

Customer Retention Strategies in Hotel Industry in Trivandrum

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ABSTRACT

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. For the purpose of the study, a sample of 10 hotels was selected from the list obtained from Restaurant and Hotel Association of Ludhiana on random basis. The managers/owners of the hotel were contacted to satisfy the objective of the study. It was found that most of the managers 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 loyalty.

KEY WORDS: Customer Relationship Management, Hotel Industry, Customer Satisfaction.

1. INTRODUCTION

The Indian hotel industry is experiencing increased globalization, competition, higher customer turnover, growing customer acquisition costs and rising customer expectations, meaning that hotels performance and competitiveness is significantly dependent upon their ability to satisfy customer efficiency and effectively. In the hotel industry the basic products (rooms) are very similar, when comparing the same quality level the customer focuses are on soft factor like personal treatment, personalization, one to one marketing and attention by the hospitality professions. The hotel industry enjoys easy data access as the guests need to register their name and address during check-in and in some countries, guests even need to provide their passport data and more detailed private information. In addition, people are very likely to share their personal preferences with hotel staff to make their stay more enjoyable.

The hotel can make use of this database combined with IT and give the guests a unique experience. They can establish a close relationship with customers and meet their needs perfectly. In order to be able to compete on a highly competitive market a hotel has to meet every single customer's needs and expectations. To do this it is important to understand the aspects of business performance that persuade customers to become repeat purchasers and to exhibit behavioral loyalty as it costs five to ten times more to sell to a new customer than to an old customer. 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 (Goyal, 2011). Dominici and Guzzo (2010) said that to be successful in the market it is not sufficient to attract the new customers but to concentrate on existing customers implementing effective policies of customer satisfaction and loyalty.

2. Customer relationship management: CRM is about managing customer knowledge to better understand and serve them. It is an umbrella concept that places the customer at the centre of an organization. Customer service is an important component of CRM: however CRM is also concerned with coordinating customer relations across all business functions, points of interaction, and audiences. CRM can bring a lot of benefits for hotels such as customer satisfaction and loyalty, increase in revenues, decrease in costs, and a sustainable competitive advantage. CRM involves the integration of technology and business processes used to satisfy the needs of a customer. In terms of IT, CRM is defined as “an enterprise wide integration of technologies and functions such as data warehouse, websites, intranet/ extranet, telephone support system, accounting, sales, marketing and production”. In other words, CRM is a notion regarding how an organization can keep their most important customers and at the same time reduce costs, increase the values of interaction to consequently maximize the profits”. CRM can also be defined as “an information industry term for methodologies, software, and usually internet capabilities that help an enterprise manage customer relationships in an organized way” or be defined as “an all-embracing approach, which seamlessly integrates sales, customer service, marketing, field support and other functions that touch customers”, (Xu et al, 2002). The real value to the company lies in the value they create for their customers and in the value the customers delivers back to the company. The value lies in the customer knowledge and how the company uses that knowledge to manage their customer relationships. Knowledge is the sole of CRM. Unfortunately, few companies are transforming the information to customer knowledge and therefore they miss the opportunity to provide value to their customers. However, applied in the right way, CRM is the tool that contributes to profit. If companies are transforming the customer data into knowledge and then use that knowledge to build relationships it will create loyalty, followed by profits. Companies can gain many benefits from CRM like lower cost of recruiting customers, reduced costs of sales, higher customer profitability, increased customer retention and loyalty and evaluation of customer profitability. The

company will get to know which customers are more profitable, the ones who never might become profitable, and which ones that might be profitable in the future. This is very important since the key to success in any business is to focus on acquiring customers who generate profit, and once you have found them, never let them go, (Mc Kim, 2002).

Objective of the study: The present research was undertaken with the following specific objective: To study the Customer Relationship Management (CRM) practices in Hotel industry.

2. RESEARCH METHODOLOGY

The population for the study consisted of all the Hotels of Trivandrum. As Trivandrum is an important industrial town and business hub and is developing at a fast pace, a number of hotels are coming up in the city.

A list of Hotels was taken from the Hotel and Restaurant Association of Ludhiana. From the list, the hotels were categorized into two categories i.e. high/medium tariff category hotels and low tariff category hotels based on the single room tariff. A sample of 10 hotels were selected from the list of hotels on the basis of single room tariff, five hotels each from high/ medium tariff and low tariff category based on random sampling. Five hotels selected from high/medium tariff and five hotels selected from low tariff. The managers of these hotels were contacted and interviewed. The primary data was collected with the help of structured, non- disguised questionnaire. The questionnaire was designed on the basis of the Customer Relationship Marketing Model (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.

