

EFFECT OF CUSTOMER RELATIONSHIP MANAGEMENT IN HOTEL INDUSTRY: A Focus on Star Hotels, Trivandrum District, India

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Abstract

Customers are the backbone of any industry and so that they should be satisfied in all aspects. In recent years, customers are handled easily by Customer Relationship Management which helps in managing customers very effectively. But, in some cases business firms fail to satisfy customers. From the study, it was identified that most of the customers are not treated with proper care and Customer Relationship Management in hotels helps in creating a bond between the customers and the service providers. Their basic expectation of good service is not being provided. Safe lodging is an important element of customer care but that is not being provided in few of the hotels. This research aims in studying the CRM practices followed by the hotels and analyses the factors influencing the customers' preference towards the hotels and the problems faced by the service providers while retaining the customers.

Keywords: Customer Relationship Management (CRM), CRM Practices, Customer Retention, Customer Satisfaction

Introduction

Customer Relationship Management helps the service providers to manipulate the details of the customers at each visit. An effective CRM Practices can improve the efficiency of the operations of the hotel thereby, helping in the retention of customers. Various CRM practices such as Loyalty Programmes, premium and gifts, offers for existing guests etc., are used in most hotels. CRM helps the hotels in identifying the needs of customers and process all customers' requests using CRM Software. In hotel Industry, CRM technology plays a vital role. To add information about new customers, data mining, personalization, customer knowledge management and to keep in touch with customers, CRM technology is highly useful. The more satisfied the customers are with the hotel the more they tend to revisit the hotel.

Statement of the Problem

Poor service, improper response towards customer's enquiries, theft of accessories of customers, unfulfilled facilities expected by the customers are some of the problems faced by the customers. These factors creates a bad image towards the hotel. One of the major problems in hotel is slow and interrupted internet connection. Some customers particularly visit hotels for their work purpose, they get annoyed when the internet disconnects halfway through their work using internet. Booking of rooms are made easier by means of phone bookings. But, improper recording of phone bookings creates confusion between the customer and management.

Review of Literature

Importance of Customer Relationship Management in Hotel Performance

1. **Milovic (2012)**, describes CRM as a business strategy that is based on the philosophy of "customer is king", ie. Customer is put in the central place. The most important task of hotels is to satisfy a customer's needs, which ultimately means their long-term value to the industry. Large and small hotels today evaluate the quality of customer services, customer loyalty, identify customers that are less sensitive to price changes.
2. **Sheth (2002)**, explores that the conceptual foundations of CRM by examining the literature on relationship marketing and other disciplines that contribute to the knowledge of CRM. A CRM process framework is proposed that builds on other relationship development process models. CRM implementation challenges as well as CRM's potential to become a distinct discipline of marketing are also discussed in this paper.

Impact of Service Quality on Customer Satisfaction

3. **Kijevcanin (2012)**, investigates Customer expectations regarding service quality and other components of the value (price, delivery, communication with customers), keep rising due to a higher level of customer knowledge, as well as superior offer of service companies.

Relationship between CRM Practices and Organizational Performance

4. **CIMA (2001)**, states that the CRM movement is based on the business truism that it is more expensive to acquire new customers than it is to retain old ones. With this in mind, the world's leading companies are pioneering new strategies to improve customer intimacy.
5. According to **Ibrahim (2011)**, Customer relationship management (CRM) has the potential for achieving success and growth for organizations. There are four major perspectives of CRM processes which are customer facing level processes, customer oriented processes, cross functional CRM processes, and CRM macro-level processes.

Objectives of the Study

1. To study the current CRM practices in star category hotels in Trivandrum District.
2. To analyze the factors influencing customers to prefer a particular hotel.
3. To identify various difficulties faced by the service providers to retain their customers.

Scope of the Study

This study benefits the Customers, researcher and the hotel industry of Trivandrum district by analyzing the needs and expectations of the Customers.

Research Methodology and Data Collection

Type of Research

The type of research taken for the study is descriptive. There are totally 64 hotels, out of which 4 hotels are 5 star, 14 hotels are 4 star, 26 hotels are 3 star and 20 hotels are 2 star.

Sampling Method

From the total population of 64 hotels, 34 hotels have been taken through Stratified Random Sampling. For the study, two 5 star, seven 4 star, fourteen 3 star and eleven 2 star hotels have been taken through Lottery method.

