Chapter – 1: Introduction

1.1. Overview
CRM attracted the lengthened attention of practitioners and research scholars in most of the areas of marketing different business organizations and fields. Major companies/organizations are adopting customer-centric strategies, programs, tools, and technology for efficient and effective customer relationship management. They are realizing the need for exhaustively and integrated customer knowledge in order to construct close cooperative and partnering relationships with the customers (Parvatiyar & Sheth, 2000). The materialization of new channels and technologies are considerably altering how companies interface with their customers, a development bringing about a greater degree of integration between marketing, sales and customer service functions in organizations. For practitioners, CRM represents an enterprise approach to developing full-knowledge about customer behavior and preferences to develop the programs and strategies that encourage customers to continually enhance their business relationship with the company. Marketing scholars are studying the nature and scope of CRM and are developing conceptualizations regarding the value and process of cooperative and collaborative relationships between buyers and sellers. Many scholars with interests in several sub-disciplines of marketing, such as channels, services marketing, business-to-business marketing, advertising, and so forth, are actively engaged in studying and exploring the conceptual foundations of managing relationships with customers. They are paying attention in strategies and processes for customer classification and selectivity, one-to-one relationships with individual customers, key account management and customer business development processes, frequency marketing, loyalty programs, opportunities, and various forms of partnering with customers including co-branding, joint-marketing, co-development, and other forms of strategic alliances (Parvatiyar & Sheth, 2000).

The main focus of this dissertation is on the importance of CRM and its applications in the hotel industry to enhance the customer relationship with the customers, business partners and the suppliers of goods to the hotel industry. The hotel industry basically related closely with the tourism industry. Both are like depending on each other to due to most of the reasons and the top priority in both cases goes to the satisfaction of the customer. Hence here the author strongly
feels maintaining the good customer relation in most of the times will be a challenging aspect to be considered.

In the second chapter the author study the CRM concepts very closely to understand its importance in the current marketing world of hotel business. It will study the importance and applicability of the CRM in the hotel industry. The author will see the appropriate method to be followed in the third chapter by considering the case studies on 3 hotels in the dissertation to be followed to complete this research process of CRM applicability in the hotel industry. Most of the times in the research methodology, researchers will decide upon the techniques to be followed to get all the material from various sources of existing data.

In the fourth chapter the author will analyze the data collected from various sources and also from the personal involvement in conducting surveys for the case studies.

In the fifth chapter the author draws the conclusions and gives recommendations to the further research prospects of this dissertation.

1.2. Purpose of Study

- The main purpose of this study is to understand the feasibility of the CRM in the hotel industry as CRM has become one of the important techniques in the market of competitive world.
- This dissertation will help in understanding the importance or role of CRM in improving customer relationship in the hotel industry.
- This dissertation will come to a conclusion by suggesting the practical solutions for the applications of the CRM in the hotel industry.
- This dissertation will also help in understanding the uses of CRM in developing the profits and customer count in the hotel industry.
- This dissertation will give an idea of the role of IT in CRM usage.

1.3. Aim and Objectives

Aim: To study the feasibility and application of customer relationship management in hotel industry.

Objectives:

1. To discuss the implementation of CRM in hotel industry.
2. To study about various CRM technologies in hospitality industry.
3. To develop research on different hotels with the help of case studies.
4. To evaluate the effectiveness of CRM by focusing on customer satisfaction.

1.4. Research Method
In this dissertation the data is collected from various sources like internet and e-books to gather the information related to research. With the data collected from different sources the author will come to a conclusion about the method to be followed which is best suitable to accomplish the dissertation. This dissertation will discuss about the literature review of CRM and then the research conducted on hotels with the help of case studies is explained. Then the author evaluates the key findings of the study followed by conclusions and recommendations.
Chapter 2: Literature Review

2.1. Definition of CRM

CRM stands for Customer Relationship Management, to get a detailed idea about CRM various authors have given different definitions which are as follows: According to Bose (2002, p.15) 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”. According to Swift (2001, p.16) CRM is defined as “an enterprise approach for understanding and influencing customer behavior through meaningful communications in order to improve customer acquisition, customer retention, customer loyalty and customer profitability”. From the above it is clear that managing the customer plays a very important role in CRM. And this CRM also assists in maintaining and improving the long lasting relationship with the customers by maximizing the profits with good management and customer focused applications.

2.2. CRM in Hospitality Industry

The Literature Review presents CRM in general about its benefits, definition and implementation. It is implemented in some parts specifically in Hospitality Industry, Hotel Industry and Tourism. Now in this dissertation they are studied in detail. Tourism Organization basically defines the tourists as the people who travel and stay in different places for the purpose of business or leisure, it has become a popular leisure activity. According to Chon and Sparrowe (2000), Tourism is expanded to a very large extent claiming that it has become a huge provider for jobs. Hospitality Industry is a part of Tourism Industry. The term Hospitality Industry usually makes people think about restaurants and hotels which are some of the places for entertainment of visitors or guests. According to Powers and Barrows (1999), the term hospitality not only includes hotels and restaurants it also refers to the institutes that provide food and shelter to the people. Hotel Industry as a part of Hospitality Industry is a large diverse industry. It covers all the enterprises ranging from small to large firms that give an efficient contribution to national and international economy. Hotel Industry is at times very complex because of several reasons which are listed as follows: Firstly, the industry may be very complex as there are a number of
categories in an industry which are very large. According to Jones (2002), these categories can be hotel location like rural side or seaside, hotel quality like luxury, midrange or first class, hotel style like resort hotel or traditional hotel. Secondly, the industry is made complex with the association and structure of management. Thirdly, an industry is made uneven or fragmented because of the independent hotels that are owned and operated. According to Olsen (1996), the level of fragmentation can be decreased by measuring the number of bedrooms rather than measuring the property.

![Diagram of Tourism Industry](image)

**Figure – 2.1:** Shows the main sectors of a Tourism Industry (Olsen 1996, p.12)

From the above it can be said that Hotel Industry is experiencing competition and globalization with the rise in customer expectations and performance which depends on the ability of hotel management to satisfy their customers effectively and efficiently. Since the tourists have become sophisticated CRM becomes a necessity for attracting customers to gain profits and also the term CRM has become an agenda for management to get aggressive returns.

### 2.3. History of CRM

The term CRM was stated with the desire of combining the terms like customer support, data mining and enterprise resource program. It is not known that who introduced this term to the
business world but it can be said that this term emerged from the error approaches. At first there
was a term called Personal Information Manager (PIM) which was for a limited use where you
can start organizing your names, addresses, date of birth, time and many other things then it was
slowly changed to Contact Management System (CMS). The managers in CMS are very bright
as they provided flexible productivity tools for any organization. CMS was then morphed as
Sales Force Automation System (SFA) which acts as a basis for Customer Relationship
Management (CRM). The term CRM provides various tools and methodologies to manage
customer relationships in an organized process. Finally, CRM was molded as an approach to
maintain excellent relationships with customers by increasing customer lifetime value (History
of CRM, 2004).

In the year 1980’s the CRM was based on database marketing with catch phrase. This was
through the customer service groups can communicate individually with the company customers.
When coming to the larger companies the lines of communication was open and tailoring service
towards the customer needs. Here in the case of cluttered database there is a problem of disorder
database which was not able to provide good insight (CRM, 2009). In 1990’s organizations have
started their Customer Relationship Management with two-way street. Instead of collecting the
large amount of data for their own use, they have started to provide data to the customers. And
they have also started to give improved customer service like gifts, incentives and other perks for
the customer loyalty. And then CRM provided a great and success way to the improved sales
with the active improvement of the customer services (CRM, 2009).

From the above it can be stated that, CRM emerged as a data base marketing initially in 1980
where customer service groups can communicate individually with customers of the company
then it emerged as CRM in 1990 rather than collecting large amount of data for their own use the
company has started to provide data to the customers.

2.4. Evaluation or Measurement of CRM
According to Jain and Dhar (2003), the measures of CRM are basically used for profits, sales,
and new customers and for the reduction of costs. The data for these factors can be collected
from balance sheets or sales reports. CRM can be measured or evaluated on the basis of ten factors which are as follows:

1. Attitude to serve – It refers to the attitude of the employees of a selling company which indicates that they are still existing for their customers.
2. Understanding the Expectations – The main key to attract customers is to deliver the product to reach the customer expectations which plays a greater role in understanding the expectations and needs of customers.
3. Quality Awareness – In order to provide the best quality product to the customers the product selling organization must be very well aware about the quality of that product.
4. Reliability – The selling organization must win the customers confidence to maintain the relationship of trust and faith for a better quality product (Jain and Dhar 2003).
5. Communication – The representatives of a selling organization must communicate well with the customers, they must avoid giving under-promises or over promises to customers.
6. Customization – The selling organizations must provide a better quality product in response to the customer needs.
7. Recognition – This is the most important element in evaluation of CRM it means giving respect to the customers to make them feel that they are important.
8. Keeping Promises – The commitment towards the product that it can be the guarantee period of the product well promises must be followed to maintain good relationship with the customers.
9. Auditing the Satisfaction – For a successful CRM implementation organization must take feedback from customers and regularly measure the customer satisfaction (Jain and Dhar 2003).
10. Retention – In a relationship management preserving the old customers it means customer retention provides excellent benefits to buyers and sellers.

