Paper on Information technology as a vital part of CRM in Hotels: A study of Punjab, Himachal and Chandigarh

Navleen Kaur,
Assistant Professor, Department of Business Management,
SGGSW University, Fatehgarh Sahib, navleen10@yahoo.co.in

ABSTRACT

The primary objective of any company or corporation is to get and keep the customer. Customer relationship management (CRM) is an information technology driven strategy companies use to get and keep a customer. According to the techtarget.com, CRM systems ensure “management, salespeople, people providing service, and perhaps the customer can directly access information; match customer needs with product plans and offerings, remind customers of service requirements, know what other products a customer had purchased, and so forth.” With this level of knowledge and empowerment, corporations can provide the services required to get and keep the customer buying. The paper focuses on the objective of studying the impact of information technology as the key part of CRM on the hotel industry. The study is done primarily through the collection of the previous studies conducted, related to use of the social media, e-marketing, use of website, use of E-mail as a tool of promotional marketing and also the collection of primary data by the use of questionnaire targeted on the employees of the hotels.

Keywords: CRM, Customer based data, Website, E-marketing.

Introduction

CRM evolved out of the need for sales executive to maximize the use of technology in sales processes. This started with the introduction of the personal information manager (PIM). PIM was a small electronic notebook where sales people kept names and addresses of contacts. Over time, the PIM evolved into computer-based contact management systems. Well-known contact management systems are ACT and Goldmine. Given the increased need for flexibility and access to more information, contact management systems evolved into sales force automation (SFA) and SFA eventually evolved into CRM. Sales force automation software constitutes an integral part of a comprehensive CRM system. Customer service software is also a part of an organization’s CRM systems, and it may include help-desk software and call-center software, depending on the nature of the business.

The technology driven information is a part of CRM. Technology is pervasive from the basic user-friendly interface to complex back-end database and knowledge management systems. Massive databases are the heart of any CRM system. Data is collected from various sources ranging from customer service personnel to online data collection forms made available to the customer via a web browser. By using the software efficiently, a business can save time and money and provide unparalleled service. Because the information is located on a centralized database, it can be updated and organized quickly to maximize profits and help prevent mistakes and duplicate ordering in a sales environment.

The CRM software is used to send out follow-up emails and to set up timely reminders when clients are due for an evaluation of needs. One can maintain accurate client records within the CRM system. The information about purchases, addresses and emails of purchasing agents as well as other key personnel can be updated through CRM system. A CRM system enables a business to gain insight into customer behavior and preferences, with the ultimate goal of retaining customers and increasing revenues. The correct CRM system may be able to achieve organizational objectives by allowing it to provide exactly the products and services that customers want, by offering better service before and
after the sale, and by enabling the company to maintain a loyal customer base in retaining old customers and identifying new ones.

CRM Components

CRM was used to refer to only the software component, but now the concept has evolved into a customer centric philosophy that affects all aspects of an organization’s operations.

CRM applications have three primary technology components that are referred to as customer touch points, applications, and data stores. Customer touch points are the primary human interface with customers. This is the beginning of the sales process. Sales people or customer service personnel communicate with the customer and input data into the system. Or, with the web this interface could be on online form where the customer is asking for more information. An application is the software interface between the customer touch points and corporate databases. Data stores represent the data stored in the databases as well as the knowledge management systems designed to interpret the data and map out customer buying habits or buying behavior patterns. In modern business, along with the technological component, two other aspects of a successful CRM initiative are people and processes. These three key components are the foundations of successful CRM implementation within an organization, and they must be aligned with the customer centric philosophy. In establishing true CRM an organization must first choose the right CRM system that is easy to operate and gives employees timely and relevant data.

