

DIMENSIONS OF RELATIONSHIP MARKETING PRACTICES ADOPTED IN HOSPITALITY INDIA

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ABSTRACT

The objective of any organization in present is to retain the customers. To attain this objective, organizations have resented in practicing relationship marketing. Relationship marketing has been centre of all activities undertaken in present by service organization. Through this research article, the researcher tries to explore the dimensions of relationship marketing practices adopted by hospitality industry in India. The researcher identified three dimensions of relationship marketing which are discussed in article.

INTRODUCTION

The biggest management opportunity in the new millennium of globalization and liberalization for a business is to serve and maintain good relations with the king - the customer. Competition as increased therefore firms look to differentiate their products in the highly commoditized market through branding. Branding refers to any feature or quality that can differentiate a product or service from that of a competitor. The ultimate goals of branding are to create brand awareness and brand loyalty among consumers through building relationships of trust, familiarity, and reliability and to feel them comfortable. Customer service is the provision of services to customer before, during and after a purchase. Customer service is a service of activities designed to enhance the level of customer satisfaction that is the feeling that a product or service has met the customer expectation. Customer service plays an important role in an organization ability to generate income and revenue (Seldon, 1998). From these perspective, customer service should be included as part of an overall approach to systematic improvements.

Customer care is a competitive weapon that can easily differentiate one supplier from another. The discipline is follow to a good customer service and operational practices in order to create substantial rewards (Dall and Bailive, 2004); customizing products and service, obtaining higher quality products, gaining access to information and employee satisfaction, and above all ensuring long lasting customer retention and loyalty. Customer relationship management has developed from the foundations of mass marketing and brand loyalty. The height of the industrial era brought with it mass production and a division of specialized corporate functions (Parvatiyar and Sheth 1995).

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 (Winner, 2001). Relationship Marketing is activities that are aimed at developing, managing trusting and building long-term relationships with larger customers. In relationship marketing, customer profile, buying patterns, and history of contacts are maintained in a sales database, and an account executive is assigned to one or more major customers to fulfill their needs and maintain the relationship. Through the research article, the researcher tries to identify the dimensions of relationship marketing practices adopted by Hospitality industry in India.

REVIEW OF LITERATURE

Payne and Frow (2005) gave a definition, as CRM is a strategic approach that is concerned with creating improved shareholder value through development of appropriate relationships with key customers and customer segments. CRM unites the potential of relationship marketing strategies and IT to create profitable, long-term relationships with customers and other key stakeholders. CRM provides enhanced opportunities to use data and information to both understand customers and co-create value with them. This requires a cross-functional integration of processes, people, operations and marketing capabilities that is enabled through information, technology and applications. The foregoing approach to the definition of CRM combines both the marketing and the information technological (IT) views to CRM. In this study they also emerged definitional aspect of CRM and identified three perspectives of CRM, moreover they emphasized on the need for cross-functional, process oriented approach in information management process, value creation process, multichannel integration process, strategic development process, and performance assessment process. They developed a new conceptual framework of CRM based on these processes and have defined the role and functions of each element in the framework. Sheedy (1997) in the banking sector found that many banks have adopted the culture of relationship marketing. Strong competitive forces have compelled banks to follow a relationship marketing practice that is CRM and restructure their marketing strategies.

Researchers have found several reasons to link CRM with Strategic Marketing in banks. An organizational perspective CRM or Strategic level CRM is required in guiding the CRM strategy in banks. Bank can gain a sustainable competitive advantage over their competitors, if they maintain a good and long-term relationship with their customers. Today, building a competitive advantage is based on how well a bank serves its customer and for this banks are needed to introduce customer-centric approaches then traditional product-centric approaches. Banks have realized the importance of CRM and its potential to help them acquiring new customers, retain existing ones, and maximize their lifetime value. In order to do this, banks must have an effective CRM implemented.

Mahanty and Bagodi (2006) state that the success of two wheeler manufacturers in India depends on the competitive advantage gained by them through after

sales services and providing and maintaining customer satisfaction in the face of rapid changes in technology is a difficult task, which can be overcome by timely addition of capacity and upgrading of technical manpower and focusing on the CRM programs. Mehta and Sharma (2015) stated that Customer Relationship Management (CRM) establishes unlimited attention in recent business scenario. It is considered as a tool of resolution to enormous scope. Due to the competitive environment, CRM is crucial and becomes strength for any industry's performance. Though, limited efforts have done that reveals the relationship between CRM dimensions with service sector. Thus from Hotel Industry, the study helps to identify CRM practice in Hotel Industries for the future perspective of Customers and Hotels, yet it becomes easy and effective to build a long term relationship with customers. This paper assists not just to explain the affiliation, however also to clarify the supportive part of marketing abilities in this connection.

