase goods or services. Buying behaviour can be influenced by a variety of external factors and motivations, including marketing activity.
3. **Loyalty and Retention:** involves initiatives and promotional programmes to attract new customers and retain the existing customers i.e. membership schemes, coupons, promotional offer etc.
4. **Customisation:** comprises all the activities and endeavours that aims at providing the product and services the way customers want these to be, each and every detail provided by the customer should be taken care of by all the employees.
5. **Awareness:** concerns spreading the information about each and every relationship marketing initiative taken by the organisation to all the parties concerned (i.e. managers, employees and customers) and getting, providing feedback and updation time to time.

Today's customer relies on the ability to enjoy their hotel stay beyond any freebee or rewards offered. The modern hotel is one that can build a relationship with their customers with a personalized stay - a stay that customers want to come back to again and again.

OPPORTUNITIES IN THE HOSPITALITY INDUSTRY IN INDIA

Considering India's size and unparalleled diversity - natural, geographic, cultural and artistic, there is vast room for growth in tourism industry and as travellers surge into India, the demand for rooms across segments, has skyrocketed. Hotels in the luxury and business traveller segment are recording nearly 100 % occupancy, spiraling tariffs, and a strain on capacity and manpower and anticipating this demand, around 10,856 hotel rooms in Delhi, 9,318 rooms in Mumbai, 7,794 rooms in Bangalore and 7,408 rooms in Hyderabad are expected to be added by 2011-12, according to estimates by HVS International. The expected growth of the industry in future has provided its players with an opportunity to invest in new technologies such as CRM tools and latest security systems, and to venture into niche tourism segments like Medical, Religious, Cruise, Casinos, MICE etc. India can also develop infrastructure to host international conferences and trade shows, thus increasing its share of tourist traffic from such activities

Health Tourism

India is gradually gathering popularity as a health tourist destination. At its current pace of growth, healthcare tourism alone can take over USD 1.7 billion additional revenues by 2012. Medical tourism is now a USD 299 million industry, as about 100,000 patients come each year. The country needs to exploit the cost advantage it can offer to a health tourist, the study said. The biggest driver for healthcare tourism is the disparity in costs.

- A heart surgery in the US costs USD 30,000 as compared to USD 6,000 in India.
- A bone marrow transplant in the US costs USD 250,000 and USD 26,000 in India.

With yoga, meditation, ayurveda, allopathy, and other systems of medicine, India offers a unique basket of services to an individual that is difficult to match by other countries. Clinical outcomes in India are at par with the world's best centres since India has internationally qualified and experienced specialists.

The key success factors for the Hotel Industry are mentioned as follows:

Site and Location

This can be considered the most critical factor in determining the success of a hotel property. In addition to identifying a city, the site location within the city also assumes significance and issues like distance from the Central Business District (for metro hotels) and connectivity (access to roads, proximity to airports) assume importance.

Positioning

Equally important is the positioning of the hotel according to the target guest segment. For example, business hotels set up to cater to the high yielding corporate clientele in metro cities would have a distinct competitive advantage over facilities targeted towards leisure travellers in the same city for attracting business travellers.

Financial Flexibility

Development of hotels is a highly capital intensive activity and new hotel properties typically have a high break-even point. Therefore, financial

flexibility is essential especially during early years of operations.

Brand Equity

Branded hotels can be further classified into chain hotels and independent hotels. Chain hotels would typically be affiliated to one of the large national or international hotel chains. Association with a hotel chains allows the property to be branded with one of the chain brands. In such cases the property benefits from the equity of the chain brand and promotion and advertising efforts made by the chain not only in India but also overseas. This way the property is able to attract tourists from areas where independent hotels may not be able to reach effectively (WTTC, 2011).

REVIEW OF LITERATURE

Modern marketers are rediscovering the ancient mantras for success in corporate world and blending them with contemporary marketing practices. Long term survival and competitive advantage can only be attained by establishing an emotional bond with the customers. This section shall provide general literature on CRM.

