

Customer Relationship Management: A key Success Factor in Services Marketing (A Case Study of Tourism (Hotel) Services in Navi Mumbai)

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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 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 Navi Mumbai Scenario: Hotels in Navi Mumbai are facing high competition both from within the area and also from other hotels. In order to succeed under existing conditions, hotels will have to perceive the needs of its customers and devise better means of fulfilling them. In general, most of the studies on hotel sector deal with an analysis of financial aspects such as profitability, productivity and financial performance without much concentration on the customer retention, loyalty, etc., which has now changed in the recent years, with attempts being made to study certain aspects of marketing in hotels. However, a majority of these studies have been on customer service satisfaction, without much focus on customer relationship management. Very few attempts have been made to assess the marketing function from a hotelier's point of view. With a dearth of literature on marketing of hotel services in Navi Mumbai, it is hoped that the present study makes a humble contribution in this area.

The changes in the present day hotel environment has 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 origin and growth of hotel marketing is something that migrated from the west. Indian hotels are witnessing the marketing in the correct perspective only in recent times and there is still an absence of synergistic effort in this direction. But even India is feeling that the times have changed; where once upon a time most of the customers were only concerned about basic needs, today they are acutely aware of a multitude of aspects due to the emergence of competition in this sector, bringing them alive to higher levels of customer service hitherto unknown to their experience. Though the concept of marketing has originated in hotels in the past, yet efforts have been scattered and without full exploitation of professional marketing tools. If a hotel wants to become marketing oriented and attain a sustainable competitive advantage, then there could be three types of strategies that a hotel can adopt, viz., defensive strategy which aims at protecting and retaining existing customers, offensive strategy which focuses on penetrating new areas through geographical expansion by adopting innovation and seizing market opportunities and, finally, the rationalization strategy, which means application of cost reduction methods-therby being able to service its customers at a price lower than its competitors.

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

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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. In order to keep their clientele satisfied and maintain effective relationships with their customers, hotels have to decide about the nature and extent of the services and facilities they intend to make available to their customers, and to be able to do this, they have to constantly keep themselves informed about changing customers preferences, develop and design services that suit those preferences, inform their customers about their services, suitably price them and deliver them smoothly through a well established network. For the hotels, this would mean reorienting management policies towards greater efforts at customer satisfaction and retention. For helping the hotels formulate a customer oriented management philosophy, the adoption of marketing concept can be of definite assistance to hotels.

Keeping the importance of the marketing of hotel services in view, an attempt has been made to review the related studies and some of the important studies are reported here. 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.

The role played by the 7 Ps, viz., product, price, promotion, place, people, physical evidence and process of a bank in meeting customer needs as well as tackling competition has been discussed lucidly by Janice Reynolds (2002). The author is of the opinion that the changes in the present day hotel environment is leading the hotels in introducing marketing philosophy as a major plank in their strategy to meet the competition. The Author strongly believes that if the hotels want to become marketing oriented, there could be three types of strategies which a hotel can implement i.e., defensive strategy which aims at protecting and retaining existing customers; offensive strategy which targets penetrating the new areas through geographical expansion by adopting innovation and seizing market opportunities; and the rationalization strategy which aims at the use of cost reduction methods. The way the elements of the marketing mix can be managed by the bank have been lucidly put forward by Snehlita Srivastava (2004). She opines that marketing in hotels should aim at improving the quality of services rendered by introducing a wide range of products, developing and promoting products which are going to meet the needs of customers and which are acceptable to them. These products should be priced realistically. The role played by the commitment is stressed by her.

CRM 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. CRM 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 CRM in The Indian Hotel Sector (with special reference to Navi Mumbai) and to study the factors influencing Customer Relationship Management.

The research aims at understanding the concept of CRM in Hotel Services.

Method:

The Study: A research study was undertaken to study the role of customer relationship management in the hotels in Navi Mumbai. The study has brought out varied aspects of CRM in hotel services. As lot has and is being discussed on this area, which makes it an important area to analyze for its scope and the possible impact it can have on the hotel sector in Navi Mumbai. CRM has come as a boon of information technology, which when exploited will make the adopters competitive and cost effective.

The Sample: 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 100 respondents. The secondary data is collected mainly through published articles, books, research studies, various documents and the Internet.

Results and Discussion:

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

Sample Break-Up

Table 1

S.No.	Hotel	Number of Respondents	%
1.	M/s K-Star, CBD Belapur	20	20
2.	M/s Day's Inn, Vashi	20	20
3.	M/s Supreme Heritage, Vashi	15	15
4.	M/s Abbot, Vashi	15	15
5.	M/s Royale, Sanpada	15	15
6.	M/s The Corporate, Belapur	15	15
	TOTAL	100	100

The study covered 100 respondents from six different hotels, chosen at random.

