

CASE STUDY OF HOTEL TAJ IN THE CONTEXT OF CRM AND CUSTOMER RETENTION

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ABSTRACT

To enhance profitability and guest satisfaction and loyalty, the organizations (hotels) should focus on implementing Customer Relationship Management (CRM) strategies that aim to seek, gather and store the right information, validate and share it throughout the organization . Hotel industry is a highly flourishing, lucrative and competitive market. To compete in such a market, the hotels should focus on maintaining good relations with the customers and satisfying the customers. Increasingly, the organizations are using Customer Relationship Management (CRM) to help boost sales and revenues by focusing on customer retention and customer loyalty. The present research was undertaken to study the Customer Relationship Management (CRM) practices in hotel industry. The purpose of this study was to determine the impact of Customer Relationship Management (CRM) on customer loyalty in the hotel industry. The study was conducted at the Hotel Taj Hotel, New Delhi. The objectives of the study were to determine if (CRM) has an impact on customer retention, to determine if the practice of effective CRM in organizations leads to a long or short term financial impact, to find out the extent or degree to which effective CRM leads to customer satisfaction and to assess if the services provided by the hotel meets the needs and wants of customers. It was found that most of the employees had a positive attitude towards CRM practices and the most common activities undertaken were studying the existing database of the customers and personal counseling. The benefits of CRM are increased customer satisfaction and increased customer retention.

KEY WORDS: CRM, Hospitality Industry, Hotel Taj, Customer Retention

INTRODUCTION

Customer relationship management (CRM) has a growing popularity and is becoming one of the hottest academic and practical topics in the business field. In fact, due to the competitive environment, CRM is crucial and has become a niche for firm performance. Most companies are aiming for good customer relationship which means better service to the customer thereby preventing the customer from being promiscuous. A lot of companies are not just attracting customers, but are working at building long term relationships with customers (both local and foreign customers), suppliers, employees, distributors and the general public. There is limited research that reveals the relationship between CRM dimensions and hotel performance. To win customers and encourage them to stay loyal or repurchase the service, most companies have resorted to meeting and satisfying customer needs by not being only reactive but proactive. They are also interested in finding new ways and means to satisfy the customer. Therefore, in

today's highly competitive environment, businesses need better understanding of their customers. It is very important to retain the customer for the future as it is known that it takes double the cost to acquire new customer than the old one. So here, the information is collected about the views of the hotel managers/owners upon the activities that result in customer retention.

CRM AND HOTEL INDUSTRY

Despite the fact that CRM brings lasting benefits to organizations, as a whole, some of them gain profits from implementing it more than others; CRM brings benefits to the organizations that generate a lot of information about customers (Bose, 2000; Kotler, 2002; Mguyen et al., 2007). In addition to this, Gronroos (2004) that service organizations for their intrinsic characteristics of the production and consumption are inseparable elements necessary to build relationships with customers. Accordingly, CRM will be ideally suited to the hotel industry, especially when implementing it successfully and effectively, taking into our account that hotels receive a lot of data about customers. Such data can be transformed into useful knowledge about them (Kotler, 2002; Lin and Su, 2003; Mguyen et al., 2007; Nasution and Mavondo, 2008; Dev and Olsen, 2000). Suffice it to say that hotel industry, like any business sector has to be highly competitive to be able to do well in the business environment, therefore, it is of vital importance for it to encourage behavioral patterns of continuous re-purchase and to retain customers last longer. Thus , it is evident that such ambitious aims can only be achieved through implementing CRM , which will result in establishing fruitful relationship between organizations and their customers (Papastathopoulou et al., 2007; Verdugo et al., 2009). Moreover, it goes without saying that growing customer- acquisition costs, rising customer expectations, price-sensitive travelers, more sophisticated clients, uncertain market and less brand

loyalty are all key factors, which strongly urge hotels to focus on CRM as a useful strategy. Needless to say, CRM is widely considered as one of the most effective ways to facilitate developing and expanding the customers' base that , in turn , will assist in enhancing profitability and guest loyalty (Mylonakis, 2009; Sigala, 2005; Sigala and Connolly, 2004; Wu and Li, 2011).