3. ANALYSIS OF DATA

This section discusses the profile of the hotels and the Customer Relationship Management practices followed by them which includes awareness and opinion towards CRM, activities undertaken for customer need assessment, activities undertaken for acquiring customers, activities undertaken for customer development through personalization and customization, activities undertaken for customer retention, information maintained about customers and methods for complaint handling

Table.1.Customer retaining strategy used in hotels to retain customers in hotels

Customer Retaining Strategies	No. of Staff	Percentage
Blogs	22	19.6
Loyalty Programs	24	21.4
Premium & gifts	23	20.5
Questionnaire	38	33.9
Others	5	4.5
Total	112	100

Source: Primary data

From the above table, it is revealed that 33.9 percent of the staff says that Questionnaire are used as retaining strategy in which the needs and expectations of customers regarding hotel facilities are noted to meet their needs. Questionnaires are often used in hotels as retaining strategy because questionnaire can get the management quality response, in turn it increases the quality of service that hotel offer the customers. Customers can simply give their opinion and suggestions based on their level of satisfaction. About 4.5 per cent of the staff revealed that other techniques like feedback forms, personal enquiries are used as retaining strategy. Mostly, Feedback forms are not used in hotels to find out the satisfaction level because it is time consuming survey method and customers find it difficult to fill and in some cases feedback forms are ignored completely by customers.

Table 2 shows that 29.5 per cent staff revealed that birthday offers are provided to customers as loyalty program to keep in touch with customers and make remembrance. To make customers birthday special, most of the hotels use birthday offers with additional benefits like birthday cakes, lighting, party arrangements etc., this is done to meet the expectations of customers about their birthday. As most of the people wish to spend their birthdays outside, the hotels attract the customers by birthday offers and thereby making them to visit the hotels. About 7.1 per cent staff said that other techniques like free airline travel, free train tickets, discount on spa treatments etc have been used to make loyal customers. Mostly, 2 star and 3 star hotels mostly fail to implement these kinds of loyalty programs because they target on point based loyalty programs.

Machine Classifier. The objective of the proposed work is to recognize the human face. The SVM is a theoretically superior machine learning methodology and SVM method was derived from optimal hyperplane in the linearly separable case. Consider the following classification problem, the samples to be taken as training are represented as p_j ; q_j ; $j=1,2,\dots,M$ and $q_j \in \{-1, +1\}$, where M is the count of samples to be used as training, $q_j = +1$ for

class t_1 and $q_j = -1$ for class $t_2=2$. Suppose the two classes are linearly separable, it is possible to find at least one hyper plane defined by a vector t with a bias t_0 , which can separate the classes with high recognition accuracy.

Table.2. Different type of loyalty programs provided by the hotel on annual stays

Loyalty Programs	No. of Staff	Percentage
Free nights	24	21.4
Free trips	20	17.9
Birthday offers	33	29.5
Membership card with gifts & offers	27	24.1
Others	8	7.1
Total	112	100

Source: Primary data

Table.3. Occasional Gifts and Rewards provided to Customers by the Hotel

Occasional Gifts and Rewards	No. of Staff	Percentage
Always	7	6.3
Frequently	46	41.4
Sometimes	43	38.1
Never	16	14.3
Total	112	100

Source: Primary data

From the above table, it is identified that 41.4 per cent of staff are sure about providing occasional gifts and reward point to customers frequently which can be used for hotel price discounts, bonus points etc. Hotels provide occasional gifts and rewards to their regular customers and these 46 customers are regular to that particular hotel, hence they receive gifts and rewards frequently. . These gifts and rewards act as a motivating factor for the customers to revisit the hotels. About 6.3 per cent staff are sure about offering gift and rewards to customers always. Gifts and reward are provided to customers mostly by 4 star and 5 star hotels. Customers who visit a particular 4 star or 5 star category hotels receive gifts, reward points etc., always.

Table.4. Frequency of arranging guest programs for the customers towards free accommodation

Guest Programs	No. of Staff	Percentage
Always	16	14.3
Frequently	35	31.3
Sometimes	35	31.3
Never	26	23.1
Total	112	100

Source: Primary data

The above table shows that 31.3 per cent of staff is sure about arranging guest programs frequently for customers to make some refreshing elements to customers that allow them to earn points towards free accommodation and 14.3 per cent of staff says that guest programs are always arranged to attract the customers with exclusive benefits and services.

Table.5. Different Type of Customer Relationship Management Practices Under taken by Hotels to retain customers

CRM Practices	No. of Staff	Percentage
Customer need assessment	17	15.2
Personalization	39	34.8
Customer Knowledge Management	15	13.4
Customer offers	9	8.0
Others	32	28.6
Total	112	100

Source: Primary data

Table 5 shows that 34.8 percent staff uses personalization and Customization as Customer Relationship Management Practice. This is because, detailed information of customers can be gathered and stored in separate CRM Software which helps in retaining customer in which these type of CRM Practices are used later for sending card wishes, other offers, to create individual blogs etc., This information can be used to send wishes for special occasions and to maintain a constant touch with their loyal customers. These kinds of practices are maintained by 5 star hotels. About 8 per cent of staff says that hotels use customer offers as CRM Practice which helps in remembering the customers in every moment of special days. These offers enable the customers to use the facilities of the hotels

at a reduced rate. This is one of the easy method handled by hotels in order retain customers. Some hotels fail to use CRM software and this kind of category hotels make use of customer offers.

