The Impact of Customer Relationship Management on the Service Quality of the Star Rated Hotels in Jalandhar and Ludhiana

Shefali Saini ¹, Himanshu Malik ²

¹Assistant Professor, Department of Tourism Hotel and Hospitality Management, Punjabi University, Patiala (Punjab)
²Head of the Department, Victoria Institute of Hotel Management, Dharampur, Solan, Himachal Pradesh.

Abstract

The quality of a service of a hotel provides to the customer is very important. It can cost the reputation and build the hotel to greater lengths. Unlike customer service, service quality is a long time aspect. Many customers forget the treatment they get from customer care agents quickly. But wait until the quality of the service is compromised. Word will spread out within seconds. Service quality can be viewed as positive or negative by the client. CRM (Customer relationship Management) can make the service quality improve. Using CRM tools, reaching out to customers becomes very easy. On these tools, customer emails and contacts are already recorded. It is therefore very quick to inform them of new products and services that will be stocking next month. Customers too find it easy to contact when they need to buy or make inquiries. Social CRM therefore brings the company closer to their customer resulting to an improvement in service quality. Another good way to improve service quality is through content. Sharing on CRM tools on successful stories about customer service can be very powerful. Remember these are real events that took place in the organizations. Through the stories that make your employees and customers happy. With the continuous motivation of the team, there will be nothing to stop them for giving better service quality. This paper tries to identify the effect of CRM on service quality of hotels. The word customer is referred as guest in the hotel industry but to better relate with the CRM the author has taken the liberty to use word customer instead of guest.

Key words: Customer Relationship Management, Service Quality, Star Rated Hotels

1 Introduction

Today, businesses are facing an aggressive competition and they have to make efforts to survive in a competitive and uncertain market place. People have realized that managing Customer relationships is a very important factor for their success. CRM is a strategy that can help them to build long lasting
relationship with their customer and increase their profit through the right management system and the application of customer focused strategies. Customer relationship management (CRM) is a model for managing a company’s interactions with current and future customers. It involves using technology to organize, automate, and synchronize sales, marketing, customer service, and technical support. Customer Relationship Management is a customer-focused business strategy designed to optimize revenue, profitability, and customer loyalty. By implementing a CRM strategy, an organization can improve the business processes and technology solutions around selling, marketing and servicing functions across all customer touch-points (for example: Web, e-mail, phone, fax, and in-person). CRM get the most value out of customers by tightly integrating your sales, marketing and support efforts. Companies need a system that manages the entire customer life cycle: acquisition, service and maintenance. Commerce-enabled CRM applications allow organizations to interact with customers through all media or channels: telephone, Web, e-mail, face-to-face. CRM products and services manage every point of contact with the customer to ensure that each customer gets the appropriate level of service and that no sales opportunities are lost.

2 Purpose of Customer Relationship management
A primary purpose of CRM is to provide the entire organization with a complete, 360-degree view of the customer, no matter where the information resides or where the customer touch-point occurred. Today, many businesses manage different aspects of customer relationships with multiple information systems, which weaken customer service and ultimate reduce total sales potential. To realize the benefits of CRM, it is important to have an integrated solution across all customer information systems, tying together the front and back offices for a complete view of customers in order to service them better. Another purpose of CRM is to recognize and treat each and every customer as an individual. It is very essential for any business to know that how to differentiate customer treatment according to an individual preference. For differentiate customer treatment, the companies use personalized service and customized products which make some customer feel special and others simply appreciate good behaviour. It humanized their purchase or devices request or complaint. Personalization and customization doesn’t mean maintaining only customer loyalty, but also driving purchases higher.

3 Value of Customer Relationship Management to Business
A Customer Relationship Management strategy is designed to increase revenue and profitability by attracting new customers, growing customer business, increasing customer satisfaction and loyalty, enabling more efficient business processes, and utilizing lower cost technologies. The primary goal of CRM is higher revenues, not cutting costs. CRM solutions improve sales and marketing efforts and enables organizations to provide superior service to customers. New customers are gained, and existing customers are retained and buy more in greater quantity. End-customers benefit by receiving superior customer service and getting the products and services they want, when they want them. An enterprise that does not have a CRM strategy or use CRM applications is at a competitive disadvantage.

