

To Study Customer Relationship Management In Hospitality Industry

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ABSTRACT

The hospitality is one of the fastest growing sectors of the economy. The Indian hospitality sector is witnessing one of its rare sustained growth trends. The successful growth story of 'Hotel Industry in India' seconds only to China in Asia Pacific. Today, the hotel industry is facing an increasingly competitive market that pushes the hotels to have a greater need to differentiate for their customers. Hotels need to have a deep knowledge of their customers' needs, behavior, and preferences to be aware of the ways in which their hospitality services will be delivered.

Thus, in the hospitality industry, customer relationship management (CRM) becomes a strategic imperative for attracting and increasing guests' patronage. CRM has been increasingly adopted because of its benefits of greater customer satisfaction and loyalty, which in turn, leads to enhanced financial and competitive performance.

Keywords: Customer Relationship Management, Hospitality Industry, Services Marketing.

Introduction

Growth of Service Industry can be attributed to the changing lifestyle, changing world, changing industrial economies, changing population and changing technology. There is a drastic change in the industrial environment and inter-industry relationships because of 2 vital components viz- Service and Information Technology. The service industry forms a backbone of social and economic development of a region. Liberalization, Privatization and Globalization (LPG) has brought unprecedented changes in the economic, trade and industrial scenario. India is fast moving from protected economy to an open market economy and becoming integrated with world economy.

The hospitality industry is one of the fastest growing sectors of the economy. The hospitality industry alone is a multi-billion dollar and growing enterprise. The Indian hospitality sector is witnessing one of its rare sustained growth trends. Over the last decade and half the mad rush to

India for business opportunities has intensified and elevated room rates and occupancy levels in India. With tremendous pull of opportunity, India is a destination for hotel chains looking for growth. The 'Incredible India' destination campaign and the recently launched 'Atithi Devo Bhavah' campaign have also helped in the growth of domestic and international tourism and consequently the hotel industry. The successful growth story of 'Hotel Industry in India' seconds only to China in Asia Pacific. The World Travel and Tourism Council, India, data says, India ranks 18th in business travel and will be among the top 5 in this decade. With the USD 23 billion software services sector pushing the Indian economy skywards, more and more IT professionals are flocking to Indian metro cities. 'Hotel Industry in India' is set to grow at 15% a year. Therefore, with opportunities galore the future 'Scenario of Indian Hotel Industry' looks rosy.

Today, the hotel industry is facing an increasingly competitive market that pushes the hotels to have a greater need to differentiate for their customers. In order to survive in this present world of competition, hotels will have to formulate marketing strategies in a way to not only woo customers toward them but also retain them. The secret here is that retention cost is very low when compared to the cost of attracting new customers. Hotels need to have a deep knowledge of their customers' needs, behavior, and preferences to be aware of the ways in which their hospitality services will be delivered.

Thus, in the hospitality industry, customer relationship management (CRM) becomes a strategic imperative for attracting and increasing guests' patronage. The purpose of CRM is to create value and therefore, stimulate customer retention and loyalty and increase hotel's profitability. Good quality products and services at affordable prices should be the USP of any successful venture - and hotels in the country looking forward for the same. Today's customer relies on the ability to enjoy their hotel stay beyond any freebee or rewards offered. Customers who were once pleased by rewards and prizes care more about the hotel that remembers them. By personalizing a customer's stay, a hotel can ensure that customers will come back again and again simply by remembering their favorite beverage, pillow or other preferred amenity.

Literature Review

Customer satisfaction is a key success factor of any business organization. The satisfaction of customer is a function of the relationship that exists between the customer and organization. Customer relationship management (CRM) is a strategy that can help the organization to build

long-lasting relationships with their customers and increase their profits through the right management system and the application of customer-focused strategies.

It is argued by some researchers that CRM can be seen as the organizational implementation of a relationship management philosophy (Ryals and Knox, 2001, Ryals and Payne, 2001). Through delivering more responsive and customized services to customers, CRM increases customer satisfaction and this, in turn, improves customer loyalty.