Jain (2013) Customer Relationship Management (CRM) is the process of establishing, developing, maintaining and optimizing long-term reciprocally important relations connecting customers and organization. Best customer relationship management targets on recognizing the necessities and needs of the customers and is accomplished by the introduction of these requirements to the strength of the business by integrating them with the organization's policy, manpower, know-how and dealing processes. CRM has an increasing recognition and is appropriate one of the hottest scholarly and sensible topics in the business field. Vijayadurai. (2008). sought to understand what Customer Relationship Management (CRM) is and what benefits can accrue to an organization that implements CRM as well as to identify eminent challenges associated with the implementation of CRM initiatives.

Dutu and Halmajan (2011) opined that CRM strategy will end in failure if the information technology is not used properly, thus the suitable use of technology in marketing is one of the greatest opportunities in hotel industry, because of the fact that it is important to get the right information from the right people at the right time, so that the right decisions can be made and /or the services can be rendered. Based upon the review of literature, it was identified that dimensions of relationship marketing in Indian context are yet to be established in hospitality industry. Thus following are the objectives of the research

1. To explore dimensions of relationship marketing in Indian hospitality industry.
2. To further open up avenues for research

RESEARCH METHODOLOGY

The Sampling Technique used in the research was Random sampling. Respondents were identified using this technique. The respondent for the study comprised of CRM officer of the registered hotels in India and clients who are availing the services of these hotels. The list of Hotels was taken from the Hotel and Restaurant Association of India and tourism department of India. From the list, the hotels were categorized into four categories These hotels are budgeted

hotels, 1 star, 2 star and 3 star hotels. The targeted population of the study is 1,800 and sample size of 400 is the 22.22% of targeted population. Structured questionnaires were prepared for the study and it was prepared by studying various past studies undertaken by researchers. The questionnaire was divided into two parts. First section of the questionnaire consist demographic profile of customers and employees. In first section, questionnaire demographics include gender, age and marital status. In the second part of questionnaire, various items related to the customer relationship practices and their factors were included. The variables are measured on five point Likert scale where 1= Strongly disagree and 5= Strongly agree. Statistical package for social science (SPSS) version 21.0 for windows seven was used for data analysis.

DATA ANALYSIS

This section of research article presents analysis of data collected from survey.

Reliability

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No. of Items
.848	.858	27

The table 1 reliability coefficient of the dataset is well above 0.6, indicating that the variables can be further utilized for statistical analysis.

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	221	55.2	55.2	55.2
	Female	179	44.8	44.8	100.0
	Total	400	100.0	100.0	

The above table 2 shows that the majority of respondents 221 (55.2%) are male and rest of the respondents 179 (44.8%) are female.

Marital Status

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Married	280	70	70	70
	Unmarried	120	30	30	100.0
	Total	400	100.0	100.0	

The above table 3 shows that the majority of respondents 280 (70%) are married and rest of the respondents 120 (30%) are unmarried.

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20-30	121	30.2	30.2	30.2

	31-40	125	31.2	31.2	61.5
	41-50	100	25.0	25.0	86.5
	51-60	42	10.5	10.5	97.0
	Above 60	12	3.0	3.0	100.0
	Total	400	100.0	100.0	

From the table 4, it can be inferred that out of 400 respondents, 121 respondents aged between 20-30 years, 125 respondents aged between 31-40 years, 100 respondents aged between 41-50 years and 42 respondents aged between 51-60 years and 12 respondents were aged 60 and above.

Factor Analysis

Factor analysis is a multivariate statistical technique in which there is no distinction between dependent and independent variables. Factor analysis investigates all the variables to extract the underlined factors. It is used to reduce the number of variables resulting in data complexity into fewer numbers. It extracts common variance from all variables and put them into a common score.

KMO and Bartlett's Test

Before proceeding for the factor analysis, appropriateness of factor analysis needs to be assessed. Two tests are performed to ensure that the data is suitable for factor analysis: the Kaiser-Meyer-Olkin (KMO) measure for sampling adequacy and the Bartlett's test of sphericity KMO value greater than 0.6 considered as adequate.

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.787
Bartlett's Test of Sphericity	Approx. Chi-Square	4.548E3
	df	190
	Sig.	.000

KMO stands for Keyser-Mayer-Olkin Criteria, where high KMO values signify high correlation among the variables from the Table, it can be seen that KMO value was acceptable, as its value found to be 0.787.

The Bartlett's test of sphericity was used to test the multivariate normality of the set of distributions. The result shows that value of Chi-square is 4.548, df 190 and p value is significant at 0.000. This result implies that the data is approximately multivariate normal and acceptable for factor analysis.

Communalities

The sum of the squared factor loadings for all factors for a given variable (row) is the variance in that variable accounted for by all the factors, and this is called the communality. The communality measures the percent of variance in a given variable explained by all the factors jointly and may be interpreted as the reliability of the indicator.