From the above it can be said that, CRM can be evaluated by focusing on ten basic factors and CRM is basically measured for the reduction of costs by focusing on new customers, sales and services. These factors were obtained from balance sheets and reports.
2.5. CRM Technologies
A collection of tools are provided to companies by CRM in order to develop their bond with the customers. According to Stone (2000), there are two main services that are required for CRM technologies to support the completion of CRM. They are

- For getting better output from CRM, CRM should give the opportunity to computerize the previous work which is done by hand.
- In order to maintain the good relationship and to meet their requirements with the consumers the CRM technologies need to have high quality in CRM. This can be done by organizing the companies in an appropriate order.

According to Trepper (2000) there are three essential supplies that are required to be fulfilled by a CRM System. They are

- Irrespective of consumer contact with the company, the CRM system should produce the entire outlook of company to the consumers.
- Allow the staff of marketing and sales to carry out the job like a team which leads to reduce the cost and concurrently increases the efficiency.

From the above, CRM technologies must be quickly developed and if this technology meets the customer requirements at fastest rate it will in turn increase the effectiveness of CRM.

2.6. Types of CRM Technologies
According to Trepper (2000), The CRM technologies are divided into three types. They are

1. Analytical CRM.
2. Operational CRM.
3. Collaborative CRM.

2.6.1. Analytical CRM
Analytical Customer Relationship Management mainly focuses on analyzing the data of the customer by using many tools. According to Dyche (2002), the data of the customer which has to be analyzed is stored in Data warehouse, which includes the information about the company that
will provide value to the customers. Hence, it is very important while gathering the data of the company since it can be understandable by the user very easily. According to Dyche (2002, p.22), states that “a single version of truth”, all the data which must be stored in data warehouse must be stored in the database. The database is nothing but a data warehouse which includes the present and historic information which moves in and out shown in below figure.

![Diagram of Integrated Customer Data on a Data Warehouse](image_url)

Figure – 2.2: Shows Integrated customer data on a data warehouse (Dyche, 2002)

The data can be collected from consumers, from internal company sources and from the third-party sources. Data warehouse can store more data. The Data warehouse plays an important role in CRM since it can analyze the customer behavior by gathering the data from data warehouse. So, the data in the data warehouse should be integrated in a right order to make the exact decisions about the customer. If the data gathered is not integrated properly, it damages the relationship between the company and the customer. According to Lawrence (2001), analyzing the performance of the business using data warehouse is called Business Intelligence. Most of the people think that CRM and Business intelligence are same but, there is lot of difference between CRM and Business intelligence. The major difference is CRM integrates data with business action. It’s very important for the management to analyze the past data of the customer in order to calculate the future performance of the customer (Lawrence, 2001).
From the above it can be stated that the need of the Analytical CRM is to take better assessment on consumers. This assessment helps the organization in customer targeting, marketing and planning. The management can motivate their customers by designing new products that can make a lot of marketing to the organization

Analyzing the customers differ from company to company (Lawrence, 2001). Some of the examples are:

**Focusing on Profitability analysis**

In this analysis, it mainly focuses on the customers who are very important to them. This analysis described in detail in the below points.

- Propensity to buy analysis: Estimate the product which is likely to buy by a particular customer.
- Next sequential purchase: Guesses the product which mostly can buy in the future by a customer.
- Dynamic pricing: For a specific customer, the management decreases the price to some extent.
- Product affinity analysis: Recognizes the product which can purchase together.

According to Newell (2000), determining the profitable customers is not so easy which requires the right apparatus. The identification can be done in two ways. First is by distinguishing the deal leaning customers and the second is by focusing on price. By using new technology, the organization can get profits by giving average discount sales to the particular product which in turn increases the customers. The company should identify the customers who are beneficial to them which can improve the relationships in between them. These types of customers can be divided into three segments:

- More profitable customers.
- Customer who produce good profit and can become a top profit in future.
- Customer who produce gain but to some extent.
Dyche (2002) provides an example of a consumer who doesn’t make any profit to the organization but refer to the most value customer in the company which builds the customer valuable. Companies give value to their customer based on metrics like
- Potential value.
- Customer Life Time Value (LTV).
- Competitive value (or Wallet share).

**Focusing on Data analysis**

There are many ways in analyzing the data. Here, two of them are explained below:

a) **Data Mining**: According to Dyche (2002), the Data mining can be used to recognize the relationship from the gathered data, model and rules. It can produce the information about the model without knowing about that model. So, it is a great tool for obtaining knowledge from it. Data mining can be classified into three types. They are
   - Predicting analysis: It can analyze the future prospects of the product using the historical data.
   - Sequence analysis: It recognizes the combination of actions that are placed in a particular order. From this, it can analyze whether the consumers are doing something in certain order.
   - Association analysis: It recognizes the items which can combine similar items. This analysis is regularly used for some profits to the organization by giving discounts to some products which are the combination of two items.

b) **OLAP**: According to Dyche (2002), OLAP is abbreviated as Online Analytical Processing (OLAP). OLAP is the most popular decision-support analysis. OLAP gives a set of features from a database like place and time. For example, the company can improve their demand in sales of a particular product by sending their staff to the residential areas; this can also help the company by getting the views of the consumers directly. Hence it can be understood that for OLAP, to give suggestions about the model it require an analyst who already has experience in that field. In OLAP first it should guess what product does a home office employee can purchase and then the clients are identified. This can be explained by considering an example, for OLAP first it has to analyze the products which are frequently used by the clients and then from this analysis the organization can identify those clients. Where as in Data mining, it recognize the customers by
gathering the data of a particular product like home office employees who purchase printers and PC’s.

2.6.2. Operational CRM
According to Lawrence (2001), this Operational CRM involves process of automating business like customer service, sales force automation, management order, service field and marketing automation. In order to have success in this field, the company should focus on the requirements of the customer and the employees should have right skills to satisfy the consumers. To increase the efficiency of the interaction with the consumers this CRM should consist of client-facing request that combines mobile-, front-, back offices.

2.6.3 Collaborative CRM
It mainly focuses on communication between customers and companies. The one-way interaction between consumer and company should be replaced by two-way communication where the consumer involves with issues affecting behavior of purchases. According to Greenberg (2001), CRM should produce a task that involves an interaction between a dealer and consumer. From the above discussion, it can be understood that Collaborative CRM can raise their effectiveness in success by fulfilling the necessities of the customer. For example: Electronic communication. From the above discussion on CRM technologies it can be understood that Analytical Customer Relationship Management analyzes data of the customer by making use of many tools like OLAP and data mining. Operational CRM automates business processing and Collaborative CRM automates communication between customers.

2.7. CRM and Customer loyalty
For management the consumer looks like a god (Boss CRM, 2007). If the organization can make a consumer happy by placing them at a high level in their business, that business becomes a center of attraction to the consumers, which leads to successful of the company. In current years, the matter of loyalty has been increased concentration in hospitality and sightseeing research. According to Berry, L.L., Conant, J.S., Parasuraman, A. and Hogg, C (1996), for a management the faithful customers are the money-making customers since these customers lean to spend more time with them. The “lifetime” values of faithful customers are massive. For a consumer,
devotion to one organization decreases the risk of service and leads to the development of society. The loyalty can be classified on the basis of identification of product, purchase frequency, suggestions of customer and visit frequency. Levels in the loyalty can be classified as (Berry, L.L., Conant, J.S., Parasuraman, A. and Hogg, C, 1996):

a) Client: The person who purchase for a number of times of different products which are available in that company.
b) Expect: The person who already registered as a customer but did not purchased any of the product.
c) Sponsoring the other customers: Clients who advise other customers to register in that organization by telling about the features of that organization.
d) Primary Customer: The consumer who purchased the product for the first time.
e) Prohibited prospect: The customer whose interest of buying the products is less comparing to the expectations of the management (Berry, L.L., Conant, J.S., Parasuraman, A. and Hogg, C, 1996).
f) Inactive Client: The person who doesn’t purchase any of the products within the given period.
g) Repeat customer: Person who purchased more than once.

From the above discussion it can be realized that customer satisfaction is very important for the hospitality industry and customer loyalty occurs since customer feels that each company is more contact with their requirements. There are different levels of customer loyalty that is classified based on product identification and other factors.

2.8. CRM Implementation

According to Piccoli, G., O’Connor, P., Capaccioli, C. & Alvarez, R., (2003), there are two important ways of implementing CRM in an industry. Firstly, by focusing on the lack of standardization which requires perfect analysis of CRM software and the processes involved with in each system. Secondly, by focusing on the financial responsibility of an implementation, there may be three different groups holding an individual property i.e. the owner, brand and management company. According to Porter (1998, p.30), the main reason for the failure of CRM implementation is mission customer strategy, which is defined “as the creation of a unique and valuable position invoking a different set of activities”. While implementing a good CRM the
main step is to focus on robust customer strategy. According to Freeland (2002), for a successful CRM implementation organizations must focus on four main strategies. They are (Freeland, 2002):

1. Identify the customer.
2. Select the right channel to reach customer.
3. Determine CRM capabilities.
4. Receive the effects on brand value.