Garbarino and Johnson (1999) stated that several theories of relationship marketing proposed that customers vary in their relationships with a firm on a continuum from transactional to highly relational bonds. Using structural equation analysis, the researchers analyzed the relationships of satisfaction, trust, and commitment to component satisfaction attitudes and future intentions for the customers of a New York off-Broadway repertory theatre company. For the low relational customers (individual ticket buyers and occasional subscribers), overall satisfaction was the primary mediating construct between the component attitudes and future intentions. For the high relational customers (consistent subscribers), trust and commitment, rather than satisfaction, were the mediators between component attitudes and future intentions.

Paul et al (2000) studied the relationships among levels of involvement between customers and suppliers, customers' evaluations of core and peripheral factors in their transactions, and customers' overall satisfaction were examined. They revealed that highly involved customers were dissatisfied with core factors expressed greater overall dissatisfaction with the relationship than those less involved were dissatisfied with core factors. Peripheral aspects, such as supplier responsiveness to customer inquiries,

appeared to influence how customers evaluated a core product as well as their overall satisfaction.

Talhat et al (2004) proposed a model for the relationship between e - CRM and e-loyalty by conceptualizing that e-loyalty was influenced by e-satisfaction, e-trust, and multi-dimensional aspects of e-CRM. And in order to capture the full picture for this relationship, they attempted to cover the complete purchase experience by focusing on transaction cycle (Pre-Purchase, A-Purchase, and Post- Purchase). This study strengthened the literature by adding different components of e-CRM as a possible critical antecedent in the model of e-loyalty development and attempted to build a stronger holistic model by including e-CRM features.

Pezeshki (1999) proposed a model that explained the relationship between customer satisfaction, retention and loyalty based on service quality attributes. The three elements of satisfaction, retention and loyalty towards products represent ongoing challenges for the corporate financial performance. Customer behaviour analysis (known as business intelligence or customer relationship management or customer experience management) had become a major factor in the corporate decision making and strategic planning processes. The researcher revealed that prevailing logic dictates that by improving service attributes one should expect better customer satisfaction levels. Consequently, improved satisfaction levels should increase the probability of customer retention and degree of loyalty. The study took a step forward and contributed to the body of knowledge as it (a) highlighted the role of service attribute performance towards customer satisfaction, consequently identified attributes that affect satisfaction and dissatisfaction of customers, (b) mapped the relationship between attribute importance and attribute performance, (c) optimised resource allocation process using importance-performance analysis (IPA), (d) classified customers with respect to the role and length of relationship they have with the company (switching probability), and (e) described the interrelationship between customer satisfaction, retention and loyalty. The study presented a novel approach (methodology) and a modelling construct for customer behaviour analysis. It was worth noting that in this research work customer retention was interpreted as probability of switching between service providers. Customer loyalty was interpreted as referral (word-of-mouth) activity by existing customers.

Murillo and Annabi (2002) explained that customer's knowledge has received little attention in the knowledge management literature. The authors of this exploratory study argued that practices in marketing and customer relationship management have not been able to capture knowledge from

customers that comes from social interactions with firm employees. The authors proposed a three-step model by which companies can obtain this knowledge. The model's theoretical base comes from the information retrieval and socialization concepts of the knowledge management literature. The paper identified cultural changes required to make the customer knowledge management process successful.

OBJECTIVES OF THE STUDY

1. To analyze customer relationship management practices in hotel industry in terms of various determinants of CRM i.e. Technology and Automation, Buying Behaviour, Loyalty and Retention, Customisation and Awareness.

HYPOTHESES OF STUDY

In order to study the difference in customer relationship management dimensions regarding i.e. technology and automation, buying behaviour, customisation, loyalty and retention, and awareness as perceived by customers, employees and managers following hypotheses have been tested.

- H₀₄. No significant difference exists in Customer Relationship Management practices as perceived by Employees and customers.
- H_{04.1} No perceived significant difference exists regarding Technology and Automation dimension as perceived by Employees and customers.
- H_{04.2} No perceived significant difference exists regarding Buying Behaviour dimension as perceived by Employees and customers.
- H_{04.3} No perceived significant difference exists regarding Loyalty and Retention dimension as perceived by Employees and customers.
- H_{04.4} No perceived significant difference exists regarding Customisation dimension as perceived by Employees and customers.
- H_{04.5} No perceived significant difference exist regarding Awareness dimension as perceived by Employees and customers.
- H₀₅. No significant difference exists in Customer Relationship Management practices as perceived by Employees and Management.

