

Research Paper

ROLE OF CUSTOMER RELATIONSHIP MANAGEMENT IN HOTELS**Dr. G.KASIRAJAN**ASSO.PROFESSOR OF ECONOMICS
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TUTICORIN**ABSTRACT**

Customer relationship management helps hotels to service their customers and be cost effective, thus making it a must for the hotel. Customer focus can be achieved by this relatively new concept wherein all the activities involved are aimed at creating value for the customers. With the advent of hyper competition, the need for survival and success has compelled hotels to find out varied ways to be more and more competitive and reach their customers efficiently. The only 'mantra' to be competitive is to be cost effective.

Customer relationship management is a strategy as well as tool in this direction. This makes it more relevant and important to undertake a study in this area. The objectives of the present study are to understand the concept of customer relationship management in the Indian hotel sector with special reference to Tuticorin and to study the factors influencing customer relationship management. The research aims at understanding the concept of customer relationship management in hotel services.

The study is conducted with the help of both primary and secondary data. The sampling is random. Sample size is 400 respondents. Percentage analysis, averages, t tests, standard deviation, chi-square tests, Cramer's V and probability analysis were used. Employees' behavior towards the customers plays an important role in influencing their perception about the hotel and this plays a major role in the retention of customers and it goes a long way in creating effective customer relationship management. It was an encouraging sign that 49 per cent of the respondents felt that the employees were friendly, while 25 per cent felt that they were normal, 19 per cent felt that they were casual or indifferent. The chi-square analysis result shows no significant relationship of sex and employees' behavior.

Keywords: Customer relationship management, Indian hotel sector, percentage analysis, averages, chi-square tests and probability analysis

Introduction

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. Some of the basic problems facing hotels today are provision of better service alternatives to its customers, generation of more income from noncore based services, improving the profitability of the hotel system and above all the "Customer Retention". The root cause of all these problems lies in the failure to adopt marketing approach. This is so because

the marketing concept will facilitate them to be more scientific in solving their business problems, satisfy their customer's requirements or needs and maintain a profitable win-win relation with their customers, which will enable hotels to stay closer to their customers, maintain as well as increase market share and counter the competition successfully.

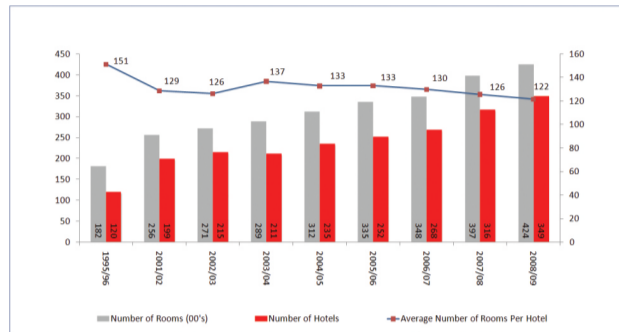
Customer Relationship Management helps hotels to service their customers and be cost effective, thus making it a must for the hotel. Customer focus can be achieved by this relatively new concept wherein all the activities involved are aimed at creating value for the customers. With the advent of hyper competition, the need for survival and success has compelled hotels to find out varied ways to be more and more competitive and reach their customers efficiently. The only 'mantra' to be competitive is to be cost effective. Customer relationship management is a strategy as well as tool in this direction. This makes it more relevant and important to undertake a study in this area. The objectives of the present study are to understand the concept of customer relationship management in the Indian hotel sector with special reference to Tuticorin and to study the factors influencing customer relationship management. The research aims at understanding the concept of customer relationship management in hotel services.

Trends & Opportunities of hotel industry in India

The Trends & Opportunities report assesses key trends in market performance of major Indian cities and also presents HVS' outlook of the market's performance in the near future. In addition, it outlines opportunities in the hospitality industry of specific interest to investors, developers, as well as hotel operators. The report is generated after analysis of the results of the Trends & Opportunities Survey conducted by HVS annually; the survey collates data related to key hotel operational characteristics. This year, a record 349 hotels having a total room count of 42,425 (rounded off to 42,400) rooms participated in the survey: an increase of 27 new hotels and approximately 1,785 rooms since the

last survey. When we started collecting data for this market in 1995/96, only 120 hotels with a total of 18,160 rooms participated in the survey. The increase in the number of respondents over the years demonstrates both HVS' penetration into the market as well as the size of the market.