A successful CRM implementation in a project requires marketing and internal support. CRM actually is a replacement for many processes. Dickie (2003) states that this replacement requires a change which most people are afraid off it. As we know that most of the organizations expect this change at conscious and subconscious levels. These changes are defined into an acronym say ADKAR i.e. Awareness, Desire, Knowledge, Ability, Reinforcement. In addition to this CRM implementation, it also includes (Dickie, 2003):

1. Budget for the management which takes time and costs as well.
2. Depending on the way an organization uses CRM, simultaneously business changes the organization.

From the above it can be said that some of the CRM projects have run successfully but some of the projects failed because of the following factors like Inadequate training, As an initiative a strong commitment from the top management, A vision on what CRM is about to do for the organization and A proper plan to introduce CRM as a business strategy for an organization.

2.9. Advantages and Disadvantages of CRM

Advantages:

1. CRM systems offer a 360-degree observation of the customer, facilitating a deal to keep a track of every client touch. This facilitates the creation of a strong profile of every client, thereby delivering goods and services to the customers in bulk.

2. On-premise option helps the customers who require control and a complete ownership over each and every characteristic of the installation and maintenance of the CRM application together with its infrastructure. A superior level of integration with legacy and operational applications can be achieved by clients who can then customize the
installation as they want. The customers will also be in control of their private data from external exposure and prevent embarrassment due to a third party’s mistake. Finally, a number of CRM providers and dedicated third parties provide superior customized vertical industry solutions that widen on-premise installations with a level of complexity that cannot be matched with on-demand services (Paul Gillin, 2007).

3. The on-premise approach contains all the advantages and disadvantages of the CRM approach as well as added advantages of undersize installations and access to external expertise. Customers can cut the running time in comparison to traditional on-premise installation and also the time required to cut the staff learning curve. The retailer in turn can improve functionality with custom and business-specific installations excluding ramp-up time.

4. Multi-tenant On-Demand SaaS (Software-as-a-service) is a preferable choice for clients with restricted capital resources, variable work force requirements to commit to a particular CRM application. Fixations and upgradations are performed quickly even without the customers notice, which in turn lessens maintenance for the IT personnel (Paul Gillin, 2007).

5. SaaS options can be generated with the help of a Private On-Demand model for a class of customers having no knowledge of the SaaS option. This contains clients from highly regulated and security-conscious businesses, where any kind of shared-space installation would be dangerous. These clients without giving up control can have access to all the benefits of SaaS like quick implementation, best-of-breed functionality, expert service, and variable cost.

6. CRM incorporates all the things that organizations use to administer customer relationships, which also include analysis and capture of client information and analytics to power that information towards improved sales performance (Paul Gillin, 2007).

**Disadvantages:**

1. The main disadvantage of the on-premise installation is cost and time. Obtaining software and hardware infrastructure is expensive and time-consuming. However, this problem can be overcome if the client installs the application widely over a long period of time. Customers also have restricted options for transferring to other CRM applications.
because of the need to apprehend a return on investment on the up-front cost (Paul Gillin, 2007).

2. The primary downside of on-premise deployment is cost and time. Acquiring hardware and software infrastructure is expensive and time-consuming. However, over time an on-premise deployment can be the least expensive option if a customer deploys the application widely over a period of years. Deployment times for highly customized applications can stretch to a year or more and may involve the use of dedicated IT resources and external consultants. Customers also have limited options for migrating to other CRM applications because of the need to realize a return on investment on the up-front cost (Paul Gillin, 2007).

3. Even though service providers deliver customization features, it is not possible for software offered as a service to be modeled according to the customer’s requirements as promised by the on-premise model. Customization is normally handled in the SaaS model with a high-level programming language or a proprietary toolset. Data ownership issues have been a problem when data is hosted off-site. This requires a cautious attention to the contractual commitments. As SaaS costs are normally considered as operating expenses, the costs would be least expected affecting profitability (Paul Gillin, 2007).

4. The cost of a Private on-demand service option is justifiably larger than the multi-tenant SaaS, as a private on-demand service offers small per-user charges and minimum-user assurances. Customers cannot anticipate having control over customization and upgrades analogous to on-site installation. (Paul Gillin, 2007).

2.10. CRM applications

Web based self-service: these services does not require any help of a live person. This can be able to resolve the problems or issues of their queries using the web. This minimizes the time consumption and some other traditional processes which involve different verbal and written interactions (Chaudhuri & Shainesh 2001).

Measuring Customer satisfaction: CRM also helps in conducting the surveys to monitor the customer satisfaction. So this kind of survey tracks the satisfaction of the customers and it also enables the organization to tune how to communicate with its clients or customers based on their preferences.
**Web site:** This is the effective and efficient way of using World Wide Web to provide the information by the organization to the customers. The information will be in a hassle free manner about who had created the web site etc. and the main benefit of this web site is its accessibility and usability with simple tasks.

And some other applications of the CRM include Sales Force Automation (SFA), Customer Service (CS), Sales and Marketing Management (SMM), and Contact & Activity Management (Emerging Market Technologies, 2000).

### 2.11. IT (information technology) role in CRM

Data warehousing and data mining are most accepted and extremely required systems for providing CRM capabilities. In addition to this, it is used for defining, increasing and organizing the segment of one. This is for the reason that serving to wade through the volumes of the progression and it is used for decoding the information. Patterns and associations from dissimilar data in the form of bits, they are essential and precious tools for the consumer demographics, trade patterns, advertise segments, involvement restrictions, consumer lifetime, etc (Chaffey, 2003). ICT (information and communication technology) is an instrument used for storing consumer data. The interaction could be done in many ways like call center, website, kiosks etc. However, to get the latter, a latest ICT infrastructure is mandatory. This ICT also facilitates in creation of secure client record. Similar to many technologies, CRM has been talented by merchant advertise and stories of realization collapse. Chaffey (2003) presents a three-stage model of CRM which show how consumer affiliation knows how to finish the data. This representation recommends that, clients are first acquired through understandable message of a commanding value suggestion. They are retained using good examine; and the affiliation improved via refuse of modified products/services. Obviously client, segment this vision earnings, as CRM uses in information communication technology (ICT). The success of the customer relationship management depends upon collection and study of the customer information, which can be utilized by increasing adapted contributions. The data management plays an important role in CRM (Chaffey, 2003). Sometimes information is confused with the facts. Knowledge is produced when information is investigated.

From the above, ICT is important in large hotels than in small, also staff motivation, culture and improvement plays an important role in CRMs triumph. CRM is affected by different strategies;
CRM in small hotels was found regularly and are implemented by administrative employees whereas in large hotels the customers gain more benefits as the management offers better services and reducing costs.

**2.12. Marketing Mix in Hotel Industry**

According to Kotler (2000, p.52), the marketing mix is defined as “the mixture of controllable marketing variable that the firm uses to the sought level of sales in the target market”. According to Haley, M. & Watson, B. (2003), CRM toolbox includes its own as any self-respecting. CRM to have success in the hotel industry, it requires four strategic fundamentals (words starting with the letter P). They are (Haley, M. and Watson, B., 2003):

- Profiles
- Precision
- Property
- Preferences

**Profiles:** To have a one-to-one communication with the hotel guests or customers an effective profiling is necessary. Police Officers are less involved in this industry as their main aim is to find out whom to pull over or not. Their work is to gather the information of the visiting guests or customers and considering behavior both reported and observed. In a hotel with Customer Relationship Management (CRM) scheme, the important strategic choice is taking into account of the information elements to hold and maintain them (Haley, M. and Watson, B., 2003). The confusion is between holding the data that a service relief is overwhelmed versus not holding sufficient data that has nothing to do. The information of the guests or customers is kept secret avoiding the privacy abuse that is genuine. Below are some of key factors for maintaining a good profile (Haley, M. and Watson, B., 2003).

1. Payment Methods like credit card numbers.
2. Telephone numbers and multiple addresses.
3. Family unit composition.
4. Former visiting details those are available.
5. Observations.
7. Correspondence accounts.

**Precision:** Precision is the essential requirement for Customer Relationship Management (CRM) involving in any industry. For example consider some records containing address and observation fields that are precise (with a standard input). One can find many differences in addressing, abbreviating and arranging. It is important for maintain records that match with the previous guests visit (Haley, M. and Watson, B., 2003). But the older records do not match with the newer one, for example the IBM (new record) is written as I.B.M (old record). Therefore result is standardized data input.

Data inputs like address, observation and other fields are considered in the corporate management. Whereas the Property management takes the responsibility of reservations in trains and data of the front office managers based on standards and strengthening their use (Haley, M. and Watson, B., 2003). Internet reservations and Global Distribution System (GDS) frequently use the non-standard addresses that must match with the guests previous records. Corresponding algorithms and refined information add to the precision issues, but considering the training and supporting data is a successful therapy. Property Management System (PMS) will increase the problem of matching the older records with newer one. Hence, data input standards will reduce the negative effect of the previous logic systems (Haley, M. and Watson, B., 2003).

