CUSTOMER RELATIONSHIP MANAGEMENT STRATEGY ON CUSTOMER BEHAVIOUR IN THE HOTEL INDUSTRY

Dr. VIVEK MITTAL [1] **Dr. SIDHARTH JAIN** [2]

[1] PROFESSOR, DEPT OF MANAGEMENT, HIMALAYAN UNIVERSITY, A.P, INDIA

[2] ASSOCIATE PROFESSOR, DEPT OF MANAGEMENT, MANGLAYATAN UNIVERSITY, U.P, INDIA

ABSTRACT

Customer Relationship Management is a technique that innovative companies and sectors find useful in addressing business challenges such as competition and especially in improving their interaction with customers, and thus influencing their behavior. The hotel industry is highly competitive with every organization trying its best to attract and retain a large customer base. On the other hand, Kenya is facing challenges in attracting domestic and foreign tourists due to the recent insecurity incidences. Further, some countries, such as United Kingdom and United States of America, which account for a high percentage of tourists in Kenya, have issued travel advisories on Kenya to their citizens. This poses as a major challenge for the hotel industry. Therefore, this study is motivated by the need to enhance CRM strategy so as to ensure that hotels remain in business despite the various drawbacks that may work against them in the current environment. The purpose of this research was to examine the effect of Customer Relationship Management strategy on Customer Behaviour in the Hotel Industry in Kenya with specific reference to Nairobi Safari Club Hotel. The specific objective of this study was: to establish the effect of utilizing information technology on customer behaviour in the Nairobi Safari Club hotel. The study adopted case study research design and targeted customers and employees of the hotel. The study used stratified random sampling technique to select respondents that participated in the study. A sample of 72 respondents was selected. A semi-structured questionnaire was used to obtain information from the respondents. The questionnaires were administered through drop and pick method. The data generated by questionnaires was checked, edited organized and coded by computer to reduce the mass of data obtained into a form suitable for analysis. The coded data was then analyzed using Statistical Package for Social Science Programme. The research findings revealed that there is a significant positive effect of CRM strategy on customer behaviour. Utilization of ICT, largely influenced customer behaviour at Nairobi Safari Club. Based on the study findings the following specific recommendations are given: Invest in ICT system that allows efficient real time customer interaction; and develop a feedback mechanism to manage communication with key customers and management.

INTRODUCTION

The strong rivalry in today's business environment has resulted in the building of stronger organisation-customer relationships. Customer relationship building creates rewards that benefit both the organisation and the customer (Ndubisi, 2007). Customer Relationship

Management (CRM) focuses on the long-term profitability of keeping customers for life (Sauers, 2008). This requires two-way dialogue between the organisation and the customer to develop a relationship (Du Plessis, 2005). Customer Relationship Management is a technique that innovative companies and sectors find useful in addressing business challenges and especially in improving their interaction with customers. The Kenyan hotel industry stands to benefit from the implementation of CRM strategies as it contributes to meeting customer expectations. Currently,the hotel industry in Kenya shows a substantial increase in competition, requiring companies seeking to maintain their relevance and attracting customers to consider models such as CRM to ensure service quality and customer satisfaction (Badu,2010). A working technique is CRM strategies that refer to all the business attributes that interact with the customer during the sales and service delivery .These attributes contribute to ensuring customer loyalty, excellent service delivery, and quality management. CRM arose from the recognition that customer relationship is important to the success of a business. Through successful implementation of CRM, organizations can build a lasting relationship with their customers (Brotherton, 2003). Today, customers are becoming more sensitive to prices and their corresponding services while disregarding brand loyalty, making it necessary to implement CRM strategies. However, a framework for CRM strategies implementation is highly lacking in many sectors especially in countries such as Kenya where business owners are struggling with management knowledge, managerial processes, supporting technology capabilities, and alignment of the model with the business processes (Sigala, 2005). Therefore, implementation of CRM strategies also requires noting supporting factors within the company. In Kenya, implementation of CRM strategies is mostly non-existent in the hotel industry as evident through literature search, though it exists in some areas such as in financial institutions (Oduro-Senyah & Ebo, 2009). This withstanding, this study seeks to explore on the effect of Customer Relationship Management strategy on customer behaviour, with a focus on the hospitality industry, in the hotel industry

METHODOLOGY

This study adopted a case study approach because it provides in-depth information in addressing the objectives of the study of the selected hotel in Nairobi. The study used 18% of the population size which is a sample size of 72 respondents out of 390 employees and customers.This study used stratified random sampling technique to select employee respondents that participated in the study. Stratified random sampling is a sampling method in which all study objects are divided into distinct subgroups and samples taken from each sub group. The sub groups included employees working in the various departments at the hotel. The customers were selected using simple random sampling technique. Primary data was collected through structured questionnaire and mean rating was used as the statistical tool. This research mostly adopted the questionnaire method. Secondary data was collected from various data sources including dissertations, journal articles,

textbooks and professional books. Other the sources of data included academic literatures, various reports and journals from different libraries.

In this study a total of 7 respondents were used for the pilot study, since the sample population is 72. Randomly selected respondents were picked and questionnaires administered to them. The pilot data was analyzed and reliability was determined using the Cronbach's Alpha. The reliability is expressed as a coefficient between 0 and 1.00. The higher the coefficient, the more reliable the test is. The findings indicated that utilization of ICT had a cronbach's alpha value of 0.779 which is above the suggested value of 0.7 thus the study was reliable (Ali & Raza, 2015; Raza and Hanif, 2013; Nunnally & Bernstein, 1994).