Sample Size

The respondents are staffs and customers of Star Category Hotels. Nearly 384 customers and 112 staffs are taken as sample size. Each hotel accommodates nearly 32 guests per day, so it is approximately 3, 91, 680 guests per year. Out of 3, 91, 680 customers, 384 customers and out of 279 staffs, 112 staffs have been taken through 95% confidence level and 5% level of interval using Sample Size Calculator.

Data Collection Method

The data are collected through Primary and Secondary sources.

a) Primary Data:

Primary data are collected through Structured Questionnaire.

b) Secondary Data:

Secondary data are collected through articles, journals, magazines and hotel websites.

Tools Used for the Study

Tools used for the study are ANOVA Test, Correlation Method and Chi-square Test.

Hypothesis of the Study

1. Null Hypothesis Ho: There is no significant relationship between Customer Relationship Management Practices and difficulties faced by service providers while retaining customers.

Alternate Hypothesis H1: There is a significant relationship between Customer Relationship Management Practices and difficulties faced by service providers while retaining customer.

2. Null Hypothesis Ho: There is no significant relationship between Infrastructure and Customer Retention.

Alternate Hypothesis H1: There is a significant relationship between Infrastructure and Customer Retention.

Analysis and Interpretation

1. To study the current CRM practices in star category hotels in Trivandrum District.

Management enhances various Customer Relationship Management Practices to make a cordial relationship between staff and customers and thereby, retain customers and to attract new customers. While retaining customers using CRM Practices, staff faces problems and difficulties. To find out the association between Customer Relationship Management Practices and difficulties faced by staff while retaining customers, Chi-square test is used.

Table 1: Chi-square test for association between CRM Practices and difficulties faced by service providers while retaining customers

CRM Practices	Difficulties in retaining Customers				Total	Chi-square Value	P Value
	Communication Barrier	Technological Problems	Conflict Between Staff and Customers	Others			
Customer need Assessment	5 (29.4) [13.9]	4 (23.5) [12.1]	7 (41.2) [22.6]	1 (5.9) [8.3]	17	11.475	0.489
Personalization	14 (35.9) [38.9]	7 (17.9) [21.2]	13 (33.3) [41.9]	5 (12.8) [41.7]	39		
CKM	6 (40.0) [16.7]	3 (20.0) [9.1]	4 (26.7) [12.9]	2 (13.3) [16.7]	15		
Customer offers	3 (33.3) [8.3]	4 (44.4) [12.1]	1 (11.1) [3.2]	1 (11.1) [8.3]	9		
Others	8 (25.0) [22.2]	15 (46.9) [45.5]	6 (18.8) [19.4]	3 (9.4) [25.0]	32		
Total	36	33	31	12	112		

Sources: Primary data

Note: 1. The value within () refers to Row Percentage

2. The value within [] refers to Column Percentage

Since P value is greater the calculated value, the null hypothesis accepted and denoted as not significant at 5 per cent level. Hence, it is concluded that there is no significant association between Customer Relationship Management Practices and difficulties faced by service providers while retaining customers.

2. To analyze the factors influencing customers to prefer a particular hotel.

When customers get satisfied towards several factors like customer service, price, Food, etc., they visit that particular hotel again and again. Infrastructure is one of the important factors for the stay of customers. Infrastructure includes attractiveness, initial reception, atmosphere etc.

Table 2: Correlation Analysis on Infrastructure of hotel on Customer Retention

FACTORS	Attractiveness	Initial Reception	Atmosphere in your room	Accessibility	Occasional gifts/ rewards
Attractiveness	1.000	0.980**	0.980**	0.950**	0.896**
Initial Reception	-	1.000	0.972**	0.949**	0.894**
Atmosphere in your room	-	-	1.000	0.960**	0.905**
Accessibility	-	-	-	1.000	0.908**
Occasional gifts/ rewards	-	-	-	-	1.000

Sources: primary data

The Correlation coefficient between attractiveness and initial reception is 0.980 which indicates 98 per cent positive relationship between the factors like attractiveness and initial reception and is significant at 1% level. The correlation coefficient between attractiveness and atmosphere in the room of customers is 0.980 which indicates 98 % positive relationship between attractiveness and atmosphere in the room and is significant at 1% level. The correlation coefficient between attractiveness and accessibility is 0.950 which indicates 95% positive relationship between the factors like attractiveness and accessibility and is significant at 1% level. The Correlation coefficient between attractiveness and occasional gifts and rewards provided to customers is 0.896 which indicates 89% positive relationship between the factors like attractiveness and occasional gifts and rewards provided to customers and is significant at 1% level. Hence, there is significant relationship between the factors used to retain Customers and infrastructure facilities of hotel. So, alternate hypothesis is accepted at 1 per cent significance.