**Property Management System (PMS):** For increasing Customer Relationship Management (CRM) scheme many of the hotel industries are following the third party services or systems. Guest Ware is one of the particular systems followed by the hospitality industry. There are dealer groups like Group, Total, Seibel systems and others. These are modules for CRM standards. The main approach of CRM is not only to drive the processes, but also to manage personalized contacts and analyzing the details (Haley, M. and Watson, B., 2003). Service quality can be measured with the face-to-face interaction in hotel with the visitors or guests. Interaction with the guests is the main objective of Property Management System (PMS). The main job an employee is to get the data and favorites from the guests is the necessary element in sustaining them so that they obtain a genuine interaction. False or missing data causes the failure of delivering services, these cannot be prevented by maintain a good profile or preferences in the hotel.
Preference: This information can not only observed but also reported. Let’s take an example, preference for golfing; the profile form is completed with the registration of regular programs by the visitors. One typical task about the preferences is each visitor preferences change according to their tour and purpose. The tactics of the hotel industry is to discover the local preferences versus global preferences of the visitors (customers). From the above it can be understood that there are four strategies for the marketing mix in a hotel industry. They are: profile, precision, property and preferences. To enable one-to-one communication with the guests or customers an effective profile is necessary. Precision is important for Customer Relationship Management (CRM) involving in any industry. So as to improve the Customer Relationship Management (CRM) scheme in any hotel industry property management system is required and preferences must be focused as they change according to the customer preferences.

2.13. Role of CRM in Hospitality Industry
Hospitality industry lags behind in employing the Customer Relationship Management results because the hospitality industry is mainly alerted and built on Property Management System (PMS). Opportunity and Challenge are two main objectives of CRM in hospitality industry.

2.13.1. Opportunity
According to Piccoli, G., O’Connor, P., Capaccioli, C. & Alvarez, R., (2003), employing the Customer Relationship Management is very difficult in hotel industry because building and retaining a customer’s database is very economical and outcomes are not definite. The change is not accepted by the customers even though the organizations need to change their values. According to Dowling (2002), hotel industries have also continued a good bond with their guests but another aspect is to maintain a bond with the hotel and the client. Hence the faithful customers, reside with the hotel and spend their money. According to Reinartz and Kumar (2002), CRM’s next consistent step is that the hotel industry initiated regular tourism programs for the faithful customers. By the extensive usage of internet customers can easily get comparable charges and services which are unpleasant (Piccoli, G., O’Connor, P., Capaccioli, C. & Alvarez, R., 2003).
2.13.2. Challenges

There two major challenges for employing Customer Relationship Management in the current industry are lack of consistency and Information Technology (IT) systems incorporation within the every brand or even hotel. For this an examination of various procedures and deep focus on the CRM software are required. While analyzing the present conditions, the hotel industries face problems in information that is collected. According to Shaw M, Subramaniam, C. Tan, G. & Welgy, M (2001), clean-up records (i.e. information) and starting with a clean and constant system are essential because data entry has some problems that reduces the data value of data warehouse resulting diminishing the value of future models. Missing data and inadequately entered data are two chief reasons causing data inadequacy. Initially, consider missing or erroneous information. For example generating a record that contains the profession of the clients is difficult, when there is only few visitors’ database restraining the data. At times of check-in the data from the hotel (business) is obtained, on the other hand the visitors want this process to be completed quickly. According to Magnini VP, Honeycutt ED & Hodge SK (2003), the gathering of business cards helps this problem as it provides the required data. Secondly, poor entry of data causes difficulties in data analysis. This brings a bad impression to the customer on the hotel when there are mistakes in database. According to Stevens (2001) accurate formats, redundant codes and text cases may reduce the above problem. There are some modern CRM systems that hold a wide range of databases i.e. cleaning the unwanted data that are used in worldwide operating hotels. According to author, these automated CRM systems identifies the faults for example:

- Valid values are considered according to the data domain
- The data elements which are included must be appropriate
- Accurate acknowledgment like gender and language (Mr./ Mrs.)
- Distinguishing the dummy values

From the above it can be said that opportunity and challenge of CRM are of vital importance in CRM. Customer Relationship Management (CRM) can be attained through the services that are highly adapted by the hotel industry by keeping in touch with the customers. One of the challenges of CRM to be focused is the better the primary data entered; more perfect is the automated systems and better is the overall excellence of data.
2.14. Return on Investment (ROI) in CRM

According to Dyche (2002, pp 47), “Measuring ROI in case of CRM can be very subjective, but it will provide a company with the ability to identify which component of CRM improve customer relations”. Several CRM implantations take longer period of time because the Return on Investment is not simply noticeable and a considerable upfront outlay is essential.

**Short term outcomes:** Generally the return on CRM is noticeable in long term by the developments in industries tactical objectives. According to Peel (2002), the present situation in market has slowdown as a result the industries concentrate on the short term outcomes and economic measures. For this the line and division managers has to show immediate benefits. When divisions finance the project the policies must be strong. According to McNulty (2003), line managers must determine the goals rather invest on employees and marketing on their existing raw information.

The most important thing is not to merge CRM program outcomes and ROI. According to Lee (2001, pp 48), “The company may save money, however the competition is building market share as they have taken the CRM dive and gained an advantage”. Therefore in such situations CRM becomes an essential to endure in any hotel industry.

**Long term payback:** This mainly concentrates on the dealings of the customer relations and the life span value of the clients. The hotel industries require increasing the Net promoters so as to estimate the existing condition. The Net-promoter number can be computed by deducting the fraction of visitors who show their uninteresting to make a suggestion from the fraction of visitors who are expected to do so. In many of the companies that too in service business, there is a strong association among the fraction of promoter’s and the growth rate of the industry (Reichheld, 2003). EBay and Amazon are the companies that score high referral rates, they are customer oriented and sustained by the leading edge expertise. Customer reliability is increased by additional customer care along with integrated report and tracking of the visitors. During customers stay in a hotel check-in process can be casual but at this time customer identifies the upswing. There are two methods in measuring the analytical CRM. Firstly, the soft factor which increases the reliability of report because of clean and consistent data. Second is the hard factor
which is saved through automatic production of reports in spite of manual data (Peel, 2002). The activities that are performed can be measured in time and money saving the employment costs. With the help of automated systems the room for human error can be reduced.

From the above it can be said that, Short term outcomes can gain immediate profits to a client orientated policy which is hardly assessable in terms of money. Accurate coverage and finest results are obtained from the arrangement of information. Long term paybacks will deal with the customer relationships and life span value of customers.

2.15. Summary

A clear study on the literature review of CRM explains about different strategies of CRM, its various applications and also provides a way for approaching the customers through CRM. CRM is the technology that is used for analyzing the data and marketing. This technology has become popular in the present trend with the development of internet. At the time of developing CRM faced some problems but these issues were solved by installing the software. CRM is combination of components like frequency, loyalty, customer service, (e-mails, customer comment cards, FAQ) reward programs, community building (e.g. virtual communities) and customization. The main purpose of these components is to hold the customer’s cycle (i.e. retention, acquisition, and enhancement/cross-up-selling) by recognizing the clients, who produce benefits to the organization, interacting with individual customers and distinguishing the products supplied to different markets. Many ventures in CRM were unsuccessful due to lack of involvement of workers and unprepared management. But, CRM helps the company by recognizing the consumer who produces the gains to them and to look after the sophisticated data mining models.
Chapter – 3: Research Methodology

3.1. Overview
Research Methodology is the technical framework in which research is conducted. It provides a clear study and explanation about various steps that have to be followed to address a research problem. Research is defined as the human activity which is done based on the intellectual application in the investigation of matter (Williams, T., Money and Swartz, 1998). In this chapter, research process, research approach and research strategies are explained. Then a research is conducted on various hotels like Accor, Taj Group and ITC welcomgroup with the help of case studies.

3.2. Research Process
The process of research can be performed in many ways like Exploratory Research, Descriptive Research, and Explanatory Research. The common things in all these researches are they perform a sequence of activities which are interrelated and combined to form a research process. According to Zikmund (2000), it is not necessary that all the researches follow the same order but it is necessary to describe a common pattern for all the researches. The process of research is a repeating process or a cyclical process because the final conclusions after the complete study may again generate new ideas and problems which again need to be investigated (Zikmund 2000). The author feels that the process of research will not follow a sequential order but it is important that all the researches must follow a similar pattern.

Types of Research
According to Eriksson and Widersheim-Paul (1982), the three types of research are explained in brief which is as follows:

1. Exploratory Research
   • Descriptive Research
   • Explanatory Research

1. Exploratory Research – The main aim of this research is to define various questions and hypothesis based on the nature of the problem. Its main purpose is to provide a better
understanding and not to provide convincing facts. According to Yin (1993), this research conducted with the hope that a consequent research of similar type will proceed. Exploratory researches are applied when the data collected about a particular problem is not clear.

2. **Descriptive Research** – The main aim of this research is to describe about something like the population or phenomena. It is mainly used as an antecedent for an exploratory research to get a better phenomenon. It aims to answer the questions like what, where, who and how. The main thing to be focused on descriptive research is that it does not answer to why questions. It means it does not give a proper explanation for the cause of findings (Eriksson and Widersheim-Paul, 1982). While performing descriptive research the researcher must be aware of the problem situation i.e. research problem.