CRM includes basically understanding the customer's need and requirement and the essence of CRM is Customer Retention. Bottom line is that "Positive Word of Mouth" brings lot of advantage along with it like reducing marketing cost, increasing profitability, reducing Customer turnover, maintaining market share and a better Return on Investment.

Customer Relationship Management is a process of managing customer relations in an organized way said by Light B. (2003). They aim at managing each "Moment Of Truth" that is experienced by the customer. Customer satisfaction is the outcome of customer perception of the value received in a transaction or relationship, where value equals perceived service quality, as compared to the value expected from transactions or relationships with competing vendors (Blanchard and Galloway, 1994; Heskett et al., 1990; Zeithaml et al., 1990). In order to achieve customer satisfaction, it is important to recognize and anticipate customers' needs to be able to satisfy them. Enterprises which are able to rapidly understand and satisfy customers' needs, make greater profits than those which fail to understand and satisfy them (Barsky and Nash, 2003).

According to Picton and Broderick (2005), CRM is a view that emphasizes the importance of the relationships developed between an organization and its customers. It involves the strategic and tactical management tasks to achieve positive communications and long term customer relationships.

The principal business drivers of CRM are, increasing customer lifetimes, reducing costs and improving efficiency. According to Jadhav S.J., Sawant Manisha N., and Pulate S.B. (2012) CRM is the management approach to build internal and external relationships that increase profit margins and productivity.

Thompson(2005) found the reasons for the use of CRM in organizations includes increased customer satisfaction, reduced costs of sales, increased sales revenues, increased profit per customer, and increased customer retention.

Customer Relationship Management and Customer Satisfaction

CRM helps to increase the satisfaction level of consumers. Customer satisfaction level improved with uniform level of service across all the departments in hotels. CRM helps to provide a seamless customer interaction process that ensures the customers get the level of service they expect. A CRM system records customers' likes and dislikes, spending pattern, even personal information like age, gender, and location. It can draw a vivid picture of customer's preferences and buying habits. In CRM activities hotel try to maintain the long term relationship with the consumers by giving the personal attention towards them and satisfying their each and every need. So customer feels that the hotel is taking so much care and they feel proud to visit that hotel again and again. CRM also helps in keeping track of events, tasks etc. When customer visit next time the hotel pay more attention to them and delight them by giving extra amenities. So in this way CRM helps the hotel to increase satisfaction level of customer and customer gives repeat business to the hotel.

Research Methodology

Research objectives

The objectives of the present research are to study and analyze the following features:

1. To study the importance of customer relationship management in hotel industry.
2. To study the customer satisfaction level about services provided by people.
3. To study the factors influencing customer satisfaction level.

Scope and Limitations of Research

The scope and limitations of the present research are as follows:

1. The scope of the present study is confined to the geographical and corporation limit of Pune city.
2. This research is related to hotel industry. It includes only five star hotels and other star hotels are not in the purview of this research.
3. The study is confined with the customers from five star hotels only.
4. This research is related to customer relationship management practices.
5. The scope of the present study is confined to only one P in marketing mix i.e. People. This study is related to services provided by people to customers.

Hypothesis

Ho: Customers are satisfied with the services provided by people.

Ha: Customers are not satisfied with the services provided by people.

Type of Data

a) Primary data b) Secondary data

Sources of Data

The researchers have collected the primary data from customers of five star hotels and the secondary data was collected from research papers on the subject, articles by experts, etc.

Data Collection Method

Survey was conducted to collect the information from customers of five star hotels.

Contact Method

Personal interview was conducted to collect the information.

Research Instrument

The structured questionnaire was prepared to collect the primary data.

Sampling Design

a) Sampling Unit: Customers from five star hotels.

b) Sample Size: 5 five star hotels in Pune city and 100 customers from these hotels.

c) Sampling Procedure: Stratified random sampling.

Analysis of Data

Testing of Hypothesis:

The data collected from the primary source has been tabulated, analyzed and interpreted.

Ho: Customers are satisfied with the services provided by people.

Ho: $\mu = 4.0$

Ha: Customers are not satisfied with the services provided by people.