4 Customer Relationship Management and Hotel
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 non-core 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. The changes in the present day hotel environment have led to introduction of a marketing philosophy in banks. The 7 Ps, viz., product, price, promotion, place, people, process and physical evidence of a hotel can help in meeting customer needs as well as tackling competition and establishing a strong customer base with customer relationship management as a core function. With the emergence of liberalization in the Indian hotel system, there is a great change in the future hotel market scenario. The organization structures have become more customer focused and any further reorganization would depend on future strategy which would surely have customer relationship management as a focus area. This means that the hotels are now obliged to make a serious attempt to deal with the problems affecting their future growth and profitability, with customer orientation being a non-negotiable strategy.

The marketing in hotels should aim at improving the quality of services rendered by widening the range of products offered, developing and promoting products which meet the needs of customers and that are acceptable to them. It should also be at a realistic price which will produce a profit when provided through methods of sales and services that are reliable and cost effective. Successful hotel marketing depends not only on marketing strategy and development but commitment at all levels, with the customer focus as the base. CRM in Hotel Services in India: Prominent features associated with a service sector like hotel sector are intangibility of the service performance, greater involvement of the customer in the production of the service, difficulty in maintaining quality control and standards, the inability to maintain inventories and the importance of the time factor as customers limit the amount of time that they are willing to wait for the service to be provided, all of which makes the task of service providers even more daunting. In addition to the above aspects, a service provider has to contend with other forces which affect the very survival of his business. Ever changing customer preferences, competing businesses wooing away clientele, entry of international players providing quality services and changing government policies have had an effect on the quality of the decision-making process. Quality of service and Customer Satisfaction are the most important factors in the service organizations, particularly in the hotel services. Hence, a modest attempt is made to review the available literature existing on hotel sector, focusing mainly on service dimension. In one of the Papers entitled "Marketing Approach in Hotel Business", it was emphasized that in the Indian hotels, marketing in the correct perspective was only of recent origin. Another Paper identified the role played by marketing in guiding the development of a hotel system that is responsive to the present changing environment. The essential differences between selling and marketing and customer value addition as the basic thrust of marketing were stressed in this paper.

5 Objectives of the Study

a) To study the factors influencing Customer Relationship Management and how it is related with service quality of the star rated hotels.
To study the role of Customer Relationship Management in retaining the customers through the improvement of service.

6 Scope of the study

The research focuses to know about the impact of CRM on service quality of the star rated hotels in Jalandhar and Ludhiana and only the star rated hotels of the above mention region will be taken for the research. (Radisson Windsor, Ramada, Hotel Cabbana Orchid, Country Inn & Suit, Radisson Blu Hotel MBD, Majestic Park Plaza, Hyatt Regency and Aveda Hotel)

The scope of the study was restricted to only Jalandhar and Ludhiana region. This study will serves as to know about the impact of CRM and perception of consumer towards the services provided by the Hotels. The study was conducted on the convenient sampling and the inherent disadvantages were eliminated throw certain open-ended questions.

7 Research Methodology & Sampling

The study uses a combination of empirical and descriptive research design in order to describe the impact of CRM on Service Quality. The major part of data is collected through Primary source while the secondary data was collected from various research articles, internet and magazines etc. Structured questionnaires were used to collect the primary data during the study.

Sampling is a systematic approach of selecting a few elements from an entire collection of unit (population) in order to make some inferences about the total population. It is small specimen area representation of the whole population. The sample is decided to be 30 large enough to represent the population. The data were collected from the sample through questionnaire. Convenient technique is used because it is easier to convince the respondents to fill the data.

8 Review of Literature

It is relevant to refer briefly to the previous studies and research in the related areas of the subject to find out and to fill up the research gaps, if any. Literature on services quality can generally be found; a number of books are available on Customer Relationship Management are found but few studies are undertaken.