3. **Explanatory Research** – The purpose of this research is to identify the cause and relationships between the variables. To perform this research, researcher must have enough knowledge about the subject that is to be investigated. According to Zikmund (2000), the researches that are executed first are Exploratory and Descriptive researches, then causal research is executed to explain that when one thing is done the other thing will follow. The main purpose of this research is to get a very clear understanding on the usage of CRM.

3.3. **Research Strategy**
There are basically five research strategies. They are: Surveys, Experiments, Histories, Case studies and Archival analysis (Yin, 1994). There are three conditions on which each strategy focuses and they are as listed below:

1. By focusing on contemporary events.
2. The type of research questions to be posed.
3. The control that an investigator has on behavioral events (Yin, 1994).

The different techniques that are followed to perform a research are Experience study, Secondary Data analysis, Case Study and Pilot Study (Zikmund, 2000) which are discussed as follows:

*Experience study* – In this study, all the individuals who are knowledgeable about a research problem are surveyed. This study helps to clarify the concepts.
Case Study – In this study, few situations similar to researcher’s problem are investigated. The main advantage with the case study is that an organization or entity can be investigated in depth.

Secondary Data analysis – To clarify the issues of the research in an early stage and Data analysis is like the review of data that is gathered for some other purpose (Zikmund, 2000).

Pilot Study – This study makes use of sampling techniques.

The most appropriate approach for research strategy is the Case Study Technique because it helps the researchers to analyze and study several aspects in detail.

3.4. Research Approaches

According to Holme and Solvang (1991), there are two types of research approaches to conduct a research:

- Quantitative Research Approach
- Qualitative Research Approach

3.4.1. Quantitative Research Approach

Quantitative data means the hard data like the information on the profits gained. This approach treats the problem of research in a particular point of view. The results of this approach are measurable and depicted in figures. A Quantitative Research is controlled by the researcher where only a few variables are studied on a large number of entities (Holme and Solvang, 1991). This research is applicable to the phenomena that are mainly expressed in terms of quantity. It is the process in which the inquiry is done in an identified problem. The inquiry is done based on testing the theory composed of variables, measured with numbers and analyzed using the statistical techniques. In these techniques it uses numbers and statistical methods (Mark Balnaves & Peter Caputi, 2001).

3.4.2. Qualitative Research Approach

Qualitative data means the soft data like the atmosphere at work. This research gathers, interprets and analyses the data that cannot be quantified. It is implemented to give a complete understanding on the information gathered and the problem that is studied. Qualitative Research mainly concerns about the qualitative phenomena that is the phenomena related to the quality. Qualitative research methods include a process which mainly concentrates and understands the
problem from various resources. It means that researcher study the things in their natural settings and attempt to make sense to the research by taking suggestions from the people. This research includes case study, interviews, historical, and from visual texts. In order to organize the fields the qualitative researchers have offered several topologies (Catherine Marshall & Gretchen B. Rossman, 2006). Qualitative research takes place in the natural world, and includes many features like it focuses on context, uses multiple methods which are interactive and humanistic, fundamentally interpretive, etc.

Presently, for this dissertation Qualitative Research Approach is chosen in order to get a clear understanding on the usage of Customer Relationship Management in the hotel industry. While conducting the research there are again two more approaches to be considered. They are Deductive approach and Inductive approach. Deductive approach indicates that a conclusion is drawn from true statements and Inductive approach indicates that conclusions are drawn from the observation of fact statements (Holme and Solvang, 1991). For this dissertation, Deductive approach is chosen because the research starts from literature overview which is again compared with empirical findings and also the purpose of this study is not to produce any new theories but to give efficient solutions for Customer Relationship Management in hotel industry.

3.5. Data Types
The main aim of the research is to discover, interpret, and develop the methods for the advancements of the human knowledge on wide variety of applications. Research is done on the applications by gathering the data. The data can be gathered in two ways one is primary data type and the other is secondary data type. “If the data set in question was collected by the researcher (or a team of which the research is a part) for the specific purpose or analysis under consideration, it is primary data” (Data, 2009, p.1). In the Primary data type the information is collected with the help of different methods like surveys, focus groups, case studies and panels. These methods are generally cost effective but the speed of this type is fast when compared to the other methods. And if the data is collected by someone else for some other purpose, it is secondary data (Data, 2009). In the secondary data type, the information is collected from records, websites and communications.

3.6. Research on Hotels
The information for the research is collected based on the way the research is done. Here in this research, primary data type is selected as it gathers the information based on the people’s behavior, motivations, opinions and their attitudes. A survey is done on implementation of CRM in hotel industry to know the importance of CRM in the industries. The information that is collected through survey is not sufficient for the author to estimate the importance of CRM in the hotel industries. So, author considers case studies on the implementation of CRM in the hotel industries. Author selects three hotels Taj Group of hotels, Accor hotel and ITC welcomgroup hotels.

3.6.1. Case Study – 1: TAJ GROUP OF HOTELS
Taj Group of hotels is one of the biggest and the most leading organization in London, and developed several branches all over the world in different countries. The TajMahal Hotel is established in India in the year 1903 this event described Times of London as a resplendent debut. Taj established two branches in London, one is Taj Suites and Residence’s which is a 5 star luxury central hotel located in the heart of Westminster. And the other is Crowne Plaza London-St.James located at Buckingham Gate. Taj has several branches throughout the world like Srilanka, Oman, the USA, India, Maldives and trying to expand more in other countries. The growth of this hotel is increasing day by day as it recognized the need and necessity of customer relation ship management (CRM) in the hotel industry (Taj, 2009). Due to this reason it offers more benefits to the customers. Presently Taj has 57 Hotels of which 48 are operating in a successful manner. The Taj hotel offers attractive functionality which provides peace to the customers. This functionality in turn increases the ability of CRM between Taj and its customers. Taj provides friendly atmosphere with different offers which increases the customer’s interest and prominence on food. Taj also provides the new features of E-CRM like fax, E-mail facility, Laptop computer, background information on major Indian industries, and on line accessibility to world business information (CRM, 2009). All Taj Luxury Hotels included some extra features in order to attract the customers like by providing restore rooms, fitness centre and art business centre. With the help of CRM this hotel includes business hotels, beach resorts, palace, garden retreats and other comfortable accommodation in order to fulfill the
facilities in the superlative luxury hotels. Taj maintains a good relationship with the customers by implementing the CRM in their organization successfully. Taj hotel leads the other hotels as it provides good accommodation, services, food and beverage compare to the other hotels. The Taj Group of Hotels presents the Taj club which offers unique world of facilities and privileges which are the essential and extra ordinary services for the customers. Taj also provides new Electronic CRM features like E-mail, Facsimile, Internet, Color photocopying and legal library, as well as laptops, city pagers and mobile phones on rental basis and even it includes a business community so that the customers can do transactions from hotels (CRM, 2009). From the above context, it can be understood that CRM plays an important role in raising the growth of the hotel industries.

Implementation of CRM in Taj Hotel
Taj hotel is a part of the Tata Group of companies. Taj Hotels resorts and Palaces includes 57 hotels in 38 locations across the India and 13 international hotels in Mauritius, Maldives, Nepal, Middle East, Africa and Srilanka. According to IMT (2007, p.4), “Over the years, Taj has won international acclaim for its quality hotels and its excellence in dining, business facilities, interiors and world-class, personalized service”. CRM can be defined as the technology which makes the customers to feel more comfortable. Implementation of new technologies creates some problems in the hotel industry at some situations. These problems can be solved by implementing the CRM in the industry (TREHAN, R., 2005). CRM implementation is very important in the industry as it increases the Customer satisfaction, service quality which reduces the gap between customer expectations and customer experience. For example: Before implementing CRM in the hotel industry, Taj hotel faced some of the issues like it was unable to satisfy the customers in many ways as there exist problems within the management. This problem occurs mainly due to the gap between the workers and also between the management and customers (SCHWEISBERGER, J. AND CHARTTEJEE, A., 2001). Some of the issues that occur due to the contract management are termination dispute resolution, operating capital, fees incentives and performance, etc. CRM is implemented in the hotel industry in order to solve these problems. CRM implementation includes some of the technologies that expand partnership, access new markets, right of use of products, marketing reach, etc. It even collects the feedback from the customers and according to the feedback the management alters the facilities (IMT,
Taj hotel has introduced wireless internet access for its customers and it has to be realized that in any industry as different technologies are available all of them may not be beneficial to the end customer so it has to be understood that as customers preferences change in the way they want to interact the organizations have to change according to the customers interests. So it can be said that the hotel which understands customer requirements and fulfils their needs satisfactorily will be the chosen organization by the customers (Hospitality Industry, 2000).

The feedback form given to the customers by the management includes overall ratings on five point scale, rating on key services areas at the hotel like in-room dining, front office, etc., ratings on services at each subsection of the hotel like Baggage delivery, quality of food in coffee shop, etc. Based on this feedback the management discusses with the teams in order to take corrective action and to implement service recovery. From this context, it can be understood that CRM implementation in the hotel industry provides many features to the organizations and also helps the organization in increasing the growth of the industry.