Gender-wise Distribution: Men account for 76 per cent of the respondents and women 24 per cent.

Table 2

S.No.	Gender	Number of Customers	%
1.	Male	76	76
2.	Female	24	24
	TOTAL	100	100.0

Education: Education makes a difference in articulation of opinions. Nearly 40 per cent of the respondents have a minimum qualification as graduation, 35 per cent are postgraduates, while nearly 13 per cent of respondents have SSC and below as qualification and 7 per cent of respondents have done their Intermediate.

Table 3

S.No.	Education	Number of Customers	%
1.	Illiterate	3	3
2.	Below SSC	5	5
3.	SSC	5	5
4.	Intermediate	7	7
5.	Graduate	40	40
6.	Post Graduate	35	35
7.	Others	5	5
	TOTAL	100	100

Occupation: The maximum percentage of the respondents are from the business persons (20 per cent), while government employees accounted for 18 per cent followed by Private Employees at 17 per cent.

Table 4

S.No.	Occupation	Number of Customers	%
1.	Agriculture	3	3
2.	Housewife	5	5
3.	Self Employed	5	5
4.	Govt. Employee	18	18
5.	Student	10	10
6.	Business	20	20
7.	Private Employee	17	17
8.	Retired	12	12
10.	Professional Consultant	10	10
	TOTAL	100	100.0

Association with the Hotel: Out of the 100 respondents; 35 per cent were associated with the Hotel for 6-10 years, 25 per cent for 2-5 years, 20 per cent for were new customers (less than 2 years) and 20 per cent were above 10 years.

Table 5

S.No.	Number of years as a Customer	Number of Customers	%
1.	Less than 2 years	20	20
2.	2 - 5 years	25	25
3.	6 to 10 years	35	35
4.	Above 10 years	20	20
	TOTAL	100	100

Reasons for choosing a particular Hotel: 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. For example, 17 per cent have chosen the hotel for its nearness to their office; 25 per cent have chosen the hotel for proximity to their residence; 18 per cent chosen the hotel because of its very convenient timings; 40 per cent for the response from the hotel's employees; 38 per cent for prompt service; 18 per cent for modern technology; 12 per cent on advice of friends and relatives; and 10 per cent for various other reasons.

Employee Behaviour: Employees' behaviour 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 54 per cent of the respondents felt that the employees were friendly, while 36 per cent felt that they were normal, 4 per cent felt that they were casual or indifferent.

Table 6

S.No.	Employee Behaviour	Number of Customers	%
1.	Friendly	54	54
2.	Normal	36	36
3.	Casual	4	4
4.	Indifferent	4	4
5.	Hostile	2	2
	TOTAL	100	100

Help-line Facility: When asked about the helpline facility, 69 per cent respondents said that they are aware of the facility. When asked about trying the helpline, 51 per cent of respondents have tried and out of them 93 per cent felt that the service was prompt. When questioned about the satisfactory reply, 90 per cent felt that the reply was satisfactory.

Other Aspects: When asked about the relationship with the hotel, most of the respondents (91 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 (54 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.

It is an interesting fact to know that the Navi Mumbai hotels have slowly begun to realize the need of adopting a customer centric marketing philosophy in their operations. As changing conditions affect every aspect of business, marketing orientation becomes an important key to the survival and growth of a hotel as it leads to greater customer satisfaction and retention. To face the competition, the hotels are devising new offers with great strategic management. But there is yet much difference between the performances of varied hotels. The need of the hour is developing innovative means of attracting and retaining customers to stay and grow with the market. Customer satisfaction, therefore, is the central aspect of the overall strategy of any hotel, which should finally lead towards establishing a long term relationship with the customers. Hotels have to make their services accessible, affordable, convenient and customer friendly so that a customer feels like a king, cementing an emotional bond with the hotel, which will last a lifetime.

Hyper-competition makes it difficult for the hotels to achieve their long term goals, however. In order to succeed and sustain under the existing market conditions, hotels will have to perceive the needs of its

customers and devise better means of fulfilling them. The most important challenge before the hotel industry today is to generate a high degree of customer satisfaction and an effective customer relationship management strategy. The future of hotel lies in identifying and even anticipating new customer needs and developing new ways for satisfying such often unexpressed customer needs. To improve the performance of hotels, there is yet no substitute for providing better customer service leading towards creation of a solid bonding with the customer.

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.

Conclusion

The concept of CRM in the Hotel Sector is creating sustainable competitive advantage. The competition and drive towards profitability is making the hotels (in Navi Mumbai) move in this direction. It can be concluded that CRM acts as a key success factor in services marketing with a special reference to hotel services in Navi Mumbai.

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