Findings of the Study

- It is inferred that, 33.3 per cent of the customers receive occasional gifts and rewards sometimes and about 8.9 per cent customers always receive occasional gifts and rewards from the hotel. 4 star and 5 star hotels always provides customers with gifts and other offers like birthday cards, festival cards for their regular customers. 2 star and 3 star hotels only concentrate on better service and hence regular customers receive occasional gifts sometimes and festival cards via e-mail.
- Only those customers who bring their children who hotels know about the facilities for kids. Mostly 5 star hotels have separate facilities provided for kids in hotels.
- About 29.5 per cent staff revealed that birthday offers are provided to customers as loyalty program to keep in touch with customers and make remembrance. About 7.1 per cent staff said that other techniques like free airline travel, free train tickets, discount on spa treatments etc have been used to make loyal customers. Mostly, 2 star and 3 star hotels mostly fail to implement these kinds of loyalty programs because they target on point based loyalty programs.
- About 34.8 percent staff uses personalization and Customization as Customer Relationship Management Practice. About 8 per cent of staff says that hotels use customer offers as CRM Practice which helps in remembering the customers in every moment of special days.
- Most of the staff faces Communication barrier while retaining customers. About 10.7 per cent staff faces other difficulties like confusion in identifying customer needs, customer behaviour and stress in work for night shift workers.
- Most of the hotels use complaint box as a tool to handle the problems and issues of customers. Some hotels use personal counseling to handle the complaint. This technique is used in 4 star and 5 star hotels in which personal counseling is done with VIP's.
- It is concluded that there is no significant association between Customer Relationship Management Practices and difficulties faced by service providers while retaining customers. Hence, the null hypothesis accepted and it is not significant at 5 per cent level.
- From the study, it is inferred that there is significant relationship between the factors used to retain Customers and infrastructure facilities of hotel. So, alternate hypothesis is accepted at 1 per cent significance.

Suggestions of the Study

1. Customer Retention Strategies should be established more effectively which includes additional retaining strategy like discounts on price, treatments, complimentary, effective loyalty programs and other offers.
2. Each and every individual Customer data should be remembered by Staff by means of Customer Relationship Software which includes all data and information in Customer database.

3. Hotel management can take effort on adding additional food items according to the tastes and preference of customers. Food plays an important role in Customer satisfaction. Traditional food items and western items also to be added.
4. To identify the problems and issues faced by the Customers while staying at Hotel, Personal Counselling method is used. Hotels should make use of this method to find out the individual satisfaction level of customers, their problems, expectations and suggestions individually that helps the management to improve the facilities.
5. Entire Atmosphere creates a pleasant feeling in mind of Customers. Hence, calm and attractive atmosphere should be maintained by the management. To attract more Customers, pleasant atmosphere should be created.
6. Additional hotel amenities should be made according to the expectations of the Customers. Change in technology happens rapidly. To meet the technological changes modern amenities and hi-fi facilities should be made to attract youngsters.
7. Each and every individual Customer data should be remembered by Staff by means of Customer Relationship Software which includes all data and information in Customer database.
8. Hotel management can recruit Staff who knows all major languages in which it helps when Customers from various States and Countries visit the Hotel. Hence, they can interact each other without any barrier and it increases the Customer Satisfaction.

Conclusion of the Study

Providing better Customer Service is the goal of hotel that is seeking to build relationship with Customers. Implementation of proper CRM Software facilitates detailed information about individual Customer which is used as retaining strategy to retain Customers. To attain the aim of hotel, there should be a cordial relationship between the Customers and Service Providers.

It is identified that CRM Practices undertaken by the Hotels to retain Customers are effective but the information of customers, identification of need assessment of customers should be concentrated more.

The study revealed that the factors like accessibility, price for stay, food, infrastructure, and other facilities made customers to visit a particular hotel again and again. It is observed that facilities for pets, kids and other additional facilities are not familiar to customers and hence, they are not aware about that. Thus, CRM plays a major role in hotel industry to maintain Customer relationship.

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