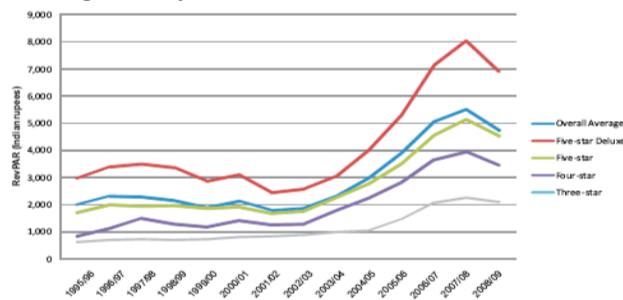
Sample Size for the Trends & Opportunities Survey for the Years 2001/02-2008/09



The table illustrates survey participation from the years 2001/02 to 2008/09, with 1995/96 being the base year for the surveys. The financial year 2008/09 was an unforgettable one for the Indian tourism industry with the Mumbai terror attacks and the global economic downturn affecting the industry's performance. The hotel industry, too, observed an overall decline in occupancy and revenue per available room (RevPAR) in most cities in India.

RevPAR across Star Categories

The Indian Hotel industry was hit hard during the past one year by the global economic slowdown which resulted in decline in foreign tourist inflows. The Mumbai terror attacks and the Swine Flu had effected severely to the industry. The Indian Hotel Industry has gone through all possible risks and concerns namely economic slowdown, terrorist acts and health scare in past one year.



Hotel industry is exposed to the vagaries to business cycle which includes demand-supply mismatch, business confidence etc. The various leading economic indicators such as GDP, IIP etc are correlated to the performance of the hotel industry.

Objectives of the present study

The Objectives of the present study are:

1. To study the socio-economic profile of customers in Tuticorin area.
2. To identify the reasons for choosing a particular hotel.
3. To study the factors influencing Customer Relationship Management.

4. To offer suggestions by customers to make Hotels more effective.

Methodology

A research study was undertaken to study the role of customer relationship management in the hotels in Tuticorin area. The study has brought out varied aspects of Customer Relationship Management in hotel services. Customer Relationship Management has come as a boon of information technology, which when exploited will make the adopters competitive and cost effective. The study is conducted with the help of both primary and secondary data. The major sources of data are primary, where a structured questionnaire is designed and administered to the select respondents. The sampling is random. Sample size is 400 respondents. The data relates to the month of September 2011. The secondary data is collected mainly through published articles, books, research studies, various documents and the Internet. Percentage analysis, averages, t tests, standard deviation, chi-square tests, Cramer's V and probability analysis were used owing to the constraints imposed by the nature of data.

Data Analysis

The data collected from the primary source has been tabulated and this forms the major basis for the research study.

Details of Hotels

Hotels	Male	Female	Total
Sangeetha	13 (5.9)	28 (15.6)	41 (10.3)
Nalas	4 (1.8)	15 (8.3)	19 (4.8)
Ruchi	22 (10.0)	17 (9.4)	39 (9.8)
Sugam	81 (36.8)	26 (14.4)	107 (26.8)
Bell	32 (14.5)	63 (35.0)	95 (23.8)
Jony	68(30.9)	31 (17.2)	99 (24.8)
Total	220 (100)	180 (100)	400 (100)

Source: Primary data

t=0.4595, d.f=10, P=0.6557, Standard error of difference = 14.509

Mean: 36.67 30.00: SD 31.02 17.34: SEM 12.66 7.08

The study covered 220 male customers and 180 female customers from six different vegetarian and non vegetarian hotels in Tuticorin area, chosen at random. The results indicated that the hotels chosen by both male and female respondents showed no significant difference (t=0.4595, d.f=10, P=0.6557, Standard error of difference = 14.509).