PROBLEM STATEMENT

Customer requirements for quality products and service in the tourism industry have become increasingly evident to professionals (Lam and Zhang, 1999; Yen and Su, 2004). Guest relationships are a strategic asset of the organization (Gruen et al., 2000) and customer satisfaction is the starting point to define business objectives. In this context, positive relationships can create customers higher commitment and increase their return rate. Long-term and reciprocally advantageous relationships between customers and the hotel is becoming progressively important because of the highly positive correlation between guests' overall satisfaction levels and the probability of their return to the same hotel (Choi and Chu, 2001).

Organizations' have discovered research studies have shown that retaining current customers is much less expensive than attracting new ones. Companies have come to realize that in order to develop successful long term relationship with customers, they should focus on the „economically valuable? customer, while keeping away and eliminating the „economical invaluable? ones. Proper CRM practices can potentially impact customer satisfaction rating and can potentially lead to increased customer retention, thereby increasing customer loyalty.

OBJECTIVES OF THE STUDY

The research aims to investigate the impact of customer relationship management on customer's satisfaction, trust, retention in HOTEL TAJ in India, in addition to the following:-

- To know the customers trust to Hotel Taj due to CRM

- To find whether customers are satisfied due to CRM in Hotel Taj
- To identify customer retention in Hotel Taj due to CRM

LITERATURE REVIEW

CRM dimensions evaluation was assessed in a number of ways, including customer satisfaction (Abdulateef et al., 2010), market effectiveness and financial performance (Sin et al., 2005), customer performance and financial performance (Akroush et al., 2011), and customer retention and sales growth (Yim et al., 2005). The use of other dimensions of performance is beneficial as suggested by previous studies (Sin et al., 2005). Therefore, this study will use the Balance Scorecard (BSC) dimensions to evaluate the impact of CRM dimensions on hotel performance. According to Light (2003), Customer Relationship Management is a process of managing customer relations in an organized way. They aim at managing each “Moment Of Truth” that is experienced by the customer. There are various contact points where the hotel comes in direct contact with the customer which are known as ‘Touch points’ in the CRM language. 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 (Kotler and Keller, 2006).

RESEARCH METHODOLOGY

Descriptive statistics were used to summarize respondent’s characteristics, including demographic information, such as age, gender; also questions about the participating company’s profile, such as the numbers of Customer were included. Furthermore, inferential statistics were used to test hypotheses to determine the relationship between variables. In this research, two types of data have been used; primary and secondary data. Primary data have been collected through the answers received from side the customers of Hotel Taj .Secondary data that have been used in this research are from annual reports and accounts of Hotel of India, Books, Journals, Periodicals and computer database. All customers' department officials in state hotel of India have been deemed as research population.

RESEARCH AREA & SAMPLING

New delhi is our research area . a case study of Hotel Taj has been taken .

STATISTICAL TOOLS

The variable analysis tool, analysis of variance (ANOVA), was used to determine the impact of customer relationship management in Taj Hotel , New Delhi on the level of customer’s trust, retention, satisfaction, and management activities.

RESPONDENTS

The questionnaire was designed on the basis of the Customer Relationship Marketing Model, given in Fig 1 (Dash, 2003). Questions were asked relating to CRM practices like customer need assessment and acquisition, customer development through personalization and customization, customer retention, new customer referrals and benefits from CRM approach, etc. After collection of data, master tables were constructed and analysis of collected data was done by using various statistical techniques like percentage method, mean scores and two mean t-test. Questionnaires were administered to both individual and corporate clients of the hotel and the result of this was analyzed. Total 200 respondents have taken for analysis.

DESCRIPTION OF PERSONAL FACTORS

- Gender : it is shown that 50.7 % of the sample is male, and 49.3% is female

- Age range : it is shown that 43.3% of the sample their age from 21 to 30 years and 31.3% between 31-40 years, 12.7 % between 51 to 60, 6.7 % of those less than 20 years, and 6.0 % between 41 to 50.
- Monthly income: the table shows that 38.0 % of the sample their income less than Rs. 20000, 24.7 % between Rs. 20000 – Rs. 40000, 19.3 % between Rs. 40000 – Rs. 60000, and 18.0 % their income More than Rs. 60000.
- Occupation: 62.0 % of the sample individuals is working in Private Sector, and 38.0 in Public Sector.
- Education: 36.7 % of the sample study has Post Graduate degree, and 32.0% of the sample has Bachelors degree, 12.7 % of the sample has master's degree, and 18.7 % has High School.

