Digitalization Impact on Customer Relationship Management (CRM) dimensions on the performance of hospitality (Hotel)Industry in Karnataka

Section: Research Paper

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ABSTRACT

The goal of this study was to examine how customer relationship management factors affected Bangalore hotels' performance. The study's goal was to evaluate how aspects of customer relationship management affected how well Bangalore's hotels performed. To assess the impact of customer service (CS), customer recall (CR), customer response (CRE), and information technology-based CRM (ITCRM) on the performance of Bangalore's hotel business, four variables were chosen for this study. Using a descriptive survey, the study used a mixed-methods strategy that combined quantitative and qualitative data. 120 managers of categorised hotels in Bangalore comprised the study's sample. The study employed a straightforward random sampling method. It involves both primary and secondary data collection techniques. A systematic questionnaire was used to gather primary data. Validity and reliability tests are run as needed. In order to determine how much each hotel was using strategic management aspects of hotel performance, 40 hotels were surveyed for this study. Various statistical approaches and instruments were used to assess the correlations between the four strategic drivers. The research's most significant finding is that CRM dimensions have a favourable impact on hotel performance. The findings showed a moderately significant linear relationship between customer recall, customer service, and hotel performance as well as a moderately low significant relationship between customer response and hotel performance. There was also a highly significant linear relationship between information technology-based CRM and hotel performance. The study identified CRM attributes as the greatest tools to improve CRM dimensions. This study will go a long way towards supporting hotels in discovering and implementing CRM dimensions to improve performance. Improved performance brought about by the impleme

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ntation of CRM elements will aid the hotel business in job creation, additional economic growth, and increased competitiveness of the Bangalore hospitality market.

KEYWORDS: Customer Relationship Management – Dimensions – customer service, customer recall, customer response, Information Technology based CRM and Hotel Performance.

Introduction

The tourism sector includes major components that play a significant role in the sector, including hotel management, human resources, and information technology. According to Mohamed & Rashid (2012), the hotel industry, like every other business, must be highly competitive in order to succeed in the marketplace. As a result, it is crucial that it promote behavioural patterns that lead to continual client repurchase and retention. No country or region can hope to lure as many tourists as the hotel industry does, making it one of the most essential industries that has a direct tie to the tourism industry.

Unless they are hotels, in tourists. Along with star ratings and membership in international hotel groups, other constraints brought on by globalization and Internationalization have forced hotels to improve their performance (Mureithi et al. 2009). One of the most significant and rapidly expanding economic sectors in the globe during the past 60 years has been tourism, which has continued to grow and diversify. Despite occasional shocks, tourism has had essentially constant growth throughout time, highlighting the sector's sturdiness and adaptability. From 25 million visitors from outside the country in 1950 to 278 million in 1980to 674 million in 2000 to 1,235 million in 2016.

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Review of Literature

(Chatura, 2003) defines customer retention is the propensity of the customer to stay with their service provider. It is very important for the hotel to maintain the old customer and attract the new customer. This is very difficult job for the hotels and for each company to retain the old customer and for that reason the hotel offers different package for their customers to retain. Therefore customer retention in an organization and its customers by maintaining, customer loyalty is tested. Customer retention increases profits for the success of the hospitality industry is very tough. Hotel staffs to maintain or gain loyal customers need to present a positive business image. The retention of customers depends on the business image of the hotel or organization. Customer retention in hotels is a major factor to be considered because lack of customers in the hotels will lead to lower sales thus closing up of the establishment.

(Schulz &Omweri, 2012). Customer retention is therefore sustaining the customers in an organization and through this, customer loyalty is experienced. It is paramount for the success of the hospitality industry on increased profitability; also in hotels is a major factor to be considered because lack of customers in the hotels will lead to lower sales thus closing up of the establishment.

(Khan, 2013). To increase customer retention at authorized workshops, continuous evaluation of the provision of services to customers must be put in place by companies.

(Chang et al. 2014). Increasingly, the organizations are using Customer Relationship Management (CRM) to help boost sales and revenues by focusing on customer retention and customer loyalty

Problem Statement

The hotel industry is currently undergoing an increase in globalisation, competitiveness, and client churn. Additionally, the performance and competitiveness of hotels are becoming increasingly dependent on their capacity to satisfactorily and effectively service guests due to rising customer expectations and rising expenses associated with customer acquisition (Adam et al., 2010). On the other side, this industry lacks data analysis, quality, and transparency (Adam et al., 2010). Researchers have also looked into CRM as the best business approach for hotel companies to set themselves apart from their rivals (e.g., Kasim & Minai, 2009; Mohmmed, &Rashed, 2012; Ammari, &Nusair, 2014). Bangalore hotels

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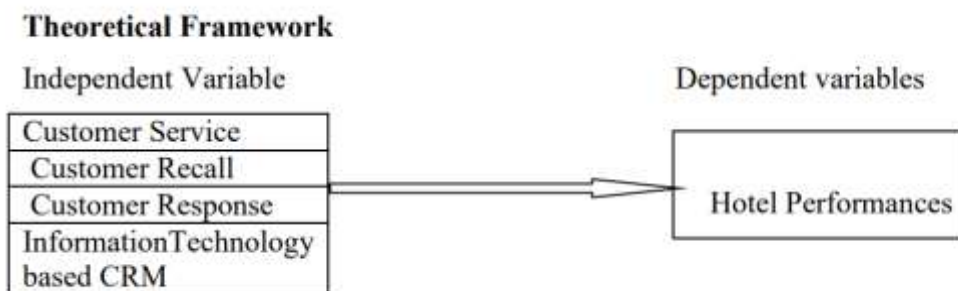
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should therefore concentrate on CRM techniques for long-lasting, profitable relationships with visitors. The relationship between CRM performance and organisational performance in the hotel sector is the last issue this study aims to investigate.

