

## CUSTOMER RELATIONSHIP MANAGEMENT ROLE IN HOTEL INDUSTRY

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### **Abstract**

*Customer Relationship Management is a comprehensive approach to creating, maintaining and expanding customer relationships. Customer relationship is a way of thinking about and dealing with customers. CRM is a technology for managing to all Company's relationships, and interaction with potential Customers. It it's simple goal is to improve business relations. Customer relationship management has a growing popularity and is becoming a Practical topic in business areas. Customer Relationship Management is Crucial and has become a niche for firm performance. There are few research that tells the relationship between Hotel Industry and CRM dimensions. Moreover, this study is an attempt to furnish a value conceptual modal that explains the theoretical linkage that exists between the hotel Industry and Customer Relationship Management.*

### **Keywords**

*Customer Relationship management, Hotel Industry, Business relation, Enterprise, Loyalty.*

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### **Research Methodology**

This study is descriptive in nature and uses only Secondary data included in different databases of google scholar, different books, research papers, magazines and the internet need to compile reliable facts and material.

#### **Objectives**

This research intends to explore how a hotel. the industry is managing customer relationships in the development of the Indian economy.

- To study and determine the effect of the implementation of customer Relationship Management on customer satisfaction, loyalty and retention in the Hotel Industry.
- To study and analyze the expansion of CRM in the Hotel industry.

### **Introduction**

Several researchers have made attempts to define CRM, some of the definitions are here follows, which hopefully will give a better understanding of what CRM is all about. Bose (2002) will states, “at the core, CRM involves the integration of technology and business processes used to satisfy the needs of a customer. CRM can also be defined as an information industry term for methodologies, software and usually internet capabilities that help an enterprise manage customer relationships in an organized way.” Or be defined as an all-embracing approach, which seamlessly integrates sales, customer service, marketing field support and other functions that touch customers. According to Swift (2001), CRM can be defined as an enterprise approach to understanding and influencing customers behavior through meaningful communication in order to improve customer acquisition, customer retention, customer loyalty and customer profitability. The word “enterprise” in the above definition is of great importance since CRM is an approach that must be integrated into everything a company does and must involve the entire company.

CRM processes support the sales, marketing and service departments within the hotel industry and maximize its profit margins. It functions by associating them with an unparalleled experience both in terms of quality as well as the manner in which their needs are addressed. This customer-centric approach plays an important role in the hotel industry as it attempts to retain customers and build a long-term partnerships with them. CRM does not belong just to sales and marketing it is not the sole responsibility of the customer service group or the information technology team but touches all areas of the organization. It can be the single Strongest weapon even before the workforce.

## **Customer Relationship Management**

CRM strategy has many aspects but the basic theme is for the Organization to become customer-centric. This does not necessarily create a new profit-oriented stream today or even tomorrow. CRM methods are fundamentally web-based tools and Internet presence because they will allow the company to keep up with new businesses to give information about their own and their competitors. the business allows the customers to give present information at any time from any Source.<sup>1</sup> CRM is the core business strategy that aims to create and maintain a profitable relationship with customers, by designing and delivering superior value propositions. It is grounded on high-quality customer-related data enabled by Information technology. Customer Relationship Management is an extensive approach to maintaining, creating and expanding customer relations. The world becomes full circle from marketing to selling and from Seller's market to the buyer's market. During the last two decades the emphasis has shifted from production to business realization, product development, technology improvement, cost optimization and excellent service facility is the very important for all organizations although their Importance is only there if the customer satisfies and appreciates it. Today the customer has the option to purchase what he thinks and from whom, and the whole business is revolving around the customer and he has become the key to business extension and profitability.

CRM arrived at the reason that customers are different in their choices and buying habits. if the consumer needs and desires were exactly the same, there would be slight use of CRM. Bose (2002) states that at the core, CRM involves the integration of technology and various functions such as websites, telephone support systems, accounting, data warehouse, sales marketing and production.<sup>2</sup> CRM is an idea regarding how a company keeps its most profitable clients by increasing the value interaction.

### **Hotel Industry**

Hotel Industry is an important part of the Service sector that deals with guest accommodation and lodgings. hotel industry not includes only hotels but also to many other forms like motals, resorts and guest houses etc. A hotel is a place where a travelers can receive good food and shelter, provided they are in the position to pay for it and favorable conditions are received. Hospitality is about touching points on the micro experiences that make each guest feel valued at a "Home" Hospitality is about trust and empowering Staff which provides service to the guest first and foremost.<sup>3</sup>

This is essential in the hotel industry as it helps a business Unit exceed its customer expectations by enhancing the desirable value of its service and providing the opportunity to build effective interpersonal relations.<sup>4</sup> In the hotel business, the Customer and the front-line service employee of the hotel interact to create the good hotel service. Effective interaction depends on the skills of the employees of the hotel and on the support processes backing these employees. Thus, successful hotel organization focuses their attention on both their customers and their employees understanding the service profit chain, which links hotel service profit employees and customer satisfaction. This service profit chain includes internal service quality, satisfied and loyal customers, efficient and effective service value, maximum hotel growth and profits. therefore, achieving maximum profit and growth goals begins with taking care of those who take care of customers.<sup>5</sup>

#### **Relationship between Hotel Industry and CRM**

In India, the Hotel business has witnessed awesome growth in modern times. The hotel business is inseparably linked to the tourism business and the development inside the Indian tourism enterprise has fueled the boom of the Indian lodging Industry Customer relationship management will be ideally suitable for the hotel industry.<sup>6</sup> Although the fact that CRM brings lasting benefits for any organization as a whole, most of them gain profits from implementing it more than others. Moreover, it goes without saying that growing customer acquisition costs, price-sensitive travelers rising customer expectations, many sophisticated clients, uncertain markets and less brand loyalty are all key factors, which strongly urge hotels to focus on CRM as a useful strategy. CRM is widely considered as one of the best effects to facilitate developing and expanding the customer base that, in return will assist in increasing profitability and customer loyalty.