Data Analysis and Presentation

The data generated by questionnaires was checked, edited organized and coded by computer to reduce the mass of data obtained into a form suitable for analysis. The coded data was then analyzed using Statistical Package for Social Science Programme (SPSS) version 20. Both descriptive and inferential statistics were used in analyzing data. According to Krathwohl (1993), descriptive statistics is the analysis of data that helps describe, show or summarize data in a meaningful way which allows simpler interpretation of the data. Inferential statistics enables precise and informed conclusions that can be generalized about a population. This entailed frequencies and percentages, means and standard deviations and correlation analysis. Prior to data analysis the questionnaires were coded based on a five point likert scale used in the

questionnaire. The research findings were presented in form of tables and graphs. Respondents were required to indicate their level of agreement with various aspects on utilization of ICT. Items that were measured on a five point Likert-Type scale ranging from 1 being "Strongly Disagree" to 5 being "Strongly Agree". Means of between 3.3256 -4.3116 and standard deviations of between 0.52115-0.94525 were registered. It was clear from the research findings that the Nairobi Safari Club had the right technical personnel to provide technical support for the utilization of computer technology in building customer relationships as revealed by the high means of 4.3116. On the same note, the findings revealed that the hotel had the right software and hardware to serve customers to a great extent (4.3116). Moreover, it was clear from the research findings that the hotel provided channels to enable ongoing two way communication with key customers and management to a moderate extent (3.3256). The findings are as shown in the table below.

CONCLUSION

The objective of this study was to determine the effect of customer relationship management strategies on customer behaviour at Nairobi Safari Club. Based on previous studies, the variable under study was expected to have a positive effect on customer behaviour. The study findings indicate that there is a significant positive effect on customer behaviour as a result of adopting the customer relationship management strategy of ICT utilization.

This concurs with the findings of Freeland (2003) who contends that CRM is still one of the best strategies for growing revenue

and increasing market share, and that CRM offers richer opportunities for developing the customer franchise and increasing brand value than most companies have realized. Elsewhere (Hazbon 2006) argues that for companies that seek to keep customer relationships strong and profitable, acquiring the right mix of CRM processes, workforce management approaches and technologies is critical. It can therefore be concluded that adoption and utilization of Information Communication Technology significantly affects the customer behaviour of an institution.

This study is a justification that customer relationship management practices have a significant positive effect on customer behaviour of clients. With due regard to the ever increasing desire to have high customer satisfaction in the hospitality industry in Kenya, there is need to invest in various customer relationship management strategies. This should be done in a manner in which all the stakeholders are happy. Specifically the study recommends the following: (a) Management to invest in ICT system that allows efficient real time customer interaction. This will go a long way in enhancing customer satisfaction and loyalty as indicated in the findings that reveal a very strong relationship between customer behavior and utilization of ICT (b) Develop a feedback mechanism to manage communication with key customers and management as found out in the study.

REFERENCES

1) Ali, M., & Raza, S. A. (2015). Measurement of Service Quality Perception and Customer Satisfaction in Islamic Banks of Pakistan: Evidence from Modified SERVQUAL Model. MPRA Paper No. 64039, University Library of Munich, Germany.

2) Brotherton, B. (2003). The international Hospitality Industry: Structure, Characteristics and Issues. Oxford: Butterworth-Heinemann.

3) Butcher, K., Sparks, B., & O'Callaghan, F. (2001).Evaluative and Relational Influences on Service Loyalty. International Journal of Service Industry Management, 12(4), 310–327.

4) Caruana, A. (2002). Service loyalty: The effects of service quality and the mediating role of customer satisfaction. European Journal of Marketing, 36, 811–828.

5) Caro, J. L., Guevara, A., Aguayo, A., & Galvez, S. (2000). Increasing the Quality of Hotel Management Information Systems by Applying Workflow Technology.

6) Choy, K. L., Lee, W. B., & Lo, V. (2002). Development of a case based intelligent customer–supplier relationship management system. Expert Systems with Applications, 23, 281–297.

7) Cline, R. S. (1999). Hospitality 2000.The Technology: Building Customer Relationships. Journal of Vacation Marketing, 5(4), 376–386.

8) Dimitriadis, S., & Stevens, E. (2008). Integrated Customer Relationship Management for Service Activities: An internal/external Gap Model.

Managing Service Quality, 18, 496–511.

9) Faed, A., Ashouri, A., & Wu, C. (2010). The efficient bond among mobile commerce, CRM and E-loyalty to maximise the productivity of companies. In Information sciences and interaction sciences (ICIS), 2010 3rd international conference on, pp. 312–317.

10) Faed, A. (2011). Maximizing productivity using CRM within the context of M-Commerce.International Journal of Information Processing and Management, 2, 1–9.

11) Gall, M. & Borg, M.(1996). Education Research: An Introduction. New York: Longman. Ian,Min Tjoa (Ed.), Information and communication technologies in tourism 1997 (pp. 307–316). Wien/NewYork: Springer.

12) Gro″nroos, C. (1990). Service Management and Marketing: Managing the Moments of Truth in Service Competition, Lexington Books, Lexington, MA

13) Injazz J. Chen, Karen Popovich, (2003). "Understanding customer relationship management CRM): People, process and technology", Business Process Management Journal, 9(5):672 – 688

Iravo, M., Ongori, J., & Munene C. (2013). Factors affecting the performance of hotels and restaurants in Kenya. A case of Kisii County. Interdisciplinary Journal of Contemporary Research in Business, 4(12), 897-928.

Jillian Dawes, Steve Worthington, (2006). "Customer information systems and competitive advantage: a case study of a top ten building society", International Journal of Bank Marketing, 14 (4):36 – 44

Kothari, C. (2012). Research Methodology Methods and Techniques. New Age International Publishers: New Delhi.

Krathwohl, D. R. (1993). Methods of Educational & Social Science Research: An Integrated Approach.(1st ed.). New York: Longman.