

The Impact of Effective Customer Relationship Management (CRM) in Hotel Industry.

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ABSTRACT

This study which was done is to determine the impact of Customer Relationship Management (CRM) in hotel Industry. CRM is an important tool or an approach which helps In growth of business in all the organization or firms. In this context, the importance of CRM concept in hotel industry for their growth and profitability has been discussed. The objectives of the study were to determine if CRM has an impact on customer loyalty. For new hotels acquiring new customers are important for their business growth, while for the old customers customer loyalty is important, Since acquiring new customers is a costly affair then retention of old customers. Even a comparison in made between high/medium tariff and low tariff hotels in this study. Most of the respondents had heard about the hotel from newspaper and referrals from people who had used the hotel. Most of the respondents agreed that they would come back to the hotel where good practices have been followed by the hotels for customer satisfaction.

Keyword: Hotel, CRM, Customer Satisfaction.

1. INTRODUCTION

In this competitive environment and with overall increase in the growth of population, The Indian hotel industry is experiencing increased demand, competition and various other factors. In order to be in a race of this competition hotels needs to deliver and perform significantly in order to satisfy their customers. In the hotel industry sector the basic thing which all the hotels have in common is the rooms they provide. So on the other hand, if the hotels want to get a competitive advantage in the competition they must focus on soft factor like personal treatment, personalization, one to one marketing and also various other parameters. The hotel can build a close relationship with customers by CRM approach to meet their needs and make their stay comfortable and thus satisfy them. In order to be able to compete on a highly competitive market a hotel has to meet every single customer's needs and expectation so that they in turn would feel satisfied. In order to do this the hotel should make a note on every parameters of its competitors and thus help their customer to meet their needs and make them satisfy so that they can come and check-in again, which in turn would help their business grow. The organizations hotels should focus on implementing Customer Relationship Management (CRM) strategies that aim to seek, gather and store the right information, for growing rapidly. In modern world Customer Relationship Management is becoming so important approach, by building a strong relationship with customers, any organization can become a market leader and can enjoy profitability.

2. MAIN OBJECTIVES OF THE STUDY

- (1) To determine the impact of CRM in hotel industry.
- (2) Finding out, the level of satisfaction of customers by using CRM approach.
- (3) Determine if CRM has an impact to Customer Retention.

3. HYPOTHESIS OF THE STUDY

H01: There is no significant difference among the level of customers satisfaction and CRM practice in high/medium tariff and low tariff hotels.

4. LITERATURE REVIEW

Service quality and customer satisfaction are key factors in the battle to obtain competitive advantage and customer retention. Customer satisfaction is the outcome of customer perception of the value received in a transaction or relationship, where value equals perceived service quality. Peel (2002), CEO of Quadriga Consulting, defines CRM as understanding the nature of the exchange between customer and supplier and managing it appropriately. The exchange contains monetary considerations between supplier and customer but also communication. The challenge to all supplier organizations is to optimize communications between parties to ensure profitable long-term relationships. CRM is a key focus for many organizations now as a shift away from customer acquisition toward customer-retention and churn reduction strategies dictates a need for best practice CRM processes. Customer Relationship Management is also a concept of identifying customer needs; understanding and influencing customer behavior through ongoing communications strategies and an effort to acquire, retain and satisfy the customer. Customer Relationship Management is more than simply managing customers and monitoring their behavior or attitude. It has the potential to change a customer's relationship with a company and increase revenues in the bargain. It also helps to know the customers well enough to decide whom to choose and whom to lose. The objective of CRM is to recognize and treat each and every customer as an individual. Customer Relationship Management enables organizations to provide excellent real-time customer service through the effective use of individual account information. Organizations therefore, need to investigate customer needs, build relationships with both existing and potential customers, and will have to satisfy their customer's needs.

5. RESEARCH METHODOLOGY

The research study was done and the data was collected from all the Hotels across Mumbai. As Mumbai is an important industrial town and business hub and is developing at a fast pace, a number of hotels are coming up in the city. The hotels were categorized into two categories i.e. high/medium tariff category hotels and low tariff category hotels based on the single room tariff. A sample of 10 hotels were selected from the list of hotels on the basis of single room tariff, five hotels each from high/ medium tariff and low tariff category based on random sampling. Five hotels selected from high/medium tariff were The Fern, Taj Mahal Palace, JW Marriot, Sahara Star, ITC Grand Central and five hotels selected from low tariff were Regal Palace, Parle International, Galaxy Annexe, Hotel Lucky, Crystal crown. The people of these hotels were contacted and interviewed. A sample of around 100 customers having diverse socio economic and educational background under different age groups have been taken. Out of 100, 50 respondents were for high/medium tariff hotels and other 50 were for low tariff hotels. A structured questionnaire was designed to collect data from respondents and hotel owners/managers. Hypothesis is also tested by using statistical tool like t test. The satisfaction and dissatisfaction level of customers towards CRM have been qualified on a basis of Likert scale having 5 points with 5 as extremely satisfied and 1 as extremely dissatisfied.