Test of Hypotheses (1)

H0: There is no impact of implementing customer relationship management to increase the customer trust in Hotel Taj.

Table-1 : Arithmetic mean, standard deviation, t value and significance level (p-value) in terms of trust

Item No	Item details	Mean	Std dev	t-Value	p-Value	Degree
1	Hotel Taj staff is very trusted	3.97	0.70	16.39	0.00	Moderate
2	Hotel Taj provides healthy dealing environment where customer feel confident	3.92	0.53	21.63	0.00	Moderate
3	Hotel Taj employees are well trained	5.10	0.55	24.89	0.00	High degree
4	Hotel Taj employees are quiet skillful	5.06	0.52	24.74	0.00	High degree
5	Hotel Taj is very informative & get accurate information	5.18	0.64	21.60	0.00	High degree
6	Hotel Taj always keep its promises	3.88	0.65	16.57	0.00	Moderate
7	Hotel respects it promises as expected	3.91	0.61	16.73	0.00	Moderate
8	Customers get upto mark services that they expect	3.96	0.77	14.84	0.00	Moderate
9	All grouped items	3.97	0.47	25.61	0.00	Moderate

(Source: Primary Data)

Table shows that all the items have a arithmetic means greater than 3.00 and p-value less than 0.05 which means that they are statistically significant. The table shows that all grouped items have a mean of 3.97 and 0.00 level of significance (p-value), which means that this hypothesis is rejected. Which means there is impact of implementing customer relationship management to increase the customer trust in Hotel Taj with a medium degree.

Test of Hypotheses (2)

Ho: There is no relationship between Customer Relationship Management and customer retention in Hotel Taj.

Table- 2: Arithmetic mean, standard deviation, t value and significance level (p-value) in terms of customer retention

Item No	Item details	Mean	Std dev	t-Value	p-Value	Degree
10	Hotel Taj always introduce new services and implement for betterment	3.87	0.66	17.45	0.00	Moderate
11	Hotel Taj keep itself updated and aware about new changes	3.64	0.67	12.63	0.00	Moderate
12	Continuous feedback system is applicable	3.69	0.48	21.83	0.00	Moderate
13	Highly focused on your own Needs	3.75	0.54	17.56	0.00	Moderate
14	Hotel provides full privacy to customers	3.96	0.67	19.60	0.00	Moderate
15	Hotel avoid any attitudinal problems	3.77	0.58	21.71	0.00	Moderate
16	Good in negotiating problems	3.78	0.65	17.65	0.00	Moderate
17	Very friendly environment for solving any problems	4.23	0.80	15.26	0.00	High degree
18	Promising of high quality services	3.83	0.83	13.32	0.00	Moderate
19	Customers get respect from Hotel Employees	3.85	0.69	16.73	0.00	Moderate
20	Level of satisfaction while dealing	3.85	0.97	11.54	0.00	Moderate
21	Like to stay with your hotel	3.68	0.73	15.64	0.00	Moderate
	Total	3.87	0.54	20.82	0.00	Moderate

(Source: Primary Data)

Table shows that all the items have an arithmetic means greater than 3.00 and p-value less than 0.05, which means that they are statistically significant. The table shows that all grouped items has a mean of 3.87, and 0.00 level of significance (p-value), which means that this hypothesis is rejected. Which means that there are relation between Customer Relationship Management and customer retention in Hotel Taj with a medium degree.

ANALYTICAL INTERPRETATIONS

The statistical analysis shows that the Customer Relationship Management has moderate influence on the level of client's satisfaction, confidence and the retaining of the clients of the Taj Hotel , New Delhi. Hotel Taj employees have good skills, Hotel