9 CRM (Customer Relationship Management)

Customer Relationship management has a growing popularity and is becoming one of the hottest academic and practices topic in the business field. In fact due to competitive environment, CRM is crucial and has become a niche for firm performance. (Abdul Alem Mohammed and Basri Bin Rashid, 2012). Fan and Ku (2010) indicates that knowing customer knowledge management is firmly associated with marketing capabilities and is greatly enables organization to take strategic managerial decision for improving their performance. So, all firms should have a proper knowledge of their customer to make their business success. The hotel industry is facing an increasingly competitive market which signifies the greater needs for the hotels to differentiate their customer. Since the hotel can collect and integrate a significant amount of their guests information, CRM is viewed as an opportunity for the hotel all over world to use the information about their customer to improve the relationship for improving Customer satisfaction and loyalty and consequently for increasingly the
hotel profitability. (Nor Azaih Abu Kasim and Badriyah Minai, 2009). With increased globalization, competition, higher customer turns over, growing customer acquisition costs and rising customer expectation in today competitive world, CRM is very important for several companies and received an increasing amount of interest among scholars and practitioner. (Roya Rahimi, 2008). Guest retention is really important and good for both hotels and customer for hotel, since guest stay long, buy more and more frequently, it cause increase wallet share also it is cheaper to keep existing customer happy rather than to attract new ones. (Roya Rahimi, 2008). Customer relationship is not only about removing defections in one’s own business process but how you maintain the panel of satisfied customers, how you are able to build to build strong relationship with your customer, how you are able to transform prospect and potential customer into not only a loyal customer rather taking him to a partner level. (Shakeel Ahmad Safi, Shabir Majeed Bhat, Javid Ahmad Rather, 2013). To obtain loyalty and to out weight, other competitor, hotel providers must be able to obtain high levels of customer satisfaction for the service supplied. (Rosa Guzzo, 2010)

10 Service Quality

While measuring service quality, the customer gave utmost importance to expectation is followed by perceptions and importance rating. (Jain and Gupta, 2004). In hotel industry customer satisfaction is largely looked upon quality of service. A managerial approach focused on customer satisfaction can improved customer loyalty, thus increasing the positive image of the touristic destination. (Rosa Guzzo, 2010). According to Newby & McManus (2000) excellent quality of customer services is based upon not just the knowledge and skills of the individual but also upon the way that the organization as a whole, from top management downwards, pulls in the same direction and presents a clear, positive message to customers. Among general instruments, the most popular model used for evaluation of service quality is SERVQUAL, a well-known scale developed by Parasuraman et al. (1985, 1988). The attributes of (Parasuraman et al., 1985), were: tangibles, reliability, responsiveness, competency, courtesy, assurance, credibility, security, access, and understanding. Parasuraman et al. (1988) later reduced these ten dimensions into five by using a factor analysis. Based on the five dimensions, a 22-item survey instrument for measuring service quality has been developed these five dimensions are:

- Tangibles - Physical facilities, equipment and appearance of personnel.
- Reliability - Ability to perform the promised service dependably and accurately.
- Responsiveness - Willingness to help customers and provide prompt service.
- Assurance (including competence, courtesy, credibility and security) - Knowledge and courtesy of employees and their ability to inspire trust and confidence.
- Empathy (including access, communication, understanding the customer) - Caring and individualized attention that the firm provides to its customers.

Perceived service quality is a global judgment or attitude relating to the superiority of the service, whereas satisfaction is related to a specific transaction (Parasuraman et al., 1988). On the other hand, customer satisfaction has frequently been suggested to be the leading determinant of loyalty (Lam & Burton, 2006).

11 Data Interpretation
A total of 6 open ended and 25 closed end questions (on a five point Likert’s scale varying from strongly agree to strongly disagree) were asked from the respondents. The interpretation of various questions present in the questionnaire is as follows.

Q. 1 My hotel uses a CRM software.
100% of the respondent says that their hotel do used Customer Relationship management software. This means that all-star rated hotel uses standard software and this software is an important tools of performing CRM practices.