3.6.2. Case Study – 2: ACCOR HOTEL

Accor is a French multinational corporation and its headquarters are located in Evry, France. Accor Hotel is said to be a European leader in hotels and tourism that operates in around 40 countries (Accor, 2006, p.10) with around 30 million users. It comprises of 4000 hotels (Accor, 2006, p.10) worldwide that covers all the segments from economy to hospitality and offers innovative services which enables the companies and public to meet the growing demand for improving the productivity (Accor, 2006, p.10).

The current position of Accor Hotel is that Sofitel which is one of the brands of Accor has joined the Pullman network to become one of the famous hotels in Europe and Accor has received two awards for its brand design as one of the best prestigious hotel. Accor is one of the foremost global operators containing all the market segments in the hotel industry. The services offered by Accor tailor to the requirements of every customer. Accor hotel works in regions like Asia Pacific, North America, Middle East, Europe and Latin America (Accor, 2006). Accor makes use of mobile phone services, electronic payment cards and various other media. Accor has signed
two new projects that are a soul declaration on safety and health at work and a new agreement with Liberia. In future, with over 40 years of experience in hotel business Accor is planning to open 40,000 rooms or 290 hotels (Accor, 2006, p.10) per year at a rapid speed.

**Implementation of CRM in Accor Hotels**

Accor hotel has become an important player in the hospitality business. The rise in operation costs and extreme competition in the market has made Accor increasingly important for hotel operators to identify market developments and customer demand so as to optimize their pricing operations. But Accor faced a number of issues before CRM was implemented in their hotels. The use of web-based distribution channels turned out to be more expensive for the company than the traditional distribution channels, the management staff does not have proper knowledge regarding the services, the performance of the Accor staff was not appropriate, Accor was not able to meet the requirements of customers and manage the cost reductions (E-business watch, 2006).

Figure – 3.1: Shows Accor services (Accor on course, 2008, p.41)

To overcome the problems mentioned above CRM was implemented in Accor hotels. CRM revolutionized the distribution of hotel rooms by enabling the customers to compare the prices and to book online thereby reducing the costs for the companies offering their services. With the
help of CRM, Accor witnessed a steady increase in the number of intermediaries that is in some case five intermediaries where operating between the guest and hotel rooms (E-business watch, 2006). For example, the new supplementary types of distribution intermediaries developed using web based solutions like Google search engine also improved travel agencies, tour operators, wholesalers and the entire global distribution system. Accor also realized that its distribution system after CRM was implemented in the hotels have improved drastically as the intermediaries were able to offer the hotel rooms with best facilities at a cheaper rate. CRM has improved the online distribution system approach, which allowed the Accor hotel to save their expensive commissions. So as to achieve higher benefits the direct marketing activity CRM was envisaged in the hotel (E-business watch, 2006). With its commitment in training, carrier development, diversity and recognition that it gained because of CRM indicates that Accor clearly put its focus on employees. For satisfying the emerging expectations of customers who are passionate about new technologies and in search of high value added services, Accor has completely clarified and repositioned its hotel portfolio. The main goal of Accor hospitality is to cover all the segments of the market from economy to luxury (Accor on course, 2008). To ensure that Accor development always provides an opportunity and not a danger for others, Accor has made sure that with the use of CRM in the industry its employees must be fully involved in the measures that provide environmental protection. This involvement requires both individual and collective enhancement through the guest programs and launch of major cost cutting projects. By implementing CRM in Accor hotel the services of Accor confirmed its global leadership driven by a combination of dynamic growth and innovative marketing and the Accor hospitality proved resilient to the economic downturn because of the strength of economy hotels. Overall performance of the Accor hotel was improved by the year 2008 with the revenues rising by 5.1% (Accor on course, 2008, p.41). Despite the weekend environment Accor is determined to stay on course and pursue the strategic objectives. Hence when compared with the standardized and non standardized hotels, Accor brand portfolio has covered the full range of customer needs extending across all the segments. It also has led to different projects that demonstrate the Accor solidarity with the world. One such project is Accor Corporate foundation that has created to forge ties with the neighboring communities which are in precarious situation (Accor on course, 2008). From the above discussion on Accor, it can be understood that Accor is a multinational corporation that offers innovative services to its customers. With the help of CRM, its marketing approach aims
to transfer the consumers view and improve the consumer’s value by increasing the in-depth relationships and rising revenues by repeating referrals, cross-sales, bookings and up-sales.

### 3.6.3. Case Study – 3: ITC WELCOMGROUP HOTELS

ITC Welcome group Hotels is one of the India’s finest hotel chains with the distinctive logo of hands and is widely recognized as the ultimate in Indian hospitality. ITC’s hotel division was first established in the year 1975, with the opening of its first hotel at Chola Sheraton in Chennai. Presently, this group operates 66 hotels across the world and more than 50 destinations in India. This group combines with the Sheraton corporation in order to strengthen its international marketing base.

This group mainly classified into four distinctive brands in order to meet the needs of the travelers, they are (ITC, 2009):

- ITC Hotels: Super deluxe and premium hotels in strategic business location.
- WelcomHotels: it is Five Star first class hospitality for business and leisure travelers.
- Fortune Hotels and Resorts: provides full services to the customer with the mid level prices for business travelers and leisure travelers.
- Welcome Heritage: Palaces, resorts, forst, havelis and homes which represents the history of India’s heritage.

**Implementation of CRM in ITC Maurya Sheration**

ITC Group of Hotels defines CRM as “Customer Relationship Management is process of managing customer relations in an organized way” (CRM, 2009, p.38). They main aim of this group is to manage each and every moment of truth which are experienced by the customers. There exist different contacts points with the customers where the hotel comes in direct contact with the customer, these types of contacts are called as Touch points in the CRM language. Hotel
Industries consider Touch points as the important point as this point directly interacts with the customers. This process provides a valuable input to the hotels. The information that is gathered from the customers should collect in such a way that it can be used for various processes within the hotel. This can be achieved by using the technology called as CRM technology. This technology collects the feedback from the customers and uses this feedback information in servicing the guest in a most efficient manner. Customer Service is fashionably called as Customer Relationship Management. CRM not only focus on serving the customers but it also customer and retains the returns from them.

The implementation of CRM in ITC Maurya Sheraton has been divided into 2 steps (CRM, 2009):

2. Integrating of these Customer Relationship Management vehicles

Data Capture Vehicles:
ITC Maurya Sheraton hotel recognized four vehicles based on marketing point of view. These are also the touch points for the hotels in the process of managing its customer relationship. The four vehicles are Field selling, Loyalty Programs, Distribution Points and Web.

Field Selling:
Whenever a marketing executive of the hotel makes a sales call to a corporate then this process is considered as the Field Selling. Selling includes searching and seeking for the new customers which are called as Prospecting. Field Selling is one of the most essential vehicles for the CRM functions since the plan is on the part of the hotel in order to contact the prospective guest. It offers two types of customers one is leads and the other is referrals (Barton A. Weitz, Stephen Bryon Castleberry & John F. Tanner, 2003). Field selling is more in demand compare to the inside selling. If the management doesn’t maintain any contact with the customers then those types of customers are called as Leads and if the management gathers the information about the potential customers from the current customers then this is called as Referral. Field Selling is one of the most essential vehicles in the CRM function since the proposal is on the part of the hotel to contact the prospective guest. In this process it defines the difference between customer and consumer (CRM, 2009). The person who just uses the hotels are called as the consumer (guest)
and the person who helps him in making this choice is called as the customer (links). With the help of the Field Selling, the management can directly contact with the customers and the administration person gathers the feedback from the customers and helps the management to customize the feedback.

**Loyalty Programs**

The second vehicle which was recognized by the Maurya Sheraton in CRM is Loyalty Programs. These programs are considered and implemented in order to reward the loyal guests of the hotel. Whenever the guest enters into the hotel the management provides him a point at every transaction and adds these points in the final bill (Kreta Chandler & Karen Hyatt, 2002). The higher the amount of the bill the number of the points that are gained by the guest also increases. These points are credited to the account of each guest by using the technology. These points are called as Loyalty points (CRM, 2009). These points differ from one guest to another that is it will be unique. The main objective of this loyalty is to offer a chance to the guest to decrease their expenses on the hotel and to reward them for staying in the hotel.

**Distribution Points**

The customer can make a call for booking a room in the hotel at the reservation centre, which is a very simple process. But this process turns into difficult if the allotted room doesn’t meet the customer expectations. Because of these reasons, Maurya Sheraton identified the distribution point as an opportunity to implement the CRM as the respondent at the reservation center (David Alexander, Charles Turner, David Turner & Phil Hailstone, 2001). This process is implemented by gathering and managing the information of all the guests’ reservations in the computer software. This process helps the customers as it offers the choices to the customers and allots the corresponding booking on that particular customer (CRM, 2009). This leads the growth of the industry as it removes the irritant and ultimately satisfies the customers.

**World Wide Web**

It is part of the internet. It is type of a system which computerizes, interacts and accesses the information world wide. It is used for both business and personal purposes. ITC Maurya’s use this process for the business side (Jim Sterne, 2001). In the hospitality industry, every
organization creates its own web page in order to share the information and to do the business with the customers. It is one of the touch points in CRM as it provides an accurate response from the customers to the hotel.