#### **Importance of CRM**

Customer Relationship Management helps the business organization to understand the customer requirements, and demand and refocus its strategy to serve them better. it helps organizations to reach business growth through the development of competitive margins and excellence. Some of the important points it addresses are - identify's strong and weak points. of supplier, identify customer wants, and untrapped business potential, Provide feedback and new information about competitors, and identify fields requiring new technology and development.

The principles of CRM are developed out of Market/customer focus, methodology involving the understanding of requirement-based segments, the development of segment-based proposition and management of delivery against

those propositions to increase the customer value. CRM is the understanding of this segmental relationship and the capability to create an action plan to help the employees working in different sections to devise a plan to enhance benefits to the customer. CRM increases the value of the hotel industry's customer portfolio through convergence of marketing, sales and its services. An effective implementation of CRM results in maximizing business growth and profit throughout the customer life cycle.<sup>7</sup>

Hotel Industry is everything about the amazing consumer experience. The hotel business is one of the fastest-growing industries in India and globally. Without the use of information technology and Proper automation, managing the business growth would not be possible. CRM helps hotel management to match the expectation of the customers, and also helps in managing clients' feedback, loyalty program and all, a 360-degree view of client information and interaction. it also includes a good telephony system with a call distribution mechanism and proper interactive voice response. a well-designed call distribution system, helps guests reach to the right person in a very short time. There are a large number of benefits of the implementation of CRM in the hotel business some of those are-

### **Customer Loyalty**

A customer relationship management system is not only used to deal with existing customers, but it is also useful to create new customers. The process begins with identifying a customer and maintaing all the important details in the CRM system used by the business organization. This will increase the chance of getting more business, which ultimately increases sales and profit, if the customer is satisfied they will always be loyal, and they enhance their purchase of specific products or services as well as Variety. A loyal customer has less price-sensitive because they have tried, tested and developed confidence with the quantity offered by business organizations. CRM helps the business company analyze its an old database system and gives a fair idea of what did not work for them. The CRM software also helps the management to understand what their customer actually prefer when they were being served.<sup>8</sup> Be it comfort, quality Service, Personalization, pricing or anything else, through a hotel CRM Software hotel management can find out the differences and serve their customer in the best way.

### **Customer Retention**

In the world of hotel Services the value of repetitive clients can't be overstated. According to many studies, creating a new customer costs anywhere is seventh to eight times more than retaining an existing one. crafting your customer

retention strategy can earn you a maximum amount of revenue in long term. For customers, retention develops a loyal profitable customer base and a strong network of promoters, minimizing customer acquisition costs. Retention of customers in hotels is possible only through good strategy but equally important is directing it toward the targeted group. For retention of customers, hotel management needs to study such guests, their preferences, their stay and other important aspects that can help them make their future visits more memorable. Hotel organizations also need to note that client expectations are very high and for that reason, if your hotel does not fulfill their demands, you may lose them to your competitors. Fulfilling and exceeding the expectations of your guests builds loyalty and that is where you should direct the lion's share of the attention if you want to enhance customer retention.

### **Customization**

A good CRM technologies and software allow the hotel organization to customize products and services according to the target customer. while for certain customers,

Value for money is the priority and some other luxury and overall experience is matter most. There are many ways to apply customization, once a hotel is aware of the different approaches of customization they can implement their own way and in the end attract and maintain more customers.

### **Increase Sales**

Repetitive sales tasks such as sending the bulk of e-mails, and preparing reports can be automated through the CRM. Automation of different sales tasks saves a lot of time for hotel managers, allowing them to focus on more important tasks of building strong personal connections with customers. The CRM mobile access allows sales team in the hotel industry to have already access to their customer preference which help them to create more effective offers for their customer and enhance hotel sales.

### **Conclusion**

A relationship is a natural outcome of any interaction. The challenge for the hotel industry is to balance between long-term goals and short-term incomes. The top management of the hotel must define its policy in this regard. It is useful to project customer costs and revenue on a time scale and accurately plan customer acquisition programs. The internet is playing a very important role in the management of CRM strategy. Another importance is that effective customer relationship is not just the function of infrastructure and facilities, information and technology, food

and comfort, warmth and people, it is also a process of planning, organizing, staffing, coordinating, controlling and budgeting. Hotel organizations to develop customer-oriented processes, and motivate employees to perform their full potential through delegation needs to be managed very efficiently for the good results.

### **Recommendations**

In the time of globalization, quality Management and quality control hold the key to success for any organization. In particular, This is correct with some service-oriented industries. Where change comes speedily and where customer satisfaction through quality products and service is a challenging task. Hotel Industry offers delicate and specialized services and the customer have high expectations of the services. CRM is the key instrument to fight this cutthroat competition and generate superior brand equity and better results. On the basis of the study, we would like to recommend some suggestions which can enhance the income of the hotel industry.

1. Maintain suggestion boxes at every point of interaction with customers.
2. Effective CRM software should be installed to improve guest satisfaction, lower operating costs, build guest loyalty and enhance incomes.
3. Customer feedback must be analyzed and steps to overcome any gap should be implemented on a priority basis.

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