Q.2 My hotel uses _________ software.
40% of the respondent says that their hotel used GDS as CRM software, 36.7% says that they used Guestware and 23.3% used other software (not mention).

Q.3 My hotel uses this software because___________.
Most of the Hotel used CRM software to retain its customer and for time saving with the enhancement of revenue. 36.7% says that they used it for retaining customer, 26.7% for time saving, 23.3% for enhancing revenue and 13.3% for other purpose (not mention)

Q.4 My hotel uses __________ touch point.
63.3% of the respondent says that their hotel uses operation touch point and 36.7% says that they use analytical touch point. In short out of the 8 hotels, 5 hotels (Radisson Windsor, Hotel Cabbana Orchid, Country Inn & Suit, Radisson Blu Hotel MBD and Majestic Park Plaza) use operation touch point and 3 hotels (Ramada, Hyatt Regency and Aveda Hotel) use analytical touchpoint.

Q.5 My hotel uses these CRM practices.
63.3% of the respondent says that their hotels (Radisson Windsor, Country Inn & Suit, Radisson Blu Hotel MBD, Majestic Park Plaza and Hyatt Regency) practices Loyalty programme, 13.3% of the respondent says, their hotels (Hotel Cabbana Orchid) practice all CRM programme (Loyalty Programme, free stay and free meal). 23.3% of the respondent says that their hotels (Aveda Hotel and Ramada) practice other CRM programme (not mention)

Q.6 My hotel is planning to change CRM practices.
100% of the respondent says that they will not be going for any changes in CRM Practices in future. This mean that every star rated hotels practices its own effective CRM programme and they are getting benefit from it.

Q.7 My hotel is good at maintaining relationship with customers.
63.3% of the respondent are strongly agree and 36.3% are agree. This shows that all-star rated hotels maintain relationship with their key customers at best level.

Q.8 In my hotel customer satisfaction is measured systematically and frequently.
53.3% of the respondent are strongly agree and 46.7% are agree. This shows that all-star rated hotels measure customer satisfaction towards their service systematically and frequently.

Q.9 We have formalized procedures for cross-selling to valuable customers.
The analysis shows that most hotels have formalized procedure for cross-selling to their valuable customers as 50% of the respondent are strongly agree and 16.7% are agree. 33.3% of the respondent are neither agree nor disagree, this meant that they do cross-selling to their valuable customer but without formalized procedure.

Q.10 We apologize or compensate in time for the inconvenience or lost that we bring to customers.
53.3% of the respondent are agree and 40% are strongly agree. This shows that most hotels do apologize or compensate in time if guest faced any inconvenience or lost.
Q. 11 We have a systematic process/approach to re-establish relationships with valued lost customers and inactive customers.
46.7% of the respondent are strongly agree and 36.7% are agree. This shows that most hotels have a systematic process/approach to re-establish relationships with valued lost customers and inactive customer. But very few hotels don’t as it is shown in the analysis that 3.3% were disagree.

Q.12 When we find that customers are unhappy with the appropriateness of our product or service, we take corrective action immediately.
Most hotels readily take corrective action immediately if they found that the customers are unhappy with the appropriateness of their product or service. This was clearly shown in the analysis that 60% of the respondent are strongly agree and 30% are agree.

Q.13 Our hotel is using CRM tools effectively.
50% of the respondent are agree and 33.3% are strongly agree. This show that most star rated hotels use CRM tools effectively.

Q.14 Customer frequently visit our hotel because of our effective CRM strategy
70% of the respondent are strongly agree and 26.7% are agree while 3.3% are neither agree nor disagree. This means that Customer frequently revisit their respective hotels of their effective CRM strategy.

Q.15 In our organization, retaining customers is considered to be a top priority.
50% of the respondent are strongly agree and 36.7% are agree. This shows that in most star rated hotels, retaining customers is considered to be top priority.

Q.16 Our employees are encouraged to focus on customer relationships.
53.3% of the respondent are strongly agree and 20% are agree. This shows that they really encouraged their customer to focus on customer relationship.