3.7. Summary
A research is done on the hotel industry in order to know the role and the importance of CRM in the industries. Before implementing the research on the hotels, first the author selected the process in which way the research should be done. The process of research mainly includes three ways, exploratory research, descriptive research and explanatory research. Here for this research selected a explanatory research in order to recognize the relationships of the variables. In the research strategies the author selected case studies for the research in order to identify the role of CRM in hotels. Qualitative research approach is selected for this dissertation as this research mainly concentrates and understands the problem in the research and solves the problems by considering suggestions form the people. Case study belongs to the primary data type where the information gathered can be altered according to research. Here, the author selected three hotels for the research to implement CRM in the industries. After doing research on these three hotels, the author states that the CRM plays a vital role in increasing the growth of the industry.
Chapter – 4: Findings and Analysis

4.1. Overview
This chapter focuses on presenting the analysis on the case studies that are considered in the research methodology. The structure of this chapter will be based on presenting the descriptive data and which explains the relationship between the management and the customer. Figures are used in this chapter widely in order to better understand and to compare the data before and after implementation of Customer Relationship Management in the hotel industry.

4.2. Relationship Management
After analyzing the hotels in the research, research found that the company can build strong relationship with their consumers with the help of CRM. From this research, it was found that for the survival of company, it’s very important to maintain continuous relationship between the company and consumer since the suppliers of the complex product which will have fewer customers and also there is a lot of competition in the industry. Small-company forced to maintain continuous relationship with their customers, as it contains less number of customers and to face the competition in the industry. The relationships with the consumer can be maintained by delivering the products on time, by maintaining the quality of the product and should never promise about something that cannot be fulfilled (Tina Nilsson, 2004). Company uses one core selling team per consumer to further maintain their relationships with the customer. Company uses team which includes different departments with different skills which can maximize the capability to serve and can satisfy the customer in a better way since the products are complex. For each customer the company allots a team which can built a better relationship with the customers. This process leads to repetition of business between customer and company. If the Company does not maintain any programs for customer relationship the company has to directly handle the relationship by personally contacting the customer and also through internet systems. Even though, respondents are not satisfied to use these systems, they are using this because of customers (CRM Solution, 2009). CRM helps the companies in improving the profitability of their interactions with the customers simultaneously the interactions that are made with the customers will appear like friendlier manner. In order to succeed with CRM, the companies need to match with the products and campaigns for managing
the customer life cycle. An effective CRM solution ensures the marketing and sales teams of the organization providing customer information to the teams so that they can easily grow the value of the customer base. The results prove that the competition in industry is more but customers to the company are less.

Hence, from the above research the author concludes that:

- Applying programs is not the solution for all industries. Every company should handle the relationships with the customer directly by contacting customers and also through interaction with the suppliers when the company has fewer customers.
- Core selling teams plays a vital role in satisfying the customers. Since, core selling team gathers information directly from the customer and maintains relationship with the customers.
- Whenever the company has fewer customers in severe competition, they should maintain continuous relationship with their customers.

4.3. Evaluation of Relationship

The performance of the Company can be analyzed by considering the information gathered by the teams, from which the company can analyze the relation between their company and customers. Company takes different steps or measures to determine success of their company but none of the measures isolated effect on customer relationships. The company should evaluate their relationship with the customers since in this competition it’s very difficult to maintain the relationship as it contains less customers. According to Tina Nilsson (2004), the relationship between customers and company can be increased by maintaining chemistry between people and honesty; but not by using statistical measurements for analyzing the data. It should not be understood that statistical evaluation is insignificant since it’s essential for CRM. The main aim of the CRM is to improve the customer analysis, service and retention capabilities (Fjermestad, J. and Romano, N. C. J., 2003). Evaluation plays an important role in handling the customer relationship. Evaluation depends on surroundings and variables which are useful for the industry. Therefore, the company should carefully select the variables, and methods which suit their company. Since, these variables reflect the situation of the industry. According to the method, the evaluation is done by statistical measurement. Hence, for evaluating CRM, different
companies and industries need different variables and methods. Company selects the method and variables according to their requirement and surrounding conditions.

4.4. Information about the Hotel

How will the customers know about the hotel?

A common man can access internet for online purchasing, trading etc with hotels if and only if the hotel provides e-business or internet services to develop the flexible techniques. Some surveys are made to find the above results. But there are some problems faced by the clients when they use online services like slot bookings or reservations because of the difficult technical methods followed in internet functions.

Ways of Communicating with the hotel

The most important thing is means of communicating with the hotel, internet is the best way to communicate or interact so that the consumer can come to know about the hotel at any time. This is possible only if the internet access is easy to the consumer. Many are aware of the hotels through friends, TV, relatives, newspaper, internet, emails etc. A survey is conducted by considering some participants how they are aware of the hotel. People mostly know about the hotel through friends or others but when compared to the proportion of information received through internet is less. People find it difficult in searching the information about the hotel because browsing takes time in finding the place, details etc., on the internet.

<table>
<thead>
<tr>
<th>How people know about the hotel?</th>
<th>Number of Contestants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Friends</td>
<td>20</td>
</tr>
<tr>
<td>Relatives</td>
<td>15</td>
</tr>
<tr>
<td>TV</td>
<td>10</td>
</tr>
<tr>
<td>Internet/E-mail</td>
<td>8</td>
</tr>
<tr>
<td>Others</td>
<td>5</td>
</tr>
</tbody>
</table>

Table – 4.1: Shows the ways of communicating with the hotel

Reservation Method

As there was a survey conducted among the consumers it was found that many of them use internet for booking facilities. This brings to a conclusion that people are using general methods
for booking their slots through direct contact, agents, internet, phone etc. Therefore there must be more developments in using the internet based functions of business in hotels.

<table>
<thead>
<tr>
<th>Reservation Preference</th>
<th>Number of Contestants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phone</td>
<td>15</td>
</tr>
<tr>
<td>Internet</td>
<td>17</td>
</tr>
<tr>
<td>Agents</td>
<td>8</td>
</tr>
<tr>
<td>Hotel Staff</td>
<td>6</td>
</tr>
<tr>
<td>Others</td>
<td>4</td>
</tr>
</tbody>
</table>

Table – 4.2: Shows the reservation preferences by customers.

As there are many people around the world they visit the hotels so a special care must be taken for the websites on internet (by providing information). But there are few people who make misuse of the website by various illegal actions thus deprecating the name of the hotel. So, proper care must be taken by the authorities in protecting the information on websites. Through internet e-business people get benefited but the main problem is with hackers or prowler who hack the data concerning the bank information this affects the e-business in hotels.

4.5. Analysis on Case studies

Author selected case study in the research in order to identify the importance of Customer Relationship Management (CRM) in the hotel industry. Here, the author selects three hotels to present the role of the CRM in the hotels before and after implementation in the industry. CRM can be implemented successfully in the industries only when the management takes care of some of the rules like adequate planning, stakeholder involvement, effective communication, etc.

The three hotels that are selected by the author are Taj Group, Accor and ITC. The management of these three hotels organized and well established the CRM practices in their hotels and they have realized that a happy and satisfied customer is a retained customer and that’s the key in creating superior brand equity and better returns.

4.5.1. Taj Group of hotels
The Taj Group is investing more money on the CRM systems in order to maintain the customer databank with their profiles to supply a quicker and personalized service to their loyal clientele. Taj gives more priority to the customer satisfaction. They even offer some services like SMS service in order to maintain a good relationship with the customers. The below graph represent the customer satisfaction on the services provided by the Taj hotel.

Figure – 4.1: Shows Traveler’s opinions: Hotel review summary of Campton Place, a Taj Hotel, San Francisco hotel (Taj, 2009).

<table>
<thead>
<tr>
<th>Overall Satisfaction</th>
<th>Hotel Service</th>
<th>Hotel Condition</th>
<th>Room Cleanliness</th>
<th>Room Comfort</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.7%</td>
<td>4.8</td>
<td>4.7</td>
<td>4.8</td>
<td>4.8</td>
</tr>
</tbody>
</table>

94% of travelers (18 of 19) recommend this hotel

Table – 4.3: Shows Traveler’s opinions: Hotel review summary of Campton Place, a Taj Hotel, San Francisco hotel (Taj, 2009).

Taj Lands, Mumbai targeted a turnover of around Rs 72 crore for the current financial year as against Rs 50 crore when it was acquired by the Taj group of hotels. This increases the growth of 40 per cent over the last one year, this increase is mainly due to CRM implementation (Taj hotel, 2009).
4.5.2. Accor hotel

After implementing the CRM in the Accor hotel the growth of the industry has increased in over three points of sell-to-call conversion which results in 15 percent increase in the number of room nights reserved, increased the customer satisfaction, and improved the performance of the agents, consistency and service quality. In order to achieve this growth in all the brands the company aligned corporate contact center goals in order to drive the customer’s satisfaction and customer loyalty (Accor, 2009). With the help of CRM implementation in the Accor hotel, the management has increased the growth of the hotel and also it developed the hotels throughout the world.

Figure – 4.3: Shows the world wide coverage of Accor hotel (Tim Knowles, Dimitrios Diamantis and Joudallah Bey El-Mourhabi, 2004).
The management of the Accor hotel has continued in double-digit growth and at the same time the new products have raised the share of the division’s sales from 15 percent in 2003 to 36 percent in 2007. In the year 2008, the revenue increased to €739 billion, operating income to €941 million, and profit to €575 million.