6. RESULTS AND INTERPRETATION

The data and results have been collaborated and following results are interpreted. This section discusses the customer's level of satisfaction followed by both the categories of hotels with respect to the Likert scale.

6.1 Customers Satisfaction for activities by Hotel Staff

Various questions were asked to the customers about hotel for understanding their satisfaction level for various activities by Hotel Staff. The results has been interpreted on the basis of responses.

Table 1: Customers Satisfaction for activities by Hotel Staff.

Sr no.	Variable	High/Medium Tariff Hotels	Low Tariff Hotels
		Mean	Mean
1	Attitude of Hotel Staff	4.4	3.8
2	Helpfulness Nature of Hotel Staff	4.25	3.66
3	Complaints Solving nature of Staff	4.34	3.25
4	Greeting on arrival by Hotel Staff	4.56	3.18
	Combined Mean	4.38	3.47

The data can be easily interpreted from the above table 1. The combined mean for High/Medium Tariff Hotels is 4.38 while for Low Tariff Hotels is 3.47.

6.2 Customers Satisfaction with Value Added Services provided by Hotels.

Various questions were asked to the customers about hotel for understanding their satisfaction level for various value added services provided by Hotels. The results has been interpreted on the basis of responses.

Table 2: Customers Satisfaction for Value Added Services Provided by Hotel.

Sr no.	Variable	High/Medium Tariff Hotels	Low Tariff Hotels
		Mean	Mean
1	Airport/Railway Stations Transfers	4.65	3.47
2	Offering a City Tour	4.02	3.11
3	Giving Customized Rooms on Request	4.23	4.29
4	Providing Sea-View Rooms	4.6	2.95
5	Giving Rewards during Check-Outs	3.67	2.48
6	Herbal Therapies and Spa Facilities	4.56	2.11
	Combined Mean	4.28	3.06

The data can be easily interpreted from the above table 2. The combined mean for High/Medium Tariff Hotels is 4.28 while for Low Tariff Hotels is 3.06.

6.3 Customers Satisfaction with Services provided by Hotels.

Various questions were asked to the customers about hotel for understanding their satisfaction level for various services provided by Hotels. The results has been interpreted on the basis of responses.

Table 3: Customers Satisfaction for Services Provided by Hotel.

Sr no.	Variable	High/Medium Tariff Hotels	Low Tariff Hotels
		Mean	Mean
1	24 hours Hotel Service	4.8	4.35
2	Free Wi-Fi	4.92	3.6
3	Parking Facilities	4.95	4.02
4	Laundry and Dry Cleaning Facilities	4.56	3.19
5	Lush Green Area	4.21	3.44
	Combined Mean	4.68	3.72

The data can be easily interpreted from the above table 3. The combined mean for High/Medium Tariff Hotels is 4.68 while for Low Tariff Hotels is 3.72.

6.4 Hypothesis Testing.

Hypothesis Testing is done with the help of Statistical tool to be more précised. It is done in order to check if there is any significant difference among the level of customers satisfaction and CRM practice in high/medium tariff and low tariff hotels.

Table 4: Hypothesis Testing.

Sr no.	Variable	High/Medium Tariff Hotels	Low Tariff Hotels
		Mean	Mean
1	Customer's Satisfaction for activities by Hotel Staff.	4.38	3.47
2	Customers Satisfaction for Value Added Services Provided by Hotel.	4.28	3.06
3	Customers Satisfaction with Services provided by Hotels.	4.68	3.72

With T test performance, the t critical two tail value is less than that of t Stat value and also P ($T \leq t$) two-tail value is which is also less than our alpha value 0.05. Thus with the T test, null hypothesis is rejected and alternative hypothesis is accepted, thus There is a significant difference among the level of customers satisfaction and CRM practice in high/medium tariff and low tariff hotels.

7. CONCLUSIONS

With the Research, It has been found that, There is a significant difference among the level of customers satisfaction and CRM practice in high/medium tariff and low tariff hotels. CRM is very important tool which can be use for customer retention. Almost all the hotels in Mumbai were aware about this approach but all were following this to different extent according to their convenience. High tariff hotels along with their extra value added facilities helps them to retain their customers. CRM approach will help these hotels to increase customers satisfaction which in turn will help them in customer retention.

8. REFERENCES

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