Age wise classification of the customers

Age (Years)	Male	percentage	Female	percentage	Total	percentage
Below35	39	18	61	34	100	25
36-50	120	54	105	58	225	56
Above 50	61	28	14	8	75	19
Total	220	100	180	100	400	100

Source: Primary data

($\chi^2=31.61$, P=<.0001, df=2, Cramer's V=0.2811), Significant at 1% probability level

The table reveals that majority of the customers belonged to the age group of 36 to 50 years, both in case of the male customers 54 percent and female customers 56 percent. The result of chi-square-test ($\chi^2=31.61$, P=<.0001,) revealed that there is significant difference between age group of the male and

female customers in Tuticorin area.

Educational qualification of the customers

Education	Male	percentage	Female	percentage	Total	percentage
Illiterate	3	1	8	4	11	3
Higher secondary	22	10	21	13	43	11
Graduate	131	60	107	59	238	59
Post graduate	64	29	44	24	108	27
Total	220	100	180	100	400	100

Source: Primary data

($\chi^2=4.46$, $P=0.2159$, $df=3$, Cramer's $V=0.1056$), Significant at 1% probability level

In the study area, 60 percent male customers and 59 percent female customers were graduates. 29 percent male respondents were professional with post graduation, whereas, 24 percent amongst female respondents were qualified. The illiterates were 3%. The result of chi-square- test ($\chi^2=4.46$, $P=0.2159$,) revealed that there is no significant difference between sex and educational qualification of the customers in Tuticorin area.

Occupation of the customers

Occupation	Male	percentage	Female	percentage	Total	percentage
Govt.	102	46	76	42	178	45
Private	39	18	96	53	135	34
Business	71	32	5	3	76	19
Cooley	8	4	3	2	11	2
Total	220	100	180	100	400	100

Source: Primary data

($\chi^2=84.3$, $P<.0001$, $df=3$, Cramer's $V=0.4591$), Significant at 1% probability level

As far as, the occupation of the customers is concerned 45% were government employees and 34% of the respondents were employees in private enterprises. Moreover, 32 percent male customers and 3 percent female customers had their own business and only 4 percent male customers and 2 percent female customers were coolies. The chi-square analysis result ($\chi^2 =84.3$, $P<.0001$) shows significant relationship of sex and Occupation of the customers.

Association with the Hotel

Number of years as a Customer	Male	Female	Total
Less than 2 years	54 (24)	21 (12)	75 (19)
2 - 5 years	98 (45)	113 (63)	211 (53)
6 to 10 years	167(76)	137(76)	304(76)
Above 10 years	77 (35)	36 (20)	113 (28)
Total respondents	220 (100)	180 (100)	400 (100)

Source: Primary Data

Figure in parenthesis are percentages

($\chi^2=22.52$, $P<.0001$, $df=3$, Cramer's $V=0.179$), Significant at 1% probability level

Out of the 400 respondents, 76 per cent customers were associated with the Hotel for 6-10 years, 53per cent for 2-5 years, 19 per cent for were new customers (less than 2 years) and 28 per cent were above 10 years and the difference was statistically significant ($P < 0.001$). In this study too, this hypothesized preposition is supported by the significant relationships which exist between sex and associated with number of years as a customer in the hotel ($\chi^2 = 22.52$, $P<.0001$) as shown in the table.

Reasons for choosing a particular Hotel

Reasons	Male	Female	Total
Nearness to the Office	101 (46)	59(33)	160 (40)
Proximity to Residence	202(92)	108 (60)	310 (78)
Very Convenient Timings	107(49)	76(42)	183 (46)
Response from the Hotel's Employees	156(71)	103(57)	259 (65)
Prompt Service	131 (59)	121 (67)	252 (63)
Modern Technology	46(21)	35(19)	81(20)
Advice of Friends and Relatives	42 (19)	30(17)	72 (18)
Other Reasons	46(21)	18 (10)	64 (16)
Total	220 (100)	180(100)	400(100)

Source: Primary Data

Figure in parentheses are percentages to the total of the respective columns.