Ha: $\mu < 4.0$

For testing this hypothesis t test for mean is used.

$$t = \frac{\bar{X} - \mu}{\frac{\sigma_p}{\sqrt{n}}}$$

\bar{X} - Sample mean = 4.11

μ - Hypothesized population mean = 4.00

σ_p - Standard deviation in population.

Since σ_p is not known σ_s is calculated.

$$\sigma_p = \sigma_s = 0.05196$$

n - Number of parameters = 5.

After putting the values in the formula,

$$t = \frac{4.05 - 4.00}{0.05196/\sqrt{5}}$$

$$t = 4.73$$

The table value of t at 5% significance level and 4df is -2.132.

Since, the alternate hypothesis is 'less' than type, left tailed test is used. For left tailed test the rejection region is

$$t_{cal} < -2.132$$

After comparing t_{cal} (4.73) with the table value (-2.132) it is found that the calculated value of 't' is lies in acceptance region.

Therefore, null hypothesis (H_0) is accepted.

∴ H_0 : Customers are satisfied with the services provided by people.

Research Findings

1. This study represents that 50% customer from 25-45 years old and 30% customers from 45-65 years old. (Ref. Table No.-2)
2. It was found that 50% customers are between Rs.10-15 lacs, 17% between Rs.15-20 lacs and 10% above Rs.20 lacs income group. (Ref. Table No.-3)
3. Regarding the friendliness of the hotel staff, it was found that 50% customers are satisfied, 35% customers are very satisfied. (Ref. Table No.-6)
4. Regarding the hotel staff trustworthiness, it was found that 57% customers are satisfied, 29% customers are very satisfied and 11% customers are neutral. (Ref. Table No.-7)
5. Regarding the overall hospitality of the hotel staff, it was found that 59% customers are satisfied, 26% customers are very satisfied and 12% customers are neutral. (Ref. Table No.-8)
6. Regarding the overall service excellence, it was found that 55% customers are satisfied, 26% customers are very satisfied and 14% customers are neutral. (Ref. Table No.-9)

7. It was found that 71% customers are satisfied, 21% customers are very satisfied regarding the long-term relationship maintained by organization. (Ref. Table No.-10)

Result of Hypothesis

After comparing t_{cal} (4.73) with the table value (-2.132) it is found that the calculated value of 't' lies in acceptance region.

Therefore, null hypothesis (H_0) is accepted.

∴ H_0 : Customers are satisfied with the services provided by people.

Recommendations

1. Though maximum customers are satisfied with the services provided by people, the percentages of highly satisfied customers are less. So hotels should try to improve services provided by them by giving personal attention to customers.
2. Hotel should delight the customers by rewards and offering loyalty programmes.
3. It was found that only 27% customers stayed 3-4 times and 57% customers stayed 1-2 times. So hotel should give extra amenities to customers so that they will come again and again and their loyalty will increase.

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Appendix

The data collected from the primary source has been tabulated, analysed and interpreted.

Table-1: Gender-wise distribution

Sr. No.	Gender	Number of Respondents	Percentage (%)
1	Male	50	50 %
2	Female	50	50 %
Total		100	100 %

Table-2: Age-wise distribution

Sr. No.	Age Group	Number of Respondents	Percentage (%)
1	Below 25 years old	10	10 %
2	25-45 years old	50	50 %
3	45-65 years old	30	30 %
4	Over 65 years old	10	10 %
Total		100	100 %

Table-3: Income-wise distribution

Sr. No.	Annual Income	Number of Respondents	Percentage (%)
1	Below Rs. 10 lacs	23	23 %
2	Rs. 10-15 lacs	50	50 %
3	Rs. 15-20 lacs	17	17 %
4	Above Rs. 20 lacs	10	10 %
Total		100	100 %