	Initial	Extraction
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Hotels always introduce new services and implement for betterment	1.000	.611
Hotels keep itself updated and aware about new changes	1.000	.551
Highly focused on your own needs	1.000	.673
Continuous feedback system is applicable	1.000	.613
Hotels avoid any attitudinal problems	1.000	.616
Customers get upto mark services that they expect	1.000	.545
Hotels is very informative & get accurate information	1.000	.638
Hotels focus on relationship marketing	1.000	.506
Hotels always develop recognition among their customers	1.000	.530
Respect of customers	1.000	.690
Transparency in the services	1.000	.719
share values with the customers	1.000	.689
Focus on reciprocation	1.000	.419
Very friendly environment for solving any problem	1.000	.427
Promising of high quality services	1.000	.416
Customers get respect from hotel employees	1.000	.366
Like to stay with your hotel	1.000	.524
Having good customer retention policy	1.000	.524
Provides discount to their customers	1.000	.420
Hotels respects it promises as expected	1.000	.507
Extraction Method: Principal Component Analysis.		

Communalities values greater than 0.5, all items are acceptable for further analysis.

Total Variances Explained

With Principal Component analysis, three factors were retained depending on Eigen values and variance explained. Eigen value represents the total variance explained by each factor. The three factors accounted for 54.916 percent of the variance.

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	7.117	35.585	35.585	7.117	35.585	35.585	4.492	22.458	22.458
2	2.423	12.115	47.700	2.423	12.115	47.700	3.566	17.831	40.289
3	1.443	7.217	54.916	1.443	7.217	54.916	2.926	14.628	54.916
Extraction Method: Principal Component Analysis.									

Rotated Component Matrix

Rotated Component Matrix shows the loading of each variable on each of the extracted factors. The objective of this matrix is to find variable, which have high loading on one factor, but low loading on other factors. This is similar to correlation matrix, with loadings having values between 0 and 1. Values close to 1 represent high loadings and those close to 0, represent low loadings.

Table 8: Rotated Component Matrix

	Component		
	1	2	3
Hotel always introduce new services for betterment	.761		
Hotel keep itself updated	.643		
Highly focused on your own needs	.754		
Continuous feedback system is applicable	.737		
Hotel avoid any attitudinal problems	.720		
Customers get upto mark services	.710		
Hotel is very informative & get accurate information	.766		
Hotel focus on relationship marketing		.574	
Hotel always develop recognition among their customers		.651	
Respect of customers		.786	
Transparency in the services		.794	
share values with the customers		.677	
Focus on reciprocation		.622	
Very friendly environment			.621
Promising of high quality services			.678
Customers get respect from Hotel Employees			.745
Like to stay with your hotel			.565
Having good customer retention policy			.666
Provides discount to their customers			.546
Hotel respects it promises as expected			.786

Three dimensions of relationship marketing were identified from factor analysis and were named (i) Customer needs assessment; this factor composed of seven items and accounted for 22.458 per cent of the variance. (ii) Customer development, this factor has emerged as another important determinant of CRM with 17.831 % of variance, and (iii) Customer retention, this factor comprised six items that accounted for 14.628 percent of variance.

DISCUSSION

First dimension was Customer needs assessment and major elements constituting this factor include; Hotel always introduce new services for betterment, Hotel keep itself updated, Highly focused on your own needs, Continuous feedback system is applicable, Hotel avoid any attitudinal problems, Customers get up to mark services and Hotel is very informative & get accurate information. Second dimension was Customer development, and major element this factor include; Hotel focus on relationship marketing, Hotel always develop recognition among their customers, Respect of customers, Transparency in the services, share values with the customers and Focus on reciprocation. Third and final dimension was Customer retention and major elements which constituted this factor include; Very friendly environment, promising of high quality services, Customers get respect from Hotel Employees, like to stay with your hotel, having good customer retention policy, Provides discount to their customers and Hotel respects it promises as expected.

IMPLICATIONS

After Principal Component Analysis, three factors were retained depending on Eigen values and variance explained. These three factors accounted for 54.916

percent of the variance. The result shows that customer needs customer development and customer retention having significant impact on CRM. It indicated that managers should focus towards developing mechanism for assessing needs of customer. The managers should also focus towards developing customer by properly recognizing her/him. And finally retain customers by providing high quality services.

LIMITATIONS OF STUDY

The first limitation is, the data, which is collected, is self-reported and through survey method hence subject to bias. Number of independent variable is limited in this study, so more variable can be taken to find out more significant result for study. The information given by the customers may be under / overestimated so there are chances of biased information.

CONCLUSION

Moreover, this study uniquely extends the body of knowledge by explaining the relationship between CRM dimensions and its impact on CRM. It is worth mentioning that this research 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. 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 its gaining momentum in this sector. The present study on CRM concludes that almost all the owners/managers of the selected hotels in India were aware about the CRM concept and are practicing it in their respective hotels. However, high/medium tariff hotels are practicing it at a greater extent and low tariff hotels are practicing it according to their convenience. The companies are undertaking various activities for acquiring customers, for customer development through personalization and customization, and for customer retention. Further, CRM practices help the hoteliers to increase customer satisfaction, win customer loyalty and retain the customers which results in increased market share and high profitability.

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