Q. 17 We have a dedicated CRM technology in place.
53.3% of the respondent are agree with the statement and 26.7% of the respondent are neither agree nor disagree. This shows that more than 50% of the star rated hotels have dedicated CRM technology in place.

Q.18 We have technologies that allow for one-to-one communications with potential customers.
43.3% of the respondent are agree with the statement and 30% of the respondent are strongly agree. This shows that most hotels have technology that allow for one-to-one communication with potential customers.

Q.19 The application of CRM has a great benefit towards the hotels.
60% of the respondent are strongly agree and 23.3% are agree. This shows that application of CRM has great benefit towards the hotels.

Q.20 CRM helps in enlargement of our revenue.
In this statement 50% of the respondent are strongly agree and 43.3% are agree. This shows that CRM helps in enlargement of revenue of the hotels.

Q.21 Concept of CRM helps in maintaining loyalty and retention of customers.
43.3% of the respondent are strongly agree and 33.3% are agree. This shows that while maintaining loyalty and retention of customers, the concept of CRM is really helpful.

Q.22 CRM helps in cost saving and reduction.
In this statement 66.7% of the respondent are strongly agree and 30% are agree. So it is acceptable in saying that CRM really talks about cost saving and cost reduction.

Q.23 Concept of CRM helps in giving services as a friend and relative towards the guest which the guest expected.
40% of the respondent are strongly agree and 36.7% are agree in the statement “concept of CRM helps in giving services as a friend and relative towards the guest which the guest expected”. So, CRM helps in giving quality service which the guest expected.

Q.24 CRM helps in making customers willingness to repurchase the services which are served as friends and relatives. 

Customers has willingness to repurchase the services which are served as friends and relatives and CRM helps in making it happen. This is clearly shown by the statement “CRM helps in making customers willingness to repurchase the services which are served as friends and relatives” in which 63.3% of the respondent are strongly agree and 30% are agree.

Q.25 CRM is an enterprise approach to understanding and influencing customer behavior through meaningful communications.

50% of the respondent are strongly agree and 33.3% are agree the statement “CRM is an enterprise approach to understanding and influencing customer behavior through meaningful communications.”

Q.26 CRM helps in making express Check in of the regular Customer.

40% of the respondent are strongly agree and 46.7 are agree. This shows that application of CRM helps in making express Check-in of the regular customer.

Q.27 Using CRM helps the reservation system easy to use.

Using of CRM helps the reservation system easy to use. 56.7% and 43.3% of the respondents are strongly agree and agree respectively in this statement.

Q.28 Customer wants guarantee and special effort while dealing with service staff.

Application of CRM helps the customer felt secure in dealing with the service staff. This is clearly shown from the analysis that 50% of the respondent are strongly agree and 50% are agree.

Q.29 Through CRM service staff helps to understand the need of the customer.

To give quality service, service staffs must understand the needs of the customer first. CRM helps service staff in understanding the need of the customer. This is clearly shown in the analysis that 63.3% of the respondent are strongly agree and 36.7% are agree.

Q.30 Customers prefer to revisit the hotels which they have long-term relationship.

56.7% of the respondent are strongly agree and 43.3% are agree. This show that it will not be false in saying, customers prefer to revisit the hotels which they have long-term relationship.

Q.31 The feedback of the customers helps in finding out the services which we are lacking; also it is an effective tool of training our staff.

Feedback is an important tool of finding the things which need to be improve and it also acts as an important element of training. 60% of the respondent are strongly agree and 40% are agree in the statement “The feedback of the customers helps in finding out the services which we are lacking; also it is an effective tool of training our staff.

12Correlation- Bivariate Analysis

The correlation depicts relation among different elements indicated by Pearson Correlation and Sig. indicates the p (value) and based on this value as seen in same table is more than the significance level of 0.05. It show that there is correlation among different components of CRM and it positively impact on the quality of service. From descriptive statistics, the average mean is approx. 4.46 and the average Std. Deviation is 0.60 (less than 1). As the value of Std. Deviation is much lower than the value of mean, it clearly shows that almost all respondent are agree in the assumption “CRM has positive impact in the quality of service”.