Methodology

The objective of this study : To identify the Customer Relationship Management and its impact on hotels performance in Bangalore.

Research Framework

The resource-based view theory serves as the foundation for the research's recommended model. It shows that the hotels have the resources and abilities to successfully execute valuable business strategy in order to give the hotels a competitive advantage. The four CRM dimensions included in this proposal are customer services, customer recall, customer response, and IT-based CRM.

Theoretical Framework

Independent Variable	Dependent variables
Customer Service Customer Recall Customer Response InformationTechnology based CRM	Hotel Performances

Measurement of Variables

Utilizing the measurement of our components from the prior research, regarded customer relationship management was operationalized based on prior literature. The measurement created by elements from the study by (Ammari, & Nusair, 2015; Mohammed, & Rashid, 2012) and the scales of customer service, Customer recall, Customer response, and Information Technology-based CRM were operationalized (Basri et al., 2014). Consequently, the instrument used by the current investigation was (30 items). On a five point Likert scale, each item was assessed (strongly disagree = 1; strongly agree = 5).

Sample and Data collection

General managers and senior managers from categorised hotels in Bangalore made up the sample for this study. In this investigation, simple random sampling was used. 120 managers of categorised hotels in Bangalore comprised the study's sample. It involves both primary and secondary data collection techniques. A systematic questionnaire was used to gather primary data. Validity and reliability tests are run as needed. In order to determine how much each

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hotel was using strategic management aspects of hotel performance, 40 hotels were surveyed for this study.

Data Analysis

With the aid of SPSS software, version 18, several statistical tools and procedures were applied prior to the primary analysis. These include validity and reliability analyses to assess the usefulness of measures and descriptive statistics, to describe the characteristics of respondents and test of differences, to test non-response bias, to compare the customer relationship management performance by the respondents with various demographic profiles, and to describe the relationship between factors and regression analysis.

Results and Implications

Table-1 Descriptive Statistics of Main Variable (n=120)

Variables	Min	Max	M	SD
Hotel Performance	1.00	5.00	3.77	0.478
Customer Service	1.00	5.00	3.65	0.465
Customer Recall	1.00	5.00	3.86	0.469
Customer Response	1.00	5.00	3.51	0.589
Information Technology Based CRM	1.00	5.00	3.71	0523

Table-2 Scale Reliabilities

Factors	Number of items	Cronbach Alpha
Hotel Performance	5.00	0.804
Customer Service	5.00	0.883
Customer Recall	5.00	0.831
Customer Response	5.00	0.812
Information Technology Based CRM	5.00	0.852

Table-3 Summary of Multiple Regression Analysis for Customer Relationship Management Performance

Models	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error B	Beta	t	Sig
I(Constant)	0.424	0.097		46.77	.000
Customer Service	0.594	.112	0.587	5.232	.000
Customer Recall	0.119	.067	0.105	6.465	.010
Customer Response	0.688	0.035	0.633	16.990	.000
Information Technology based CRM	0.334	0.045	0.331	7.678	.000

a. In dependent Variable: mean_ CRM performance
b. DV = Hotel performance R= .483 (a) R Square= .212 F= 80.098, Sig=.000. Note: Significant levels: ****$p<.00$: **$p<.01$: *$p<.05$

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Table-4 Correlation Analysis

	HP	CS	CR	CRE	ITCRM
HP	1.0				
CS	0.39(**)	1.0			
CR	0.37(**)	0.63(**)	1.0		
CRE	0.35(**)	0.55(**)	0.67(**)	1.0	1.0
ITCRM	0.47(**)	0.67(**)	0.69(**)	0.58(**)	0.55(**)

** Correlation is significant at the 0.01 level (2-tailed).
Note : HP- Hotel Performance, CS-Customer Service, CR-Customer Recall, CRE-Customer Response IT CRM- Information Technology based CRM

Discussion and Conclusion

The aims of the present study are to investigate the success of customer relationship management dimension and its impact on hotels performance in Bangalore. From the findings demonstrated in prior sections, the current study indicated that CRM technology has a significant and positive relationship with the hotels performance. The result is consistent with that reported by previous study of Mohammed and Rashid (2012), who found a significant and positive relationship between CRM and hotels performance. They found CRM plays an important role in attracting customer to hotels. The findings were also revealing by Lo et al. (2010), who explored the effect of CRM on hotels performance. Additionally the results supported the argument made by Ammari and Nusair (2014) who stated that successful implementation of CRM technology can play a key role in developing marketing capabilities, which lead to better organizational performance. In conclusion, this study has provided a theoretical model to illustrate the firm relationship among customer relationship management dimensions, and hotel performance. It contributes widely to the body of knowledge, as it provides an inclusive framework that is applied for explanation the effect of the CRM four dimensions on hotel performance. Thus, this study will also increase awareness among hotel managers to pay more attention to CRM dimensions, and to assist them in developing hotel performance and competitiveness. Furthermore, CRM technology can be used as an operational instrument for business internal quality control because it can transmit significant customers' data to where they are needed.

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