($t=1.4165$, $d.f=14$, $P=0.1785$, Standard error of difference = 24.797

Mean: 103.88 68.75: SD: 58.10 39.29: SEM: 20.54 13.89)

The reasons for choosing a particular hotel can prove to be an excellent input for devising strategies to attract new customer and retain the existing customer. From the table, it is revealed that, 40 per cent have chosen the hotel for its nearness to their office; 78 per cent have chosen the hotel for proximity to their residence; 46 per cent chosen the hotel because of its very convenient timings; 65 per cent for the response from the hotel's employees; 63 per cent for prompt service; 20 per cent for modern technology; 18 per cent on advice of friends and relatives; and 16 per cent for various other reasons. The reasons for choosing a particular hotel between males and females was tested by employing t test. The results indicated that awareness level of both male and female respondents showed significant difference ($t=1.4165$, $d.f=14$, $P=0.1785$, Standard error of difference = 24.797). Male customers were significantly more aware for choosing a particular hotel than the female customers.

Employee Behavior

Employee Behavior	Male	Female	Total
Friendly	104 (47)	91 (51)	195 (49)
Normal	53 (24)	45 (25)	98 (25)
Casual	27 (12)	22 (12)	49 (12)
Indifferent	17(8)	9 (5)	26 (7)
Hostile	19 (9)	13 (7)	32 (8)
Total	220 (100)	180 (100)	400 (100)

Source: Primary Data

Figure in parentheses are percentages to the total of the respective columns.

($\chi^2=1.63$, $P=0.8034$, $df=4$, Cramer's $V=0.0638$), Significant at 1% probability level

Employees' behavior towards the customers plays an important role in influencing their perception about the hotel and this plays a major role in the retention of customers and it goes a long way in creating effective Customer Relationship management. It was an encouraging sign that 49 per cent of the respondents felt that the employees were friendly, while 25 per cent felt that they were normal, 19 per cent felt that they were casual or indifferent. The chi-square analysis result ($\chi^2=1.63$, $P =0.8034$) shows no significant relationship of sex and Employees' behavior.

Suggestions to make Hotels more effective

Suggestions	Male	Female	Total
Reduce cost	189 (86)	103 (57)	292 (73)
Variety of tasty food	92 (42)	85 (47)	177 (44)
Need good reception	29 (13)	27(15)	56 (14)
Cleanliness	69 (31)	59 (33)	128 (32)
Total	220 (100)	180(100)	400 (100)

Source: Primary Data

($\chi^2=9.83$, $P=0.0201$, $df=3$, Cramer's $V=0.1227$), Significant at 1% probability level

It has been observed from the table that 73% customers feel that there is a necessity for every hotel to make its price affordable. This is the major suggestion given by the sample respondents to make Hotels more effective. Further, 44% customers expect variety of tasty food from the hotels, 32% customers expect neat and clean service and 14% customers need good reception from the hotels. This shows that to make hotels more viable and effective, the participation of customers is important and the difference is statistically not significant ($\chi^2=9.83$, $P=0.0201$).

Other Aspects

When asked about the relationship with the hotel, most of the respondents (72 per cent) felt that they are very happy with the way they are treated by the hotel their needs are taken care of in the best possible manner and they really felt like a king when they visited the hotel. Most of them have never thought on this aspect (28 per cent) of relationship the hotel maintains with them, but they expressed that they would love to have something of that order from the hotel.

Conclusion

A customer of today would not only like to have a quick, efficient and timely service from the hotels but also a long term mutually beneficial relationship with the hotel. There is a necessity for every hotel to make its services accessible, affordable. The concept of Customer Relationship Management in the Hotel Sector is creating sustainable competitive advantage. The competition and drive towards profitability is making the hotels in Tuticorin move in this direction. It can be concluded that Customer Relationship Management acts as a key success factor in services marketing with a special reference to hotel services in Tuticorin area.

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