

# CRM AND CUSTOMER SATISFACTION IN STAR CLASSIFIED HOTELS

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**Abstract:** *Customer relationship management is an emerging and essential need for any industry to retain and acquire customers. Especially in hospitality industry it is an inevitable one to withstand in the competitive world. In this study focus mainly on the perception of Customer Relationship Management among the staffs of star classified hotels and its contribution towards the organizational growth. The findings present the correlation between the customer relationship management with the customer satisfaction and thus help in organizational growth.*

**Keywords:** CRM, Customer Satisfaction, Organizational Growth, Star Hotels, Coimbatore

## 1. INTRODUCTION

Customer relationship is a strategy in business to identify and retain potential customers for a life time. This CRM evolved from product centric in 70s which means he services fully focused on products and then in 80s it changed to Customer centric, its focused on individual customers and now in the 21<sup>st</sup> century its evolved to relationship centric, as the name suggests it follow regularly with the customers and ask their feedback and suggestions to retain its potential customers because of competitive world. Every organization debuted a special team for this to maintain relationship with the stake holders. More specifically, CRM is regarded to be among the best strategies and practices for hotels in order to develop their performance and thus to make sure that their long- term business is survival (Wu & Lu, 2012). In India, the hotel sector operates in a business environment that is illustrated by solid challenge, making it vulnerable to international competition (Rababah, 2012). This also reveals that hotel performance in Tamilnadu, India needs development. In other words, hotel managers need to utilize a proper strategy and practice to develop their performance (Alshourah, 2012).

## 2. LITERATURE REVIEW

[1]Lefebure and Venturi (2000) in their study mentioned that “customer retention is a very important aspect in CRM since the acquisition of new customers is much more expensive than retaining the existing ones”.

[2]Peppard (2000) suggested that “technological advances in global networks, convergence and improved interactivity, are key and critical to e-business and CRM growth. The core functionality of a CRM product is the ability to maintain a single, cohesive view of the customer for the customer-facing functions of sales, services and marketing”.

[3]Dickinson (2001) analyzed “the nature and scope of CRM-enhanced revenue management in the hospitality industry and noted that systematic practice of customer relationship management enhanced the income generating opportunities in the hospitality sector. The scholar suggested that adequate investment should be made in the field of customer relationship management in order to enhance the income generating opportunities in the hospitality industry”.

[4]Kimes (2002) was quoted as saying that “segmentation strategy is important to an organization and can be effectively applied in the hotel industry as they have many segments of customers to be served”.

[5]Andaleeb (1996) analysed the “relationship between customer satisfaction and business promotion and noted that the role of trust and dependence made all the difference in the practice of CRM. The scholar suggested that modern business houses should live up to the expectations of the customers who are a decisive force in the process of business promotion”.

[6]Kotler (2002) examined the “process of customer relationship management in modern organizations and noted that the practice of CRM had become an all- pervasive organizational activity in modern society. The scholar suggested that modern organizations should learn to live with the customers and practice customer relationship management on the basis of scientific evaluation and up gradation”.

Parthasarathy and Sohi (1997) mentioned that “Sales Force Automation is the factor influencing CRM and noted that it has two stages; the first stage is at the organizational level and the second stage is at the individual salesperson level”.

As [7]Stone et al. (2001) was quoted, “the building of a key working culture, establishing agreement for cooperation, building teamwork consisting of people of various disciplines who take different roles, integrative cooperation, and efficient communication, all of which require participation of personnel at all levels from administrators to operators as the factors influencing CRM practice”.

### 3. OBJECTIVES

- ✚ To find the perception of customer relationship Management among staffs of hotel industry
- ✚ To understand the effectiveness of CRM in the study area
- ✚ To find the correlation between the CRM and Customer satisfaction in the hotel industry in study area

### 4. METHODOLOGY

The study was carried out in the star classified hotels in the region of Coimbatore. The staffs of Coimbatore region star hotel industry were chosen for this study. A structured questionnaire was framed and distributed to the staff members and collect it later. Totally around 67 staffs of various star hotels were filled this form. Depends upon the responses mean, standard deviation and percentage was calculated to understand the profile of the respondents and the t-test, f- test and correlations were used to find out the results.