Table-4: Educational Level-wise distribution

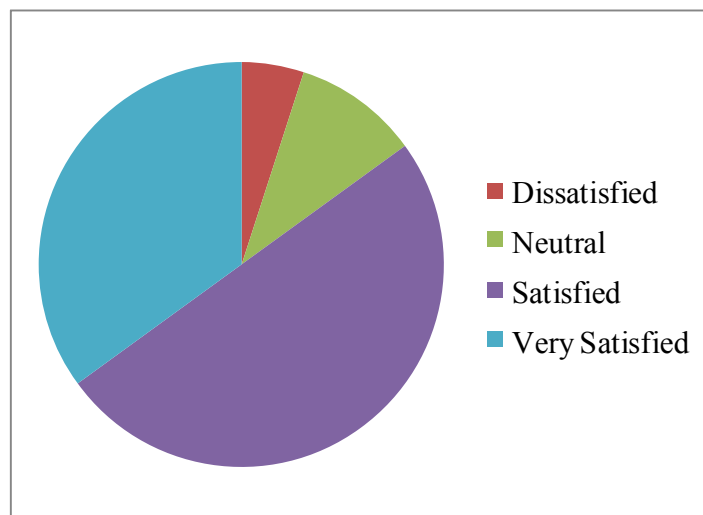
Sr. No.	Educational Level	Number of Respondents	Percentage (%)
1	Diploma	12	12 %
2	Bachelor Degree	51	51 %
3	Master Degree	27	27 %
4	Ph.D.	10	10 %
Total		100	100 %

Table-5: No. of times customers previously stayed in this hotel

Sr. No.	No. of times previously stayed in this hotel	Number of Respondents	Percentage (%)
1	Never	05	05 %
2	1-2 times	57	57 %
3	3-4 times	27	27 %
4	More than 4 times	11	11 %
Total		100	100 %

Table-6: The staff was friendly

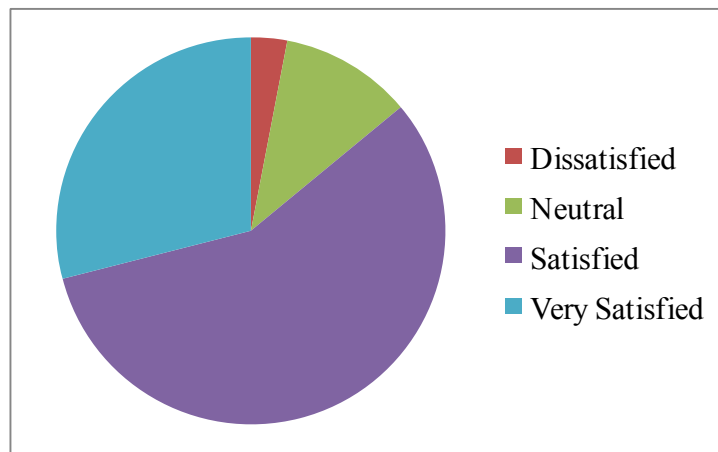
Satisfaction Level	Number of Respondents	Percentage (%)
Very Dissatisfied	00	00 %
Dissatisfied	05	05 %
Neutral	10	10 %
Satisfied	50	50 %
Very Satisfied	35	35 %
Total	100	100 %



Graph-1: The staff was friendly

Table-7: The staff was trustworthy.

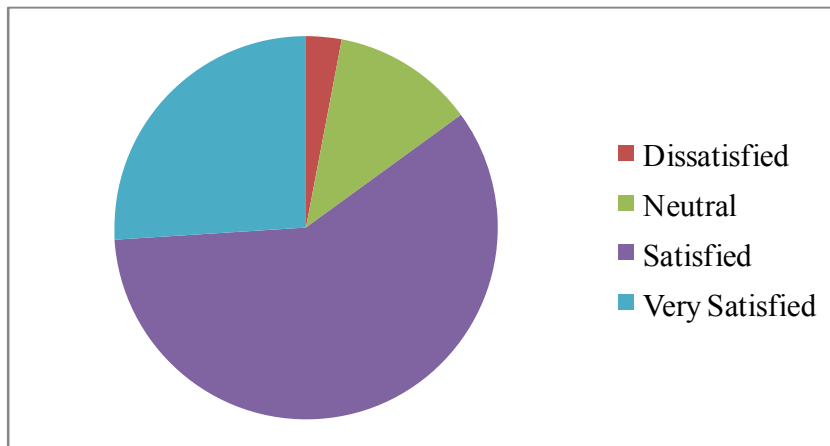
Satisfaction Level	Number of Respondents	Percentage (%)
Very Dissatisfied	00	00 %
Dissatisfied	03	03 %
Neutral	11	11 %
Satisfied	57	57 %
Very Satisfied	29	29 %
Total	100	100 %