- H_{05.1} No perceived significant difference exists regarding Technology and Automation dimension as perceived by Employees and Management.
- H_{05.2} No perceived significant difference exists regarding Buying Behaviour dimension as perceived by Employees and Management.
- H_{05.3} No perceived significant difference exists regarding Loyalty and Retention dimension as perceived by Employees and Management.
- H_{05.4} No perceived significant difference exists regarding Customisation dimension as perceived by Employees and Management.
- H_{05.5} No perceived significant difference exist regarding Awareness dimension as perceived by Employees and Management.
- H_{06.} No significant difference exists in Customer Relationship Management practices as perceived by Management and customers.
- H_{06.1} No perceived significant difference exists regarding Technology and Automation dimension as perceived by Management and customers.
- H_{06.2} No perceived significant difference exists regarding Buying Behaviour dimension as perceived by Management and customers.
- H_{06.3} No perceived significant difference exists regarding Loyalty and Retention dimension as perceived by Management and customers.
- H_{06.4} No perceived significant difference exists regarding Customisation dimension as perceived by Management and customers.
- H_{06.5} No perceived significant difference exist regarding Awareness dimension as perceived by Management and customers.

RESEARCH INSTRUMENT

The data was collected using self administered questionnaire specially designed to achieve the specific objectives of the study. A six page questionnaire was developed. It consisted of four parts. The last section of the questionnaire addressed the issues related to the characteristics of the respondents. It was done to collect the information regarding the demographic details about the respondents i.e. gender, age, marital status, educational level etc. The instrument had been refined several times based on the pilot study findings and on the comments and suggestions of the experts.

SCOPE OF STUDY

The scope of study is restricted to Hospitality Industry only. This sector had been chosen because Hospitality Industry had been marked among the fastest Growing industry in delivering quality service. The Industry is predicted to grow a still faster rate. This study is a humble attempt to understand CRM practices and quality of services dimension with a view to suggest suitable strategies for growth and customer orientation.

RESEARCH METHODOLOGY

Research Methodology entails the procedure or a road map through which primary and secondary research is conducted and evaluated for the purpose of this thesis. For this Study, following research methodology was used:

Sampling Design

The target population chosen for the study included employees, management and customers of hotel industry in selected States of Punjab, Haryana and Himachal Pradesh and U.T. Chandigarh.

Sampling Technique

Stratified sampling technique was adopted for the study. It was undertaken in two stages:

- First stage included selection of Five Star, Four Star and Three Star Hotels through stratified Random sampling as per data provided by Hotel Association of India (HAI) for the hotels located selected States of North India.
- Second stage involved selection of respondents (i.e. Managers, employee and customers) through Judgmental sampling method.

Respondents Under Study

- Customers: who stayed in a hotel for more than one day
- Employees: chefs, front office staff (i.e. receptionist), captain, waiter
- Managers: Owners or Managers (senior or junior level)

Table 1.1: Classification of Data

State/ UT	Five Star	Four Star	Three Star	Total Hotels covered	Employees (5 per hotel)	Mgmt. (2 per hotel)	Customers (5 per hotel)
Punjab	2	2	2	6	30	12	30
Haryana	2	2	2	6	30	12	30
Himachal	2	2	2	6	30	12	30
U.T\Chd.	2	2	2	6	30	12	30
Total	8	8	8	24	120	48	120

In totality 120 employees (5 each from each hotel), 120 customers (5 each from each hotel), 48 (2 each from a hotel) managers were covered from various 3 star, 4 star, 5 star hotels and total of 24 hotels were covered in all the selected states of North India.

Collection of Data

Data was collected from both the sources Primary sources and secondary sources.

Primary Data: It was collected from employees, management and customers with the help of five point Likert type questionnaires. Pre-testing of questionnaire was also done on appropriate sample.

Secondary Data: It was collected from the magazines, research journals, and newspapers, reports of various hospitality institutes and organizations and related websites. The main sources of external information were reference books, trade publications, e-magazines, online and published articles on CRM, on line community sites relating to CRM and internet search facilities etc.