Taj employees are trusted, the information customers get from the hotel is accurate, the hotel always exert good efforts to fulfill its promises, the hotel respects its promises as expected, and customers get the hotel's services as promised. Hotel Taj services are updated to meet customers' needs. Activities of management, there is a flexibility in hotel services, Hotel Taj hotel commit itself to customer's personal needs, information provided by the hotel are trustworthy, the hotel provides customer with an access to its services, customers are informed with any new hotel product, Hotel Taj employees know how to serve customer, Hotel Taj staff know how to solve customer problems, problems with the hotel are solved quickly, Hotel Taj always tries to build up very close relationship, Hotel Taj service quality is matching with customer's needs. There are relation between customer relationship management and customer retention in Hotel Taj with a medium degree, where the hotel keeps customer updated with new services available, there is a continuous contact from the hotel side, Hotel Taj employees focus on customer's own needs, the Hotel Taj policy respect customer's own privacy, the hotel policy based on avoiding any potential problems, the hotel is able to negotiate the problems with customer. The perception among respondents about the hotel was good since they gave a positive review of the services. Most of the respondents agreed that they would come back to the hotel. The corporate clients were also satisfied with the services provided at the hotel with 20% having used the hotel for up to 4 years. The results showed that 49.3% of the respondents were females whilst 50.7% were males. Most of the respondents had heard about the hotel from newspaper advertisements (40%) and referrals from people who had used the hotel (30%). 80% of the respondents were willing to refer to the services of the hotel to other people whilst 90% of them were satisfied with the services at the hotel. The accommodation and catering facilities were mostly patronized.

SUGGESTIONS

The concept of Customer Relationship Management, the Hotel Taj manager should provide them training and increase their motivation by rewards. The Hotel Taj manager should focus on the staff's scientific and practical skills and capabilities. The company must continue in management studies in order to identify the consumers' present and future needs and desires to meet their desires and needs as well as they expected. To raise their positive psychological level, to live up to the best level of dealing with consumers in line This will be achieved by qualified and trained staff cope with the development of current and future surroundings to win the consumer's satisfaction. The institution should deal consumers trustworthily and credibly through commitment to the delivery dates of orders without bias to gain consumer's trust of the hotel institution. The institution must take care of the staff's external appearance in order to win the consumer's satisfaction.

CONCLUSION

The research was conducted as a result of discovering the satisfaction rate and retention rates of these industries. The focus of the study was to determine ineffective CRM has an impact on customer loyalty, a long or short term financial impact on the organization, whether managing customer relationship effectively builds customer trust in the organization and if the customer value benefits in making another purchase. In the process, relevant theoretical literatures were reviewed and it was discovered that CRM is an enterprise approach to understanding and influencing customer behavior through meaningful communications in order to improve customer acquisition, customer retention, customer loyalty, and customer profitability. The research was designed as a descriptive one because it provides factual, accurate and systematic

data description and characteristics about the population or phenomenon being studied. The research population was examined and after careful analysis, the clients and staff of the Hotel Taj hotel in Delhi were used as a sample size. Primary data was collected from this institution through a well-designed questionnaire that incorporated both closed and an open-ended question. The responses to the questionnaires were analyzed using SPSS and Microsoft Excel. This is clearly evident in the customers' willingness to repurchase products depicting that there is a level of satisfaction that makes them willing to repurchase services at the hotel.

FUTURE RESEARCH

There has been a considerable improvement in the service delivery system of the hotel industry and the concept of CRM has taken a new dimension and is gaining momentum in this sector. It contributes enormously to the body of knowledge, as it provides a comprehensive framework that is used for explaining the impact of the CRM four dimensions on hotel performance. It is an accepted fact that the concept of customer relationship management neither has been fully verified, nor empirically assessed to determine the strength of the relationship between dimensions of customer-relationship management and hotel industry performance. Moreover, this study uniquely extends the body of knowledge by explaining the theoretical possibilities of the mediating role of marketing capabilities (planning and implementation) in the relationship between CRM dimensions and hotel performance. It is worth mentioning that this paper will also raise awareness among hotel managers to pay more attention to CRM dimensions, marketing capabilities, and assist them in improving hotel performance and competitiveness. However, the fact remains that this study has its limitations. There could be some factors that may influence repurchase behavior such as hotel charges which these researchers did not investigate. More over question items were limited in number to encourage high response. This might have affected the possible outcome in that some important variables might not have been measured accurately. Probably, there are some moderating factors between CRM and repurchase behavior relationships and also among the concepts explored in this research which this survey cannot explain. Another weakness of the customer satisfaction management system of Hotel Taj hotel is that it appeared as though a structured CRM (Customer Relationship Management) system has not yet been implemented.

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