## 5. RESULTS AND ANALYSIS

*Table 1- Profile of the respondents*

| Profile of the Respondents |                   |           |         |
|----------------------------|-------------------|-----------|---------|
|                            |                   | Frequency | Percent |
| Sex                        | Male              | 42        | 62.7    |
|                            | female            | 25        | 37.3    |
| Position                   | Low Management    | 22        | 32.8    |
|                            | Middle Management | 32        | 47.8    |
|                            | Top Management    | 13        | 19.4    |
| Star category              | 3 Star            | 12        | 17.9    |
|                            | 4 Star            | 27        | 40.3    |
|                            | 5 Star            | 28        | 41.8    |

The percentage of the respondents are given in **Table 1**. As indicates in the table 62.7% of the respondents are male and the rest 37.3% are Female and also 47.8% of the respondents from Lower management, 32.8% are from middle Management and the small amount of 19.4% are from Top management. 41.8% of the respondents from 5-star hotels, 40.3% are from 4 star and the remaining 18% from the 3-star category hotels.

*Table 2 - Paired Sample test*

| Paired Samples Test |   |                    |                |                 |   |         |        |    |                 |
|---------------------|---|--------------------|----------------|-----------------|---|---------|--------|----|-----------------|
|                     |   | Paired Differences |                |                 |   |         | t      | df | Sig. (2-tailed) |
|                     |   | Mean               | Std. Deviation | Std. Error Mean | 95% Confidence Interval of the Difference |         |        |    |                 |
|                     |   |                    |                |                 | Lower                                     | Upper   |        |    |                 |
| Pair 1              | Is the organization Following CRM - CRM increases the customer satisfaction | .28358             | .64681         | .07902          | .12581                                    | .44135  | 3.589  | 66 | .001            |
| Pair 2              | Star category - Is the organization Following CRM                           | -.59701            | .83593         | .10213          | -.80091                                   | -.39312 | -5.846 | 66 | .000            |
| Pair 3              | Is the organization Following CRM - CRM helps to achieve the goals          | .46269             | .74525         | .09105          | .28090                                    | .64447  | 5.082  | 66 | .000            |

Table 2 paired sample t-test results shows that significant level of the pairs. Table disclosures

- There is a significant relationship between the Organization following CRM and the customer satisfaction with the t value of 3.589 and p value of 0.001
- There is a negative significant relationship between the various star category and the organization following CRM with the t value of -5.846 and p value of 0.000

- There is a significant relationship between the Organization following CRM and the customer relationship management helps in achieve the goals with the t value of 5.082 and p value of 0.000

*Table 3- Lack in improving CRM*

| What is lack in improving CRM in your Organization? |                   |           |         |               |                    |
|---|-------------------|-----------|---------|---------------|--------------------|
|   |                   | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid   | Budget            | 19        | 28.4    | 28.4          | 28.4               |
|   | Lack of awareness | 27        | 40.3    | 40.3          | 68.7               |
|   | Work Culture      | 12        | 17.9    | 17.9          | 86.6               |
|   | Technology        | 9         | 13.4    | 13.4          | 100.0              |
|   | Total             | 67        | 100.0   | 100.0         |                    |

As the Table 3 shows that the 40.3% of the respondents are agreed that their organization was lack in awareness for improving CRM in their organization as well as 28.4%,17.9% and 13.4% of the respondents agreed that Lack in Budget, Work culture acceptance and Lack in technology respectively.

## 6. CONCLUSION

Present study reveals that the majority of the organization following CRM in their organization and the t-test reveals that there is a significant relationship between the CRM and Customer satisfaction as well as there is some lack in improving CRM in their organization. Hence the Top management take necessary steps to rectify the lack in improving CRM it will surely help in achieving organization goals in an effective and efficient manner.

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