Tools Used for The Study

ANOVA was applied to the statistical significance in the perceptions of different types of respondents.

A statistical calculation was done with the extensive use of Microsoft excel and SPSS Software Package on the computer.

INFERENCEAL ANALYSIS: CUSTOMER RELATIONSHIP MANAGEMENT

In order to study the difference in customer relationship management dimensions regarding i.e. technology and automation, buying behaviour, customisation, loyalty and retention, and awareness as perceived by customers , employees and managers in 3 star , 4 star and 5 star rated hotels was tested using ANOVA analysis.

Table 1.2: Values of Mean, Standard deviation and ANOVA Results for Customer Relationship Management Dimensions as Perceived by Respondents in 3-Star, 4-Star, 5-Star Hotels

Dimensions	Star Hotel	N	Mean	Std. Deviation
TA	3	96	4.11	0.51
	4	96	4.14	0.61
	5	96	4.12	0.70
BB	3	96	4.06	0.41
	4	96	4.35	0.38
	5	96	4.25	0.54
LR	3	96	4.33	0.42
	4	96	4.26	0.55
	5	96	4.26	0.50
CUS	3	96	4.09	0.54
	4	96	4.51	0.40
	5	96	3.81	1.12
AW	3	96	4.20	0.40
	4	96	4.09	0.61
	5	96	4.20	0.52

ANOVA-Results						
Dimensions		Sum of Squares	df	Mean Square	F	Sig.
TA	Between Groups	0.04	2	0.02	0.05	0.946
	Within Groups	108.07	285	0.37		
BB	Between Groups	4.14	2	2.07	10.17	0
	Within Groups	58.07	285	0.20		

	Total	62.224	287			
LR	Between Groups	0.20	2	0.10	0.42	0.655
	Within Groups	70.15	285	0.24		
CUS	Between Groups	23.83	2	11.92	20.70	0
	Within Groups	164.06	285	0.57		
AW	Between Groups	0.84	2	0.42	1.54	0.216
	Within Groups	77.93	285	0.27		

(Sig. Level- 0.05)

It is comprehended from Table 1.1 that the value of f ratio in respect of CRM dimensions i.e. technology and automation, loyalty and retention, and awareness as perceived by the respondents in all hotel star ratings (3 star, 4 star and 5 star) is not significantly different at 0.05 level of significance. The observation of the mean values regarding technology and automation, loyalty and retention, and awareness shows that there is no significant difference in the mean values of all star rating hotels.

Further analysis of the data shows that the value of: that the value of f ratio in respect of CRM dimensions i.e. buying behaviour and customization as perceived by the respondents in all hotel star ratings (3 star, 4 star and 5 star) is significantly different at 0.05 level of significance. The observation of the mean values in respect of buying behaviour and customization shows that the mean values of 4 star rating hotels is higher than the 3 star rating hotels and 5 star rating hotels. Hence it is concluded that the respondents of 4 star rating hotels were more satisfied than 3 star and 5 star rating hotels respondents regarding buying behaviour and customisation.

RECOMMENDATIONS

Location of the star hotel plays an important role this should be considered the most critical factor in determining the success of a hotel property. In addition to identifying a city, the site location within the city also assumes significance and issues like distance from the Central Business District (for metro hotels) and connectivity (access to roads, proximity to airports) assume immense importance. Researcher observed that Indian hospitality industry is still not making the effective implementation of e-visa's in the country as that will prove to be a booster for Indian hospitality industry's growth and image. Hence, this ignorance should be taken due care by all the government hospitality officials and professionals in the respective industry and

recommends maximum use of trip advisory websites and social networking websites for retaining and attracting customers as whole world is connected via internet and it is playing a key role in truly globalising the sales efforts as well as the marketing opportunities for the hotel industry. Trip advisory websites such as Hotels.com, Expedia.com and Travelocity.com, as well as a few home grown websites like Makemytrip.com and Yatra.com had also been witnessed in recent years as these websites offer the tech-savvy travellers the opportunity to see pictures, book online with customised options and read actual guest comments about almost every hotel in every major and minor city in India and also offer the hotels an opportunity to showcase their products and services to a mass audience.

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