Graph-2: The staff was trustworthy

Table-8: The overall hospitality of the hotel staff.

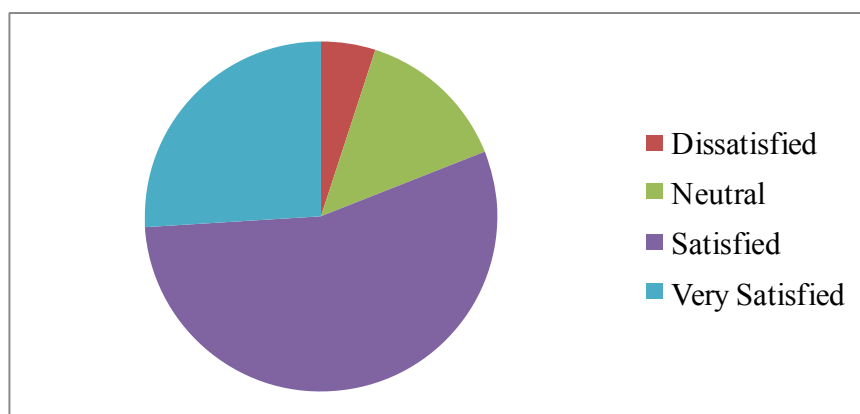
Satisfaction Level	Number of Respondents	Percentage (%)
Very Dissatisfied	00	00 %
Dissatisfied	03	03 %
Neutral	12	12 %
Satisfied	59	59 %
Very Satisfied	26	26 %
Total	100	100 %



Graph-3: The overall hospitality of the hotel staff.

Table-9: Overall, the service was excellent.

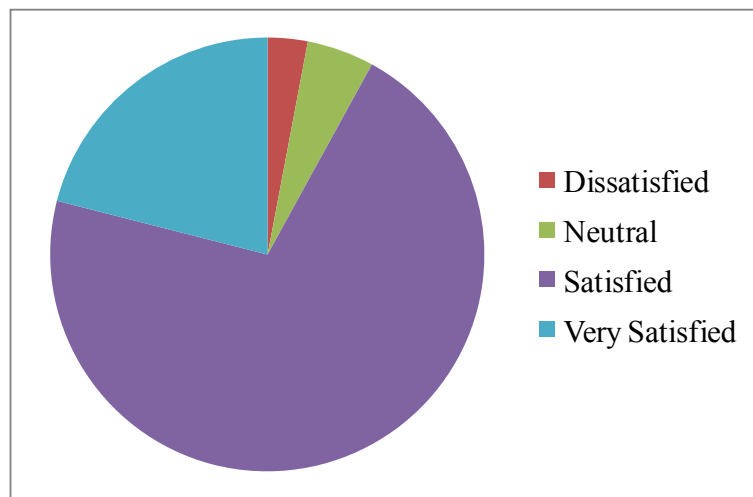
Satisfaction Level	Number of Respondents	Percentage (%)
Very Dissatisfied	00	00 %
Dissatisfied	05	05 %
Neutral	14	14 %
Satisfied	55	55 %
Very Satisfied	26	26 %
Total	100	100 %



Graph-4: Overall, the service was excellent.

Table-10: Long-term relationship maintained by organization.

Satisfaction Level	Number of Respondents	Percentage (%)
Very Dissatisfied	00	00 %
Dissatisfied	03	03 %
Neutral	05	05 %
Satisfied	71	71 %
Very Satisfied	21	21 %
Total	100	100 %



Graph-5: Long-term relationship maintained by organization.