Figure – 4.4: Shows the growth of the Accor hotel from the year 2003 to 2007 (Hans Bool, 2009).

4.5.3. ITC Welcome group Hotel
With the help of CRM in the ITC Welcomgroup hotel, the company is leading the world with a high increase of growth in the market and in the year 2007, ITC Welcomgroup entered a new phase in its collaboration with the Starwood Hotels and Resorts to bring the latter’s premium brand to India. ITC invest Rs. 500 Crore in the next few years in order to increase their services and to satisfy the customers. The implementation enabled the hotels and tourism industry in India robust growth in the duration of 2003 and 2004. ITC Welcomgroup increased the growth of their company by consolidating the leadership in the locations where present, offering services to customers effectively and increased the Gross income to Rs. 168.72 crores compare to last year (Rs 1.44 crores) and raised the growth to 22% compare to previous year (ITC hotels, 2004).
Figure – 4.5: Shows the growth of the ITC hotel from the year 2003 to 2004 (ITC hotels, 2004).
Chapter – 5: Conclusions and Recommendations

5.1. Conclusion

From the above study on Customer Relationship Management in Hotel Industry, it can be conclude that CRM has played a vital role in hotel industry by providing its best services to the customers and thereby attaining customer satisfaction. CRM has attracted the attention of different researchers and scholars related to different organizations and fields. It will present an enterprise approach for gaining the complete knowledge about the customer’s interests, preferences and behavior so as to develop different strategies and methods that will encourage the customers and thereby maintain good relationships with the company.

Based on the nature of CRM requirements and segmentation we can give our recommendations in this last part of our study. Based on the practical data and analysis hotel industry is experiencing enlarged globalization, competition, advanced consumer proceeds, increasing consumer gaining costs and increasing their expectations. Hotels who could satisfy their consumers effectively and efficiently can only survive in the competitive world. Hotels should have focal point on implementing CRM strategies that aim to search for, gather and store the correct information. This information should be shared and used by all the departments for creating modified, association and exceptional consumers experience which can raise hotels profits or revenues.

Through value-added services within hotel segments they can have valuable relations with consumers, making exceptional consumers experiences and meeting consumer’s needs could be done easily. And consumer satisfaction will cause consumer reliability and continuation.

Consumer continuation is actually essential and excellent for the business and for the consumers. It’s good for business because as consumer is staying longer, his purchasing will be more which will raise hotels income and it is cheaper to keep existing consumer pleased rather than attracting new consumers.

CRM will mainly focus on different terms like customer support, data mining and enterprise resource programs and it is evaluated on the basis of different factors like attitude to serve, understanding the customer expectations, reliability, communication and customization for its successful adoption in the hotel industry. The different technologies that CRM presents are
clearly stated and they are analytical, operational and collaborative CRM which are used by different companies for improving and developing their bond with the customers. All the three CRM technologies have different and specific requirements that are explained in detail in the present dissertations.

The main objectives of CRM are opportunity and challenge where the opportunity means to maintain and employ good relationships with the guests and the clients, challenge refers to incorporate the consistency and Information technology systems in the every brand of the hotel. But the main problem that is stated in CRM within hotel industry is that the industry is suffering from a gap between data analysis, collections and outputs. The better solutions that are obtained for these problems raised are to gather the appropriate and efficient data, implement this data or share this data at all the organization levels. Other than this it requires best IT infrastructure which identifies the requirements and thereby maintaining a successful CRM project.

The implementation of CRM is explained with the help of different research types, research approaches and research strategies for gaining a clear understanding on CRM. The different methods of data collection that is primary data and secondary data are used for collecting the data by different researchers on CRM. The advantage of CRM is that it offers special attention to its customers and clients by providing the goods and services to customers in bulk which will facilitate strong relationships with them. CRM can also be implemented in different applications like customer service, sales and marketing management and sales force automation. But the present CRM is incorporating client facing applications. The basic fundamentals of CRM are its efficient way of treating the individuals, and attaining, maintaining its customer loyalty with personal relationships. The findings that are dealt with this study are to maintain good relationships with the customers; it is required to maintain continuous relationships between the company and customers since there is a lot of competition in the industry.

Research on different hotels like Taj, Accor and ITC is discussed in the research methodology section with the help of case studies. Taj Group of hotels is the leading organization in London and has developed several branches all over the world. CRM implementation in Taj has increased the Customer satisfaction, service quality and reduced the gap between customer expectations and customer experience. Accor is a French multinational corporation and it is said to be a European leader in hotels and tourism. CRM implementation in Accor has improved
online distribution system approach thereby saving the expensive commissions of Accor. ITC Welcome group Hotels is one of the India’s finest hotel chains and it is widely recognized ultimate in the Indian hospitality sector. CRM was implemented in ITC in two ways firstly by recognizing CRM vehicles and secondly by integrating the CRM vehicles.

Some of the sample companies present their opinions regarding CRM. They feel that applying efficient programs is not the solution for all the industries and the companies with few customers in this competitive world must maintain strong relationships with customers. In future since CRM is a wide area there will be a research conducted for determining the different successful factors pertaining to CRM for implementing it worldwide.

5.2. Recommendations

CRM is not an electronic system and it does not demonstrate the marketing financial plan. It’s a process to the consumer which entails and holds the visitor, making them wish to be the visitor of the hotel.

Following are some recommendations or guidelines to help hotels in how to implement different aspects of CRM successfully:

**Customer classification**

Based on the data consumer’s should be considered and needs to put them in extraordinary sectors. This will help hotels to handle their consumers like individual persons, undersized groups etc. According to Kotler a sample for consumer segmentation in hotels could be find in below:

- **Geographic:** Nations, States, Countries, and Cities
- **Demographic:** Age, Life-cycle stage, Gender and Income
- **Psychographic:** Some of the Social classes are Life-style, Personality, Behavior, Occasion of purchase decision, Occasion of use, Bereft sought, User status (e.g. Potential, former, first time), Usage rate, Loyalty status and Buyer-readiness stage. Hotels must have diverse strategy according to their consumer segmentation in order to answer the following questions:
  - How to manage selected consumer?
  - Which type of consumer will suite for selling center?
  - What kind of services will be suitable for selected consumers?
• Which channels of promotion & distribution would be suitable, when can it be done and what price?
• What type of other services could be offered to the segmented consumers?

Depending on the segmented consumers some worth more and more worth less to business, so hoteliers should invest more time and other resources accordingly. This is a bit difficult strategy in CRM and it is difficult for hoteliers to accept, but it is extremely crucial. There will be some deadly consumers who are not really bad for hotel. Such should be black listed and make sure your respective departments to beware from such consumers. According to consumer segmentation, hotels need to find proper and money-making consumers to make a better business.

**Services segmentation**
Identifying consumers who are valuable to the hotel has to prioritize and needs to serve them with new and different services which are a part of CRM strategy. With this services segmentation hotels have to center their services on consumer series and also should do one to one and one-to-many selling, traverse selling, follow-up sale which could be done effortlessly (Roya Rahimi, 2007).

**Special services**
Familiarity with guest will help in providing with the services they are looking for. Hotels must expect consumer needs and have to figure those needs properly. Knowing customer first preferences like newspaper they read, food, beverages preferred by them, room temperature preferred by them etc., and providing special services based on these preferences. Consumer satisfaction and trustworthiness may rise with identification of guest by face and name. Faithful customers should be identified as a sign of significance. The consumer can be welcomed by the front office employee as an old friend. The customer has to be provided with personalized data sheet that includes events and special offer packages based on time of stay and preference (Roya Rahimi, 2007).
Customer complaints

In order to recognize customer problems CRM system must follow many methods. Consumer complaints are to be considered as a chance for getting closer to them.

Relationship using IT (Information Technology)

Beyond the fact that CRM is not based on technology, it empowers the process integration. Technology must be used in the way that develops the method by which consumers are managed and allow core customer management to apply (Roya Rahimi, 2007).

Employee Training

Replacement means change, of which majority of people are scared which is one of the most important point in CRM implementations. And this should be done in the early stages of the project by educating employees through trainings, communication, participation and contribution (Roya Rahimi, 2007).

Giving Membership

To regular consumers hotels can provide memberships, which give them opportunity to avail discounts and special services. Such special services will make consumers feel that they are given extraordinary attention which a new consumer would hardly get (Roya Rahimi, 2007).

Reward Strategy

• Regular consumer programs

For retaining the hotel’s best consumers regular buyer programs are included from earlier stages. Valid points which can be changed into up gradations in class, exchange of products and services are awarded for regular customers. Regular consumer program will raise organization’s share of business.

• Reliability Program

To retrieve data about consumers demand and behavior, loyalty program is the best opportunity. Even this allows the organization to be in touch with consumers send point’s statements, monthly or quarterly. Every time as the customer meets organization it is a best chance to modify the services a consumer receive.
Market Research

Researches continuously considered in hotels are:

- From consumer’s view, how fine the hotel is doing?
- For serving a customer properly what can be improved?
- Competitors have benefits in which areas.
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