Findings of the study:

1. It could be inferred that, 34.1 per cent customer's book room by phone call as it is the easiest way for the customers to book and can have a direct talk with the hotel staff which enables them to clear their queries if any. About 14.1 per cent of customer's book room by online reservation as internet is becoming very familiar and easier these days.
2. It is inferred that 26.3 per cent of the customers prefer A/C deluxe to stay in the hotel and about 12.8 per cent of the customers prefer Deluxe room to stay in hotel. Most of the customers belong to the category of middle level status and hence they prefer A/C deluxe and customers came for tour purpose with average level status prefer Deluxe room to stay in the hotel.
3. Out of 384 customers, 84.6 per cent of the customer's feel that the specified hotel satisfies the star category facilities. Since the hotel failed to meet the expectations of customers about 15.4 per cent of the customers feel that the specified hotel doesn't satisfy the star category facility.
4. Out of 59 dissatisfied Customers, 5.5 per cent of the customers got dissatisfied towards poor service and poor facilities of hotel. The hotels may not provide a proper room service and other hospitality services that may annoy the customers. Minimum of 0.5 per cent of the customers got dissatisfied with other factors like food of hotel, price, safety etc.
5. Initial reception (3.58) is the important and highly satisfied infrastructure facility which is rated by most of the customers. The hotels pay more attention to the initial reception area as it is the first sight of the customer's satisfaction. And Atmosphere (3.45) is the least factor which is rated by the customers as highly dissatisfied factor. The room may be congested with no proper ventilation and balcony. The internally created face database consists of 8 subjects with 14 samples each for photographic as well as thermal images (totally 224 images). For experimentation, 168 images for training and 56 images for testing were considered. Fig. 1(a) and (b) shows the sample visual images and their respective thermal images.
6. Customers are highly satisfied on transport facility (4.79). Most of the hotels have cab facilities for pick and drop from airports, railway stations etc. Facilities for pets (2.78) are noted as least factor as most of the hotels do not have facilities for pets. It is not easy for the hotels to manage with pets and hence not allowed.
7. Most of the hotel provides excellent customer relationship which was rated by 32.6 percent of customers as the hotels understand the basic needs of the customers and provide them with a friendly environment and about 5.7 per cent of the customers say that poor customer relationship is maintained in the specified hotel. Some hotels do not treat the customers with proper care and friendliness.
8. It is inferred that, 33.3 per cent of the customers receive occasional gifts and rewards sometimes and about 8.9 per cent customers always receive occasional gifts and rewards from the hotel. 4 star and 5 star hotels always provides customers with gifts and other offers like birthday cards, festival cards for their regular customers. 2 star and 3 star hotels only concentrate on better service and hence regular customers receive occasional gifts sometimes and festival cards via e-mail.

Suggestion of the Study:

1. Customer Retention Strategies should be established more effectively which includes additional retaining strategy like discounts on price, treatments, complimentary, effective loyalty programs and other offers.
2. As most of the Customers are satisfied on Star Category facilities of Hotel, some found improper facilities. Lack of facility for kids, pets and other additional facilities are taken into consideration and should be solved to improve Customer Satisfaction.
3. Entire Atmosphere creates a pleasant feeling in mind of Customers. Hence, calm and attractive atmosphere should be maintained by the management. To attract more Customers, pleasant atmosphere should be created.
4. Additional hotel amenities should be made according to the expectations of the Customers. Change in technology happens rapidly. To meet the technological changes modern amenities and hi-fi facilities should be made to attract youngsters.
5. Each and every individual Customer data should be remembered by Staff by means of Customer Relationship Software which includes all data and information in Customer database.

4. CONCLUSION

Providing better Customer Service is the goal of hotel that is seeking to build relationship with Customers. Implementation of proper CRM Software facilitates detailed information about individual Customer which is used as retaining strategy to retain Customers. To attain the aim of hotel, there should be a cordial relationship between the Customers and Service Providers.

Most of the Customers are satisfied with the Star Category facilities of Hotel, so that the hotel industry should have Customer based strategies. Customer Relationship Management Practice is one of the important retaining

strategy used to attract Customers. It is identified that CRM Practices undertaken by the Hotels to retain Customers are effective but the information of customers, identification of need assessment of customers should be concentrated more. Thus, Customer Relationship Management plays a vital role in retaining Customers. Hotels focus on attracting customers by providing service with various offers like Loyalty Programs and Guest Programs. CRM can be effectively maintained if proper data are stored in CRM database.

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