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PAPER ID: IJIFR/V1/E10/045
13 Findings and Conclusion
From the study the following points are found and these points have positive impact on service quality. Through analysis and practicing these point quality of service can be improve in great extent. All-star rated hotel uses different CRM software. GDS and Guestware are the common CRM software used in hotels. Most of the Hotel used CRM software to retain its customer and for time saving with the enhancement of revenue. All hotels are aware about the various types of CRM & these are Operational, Analytical and Collaborative. All-star rated hotels maintain relationship with their key customers at best level and measure customer satisfaction towards their service systematically and frequently. Most hotels have formalized procedure for cross-selling to their valuable customers. Hotels analyse and measure the quality of their service through feedback and effective communication with guest. Feedback and communication are important tools of CRM. Through CRM, hotel staff knows the need and expectation of the guest and give services according to that to received best quality service. Most hotels do apologize or compensate in time if guest faced any inconvenience or lost in order to maintain its service quality. They even setup or established systematic process/approach to re-establish relationships with valued lost customers and inactive customer. Most hotels readily take corrective action immediately if they found that the customers are unhappy with the appropriateness of their product or service. Many Hotels encouraged their employers to focus on customer relationship and retaining customers is considered to be top priority. Star rated hotels usually have dedicated CRM technology in place and technology that allow for one-to-one communication with potential customers. CRM has great benefit towards the hotels and helps in enlargement of revenue of the hotels. Also, CRM really talks about cost saving and cost reduction. Customers prefer to revisit the hotels which they have long-term relationship and the concept of CRM helps in maintaining loyalty and retention of customers. Customers have willingness to repurchase the services which are served as friends and relatives and the concept of CRM helps in giving such. Also CRM helps service staff in understanding the needs of the customer. CRM is an enterprise approach to understanding and influencing customer behavior through meaningful communications. Customer wants guarantee and special effort while dealing with service staff. Application of CRM helps the customer felt secure in dealing with the service staff. The feedback of the customers helps in finding out the services which we are lacking; also it is an effective tool of training our staff. There is an increasing relationship between CRM and service quality. The better quality services can be delivering more efficiently with the help of effective CRM practices. CRM has positive impact in the quality of service.

14 Conclusion
Based on empirical data and analysis, it is found that Customer Relationship Management has positive impact on service quality. All-star rated hotel adopt different CRM programmes. CRM enhance guest satisfaction and make hotels profitable. Recording the details and preference of guest is an essential part of CRM and it helps in making guest a unique experience. Feedback, complaint & suggestion, long term relationship, availability of information, sending newsletter etc. really influence the practices of CRM. CRM talks about customer loyalty and retention which is important for both business and customer. CRM also help in reducing the risk of service variability by allowing to deliver customized service of his/her specification. Application of CRM helps the customer felt secure in dealing with the service staff. Hence there is an increasing relationship between CRM and service quality. The better quality services can be delivering more efficiently with the help of effective CRM practices. CRM brings a lot of tangible and intangible benefit for hotels.
**15 Recommendations**

In this era of globalization where “Customer is the king”, Customer expectations are going up which is making the situation more and more competitive. As the product is becoming generic in nature, the hotel industry can no longer rely on the traditional marketing strategies to retain.

- Retaining Customer is a difficult task, so hotels must see their feasibility whether they will be able to offer as much CRM practices or not. They must go through the comparative market study for the same so that they can provide variously facilities accordingly.

- All hotels must start some loyalty programmes for covering up the customer values.

- Hotel must provide surprise gift to their regular customer on their wedding anniversary, birthday etc.

- Conducting monthly guest/customer surveys, room comment cards, toll free guest assistance centre can help in getting customer feedback and to improve in the area where there is a lag as suggested by the feedback.

- Maintaining Suggestion boxes at every touch point/ point of interaction with the customer.

**16 References**


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