Review of Related studies

Buhalis (1998) in his paper on Strategic use of information technologies in the tourism industry provided a framework for the utilization of technology in tourism by adopting a strategic perspective. A continuous business process re-engineering is proposed in order to ensure that a wide range of pre-requisites such as vision, rational organization, commitment and training are in place, that can enable destinations and principals to capitalize on the unprecedented opportunities emerging through IT’s. The paper concluded that the future success of tourism organizations and destinations will be determined by a combination of innovative management and marketing, intellect and vision, as well as strategic use of advanced IT’s. ITs have stimulated radical changes in the operation and distribution of the tourism industry. Training and education of human resources in both innovation management and ITs will enable the industry to develop an understanding of the contemporary developments and a vision for the future.

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Gabriele Piccoli, bonnie R. Spalding, and Blake Ives (2001) in their research work on the customer-service life cycle, a framework for improving customer service through information technology conceptualized that by thinking of customers' use of a product or service as a cycle, hospitality organizations can use the internet and IT to offer better service and create a stronger relationship each step of the way. This article presented a framework to think creatively about the use of IT – particularly the internet and worldwide web – as tools for the creation of competitive advantage. It seeks to help firms identify the strengths and highlight areas of improvement. The study concluded that the competitive advantage provided by IT can be valuable, particularly if innovations are based on the firm's distinctive competencies.
Jahangir Karimi, Toni M. Somers, and Yash P. Gupta (2001) in their study on impact of information technology management practices on customer service gauged whether IT management practices differ among firms where IT has a major role in transforming marketing, operations, or both, which give the firms advantage by effecting their customer service. Several research hypotheses were tested using data obtained from a survey of 213 IT-leaders in the financial services industry. The results indicated that the IT-leader firms have a higher level of IT management sophistication and a higher role for their IT-leaders compared to IT-enabled customer focus, IT-enabled operations focus, and IT-laggard firms. This paper concluded with the implications for both researchers and practitioners. In short, in order to improve customer service, firms require a significant and higher level of general management and IT leader involvement in IT planning, organization, control, and integration.

Greenberg (2001) reveals winning strategies for leveraging the latest technologies to acquire and retain customers even when competition is fierce. E-commerce experts Paul Greenberg explain the terrain and how to use it to your business advantage. Greenberg focuses in on the web based technologies available for implementing a CRM system and explains how to select the right tools for your business- tools that will enable increased interactivity and self service for customer online.

Luck and Lancaster (2003) in their study on E-CRM: Customer relationship marketing in the hotel industry explored the degree to which UK based hotel groups had exploited the medium of electronic customer Relationship marketing (E-CRM). Research was incorporated that investigated their use of the internet to verify whether customer relationship marketing was being implemented within online operations or whether their internet presence merely revolved around the basic functions of “providing information” and “hotel reservations”. The findings and subsequent discussions showed that on the internet, hotel groups used their relationship with customers to provide rather than to gather information. The majority of hotels groups had only embraced a few elements of E-CRM. Although the findings indicated that the hotel groups were generally aware of the potential of web technologies and strategies, they also showed that the companies were not putting this knowledge into practice when it came to implementing E-CRM.

Veenapani (2006, June) in his paper on using information technology to enhance customer service revealed that the use of information technology facilitates better service, bringing down the cost, but the use of appropriate technology is essential. Firms opting for high technology, increase their operational risk, unable to manage and integrate the technology. Implementation of information technology to enhance customer service also calls for training and change management. Without the change in the mindset and attitude of employees, organizations cannot successfully implement the technology. Above all technology planning should be integrated well with the organizations marketing strategy.

Rahimi (2007) tried to find the role CRM played in for giving special services with the help of IT, one to one marketing, and effective relationship. It resulted in 25%-95% increase in profits. On the other hand, the guest loyalty to the hotels brand reduces the risk of service variability. In all, in hotel industry, CRM application with more satisfied and loyal guest brings a lot of benefits such as increase in the rate of retention, increase revenue and profitability, reduce internal costs, reduce marketing costs, improving customer services, create positive word of mouth, market share growth, improve marketing methods, streamlined business processes, better understanding/addressing customer requirements, higher employee productivity and protecting marketing investment by maximizing returns. All these benefits for a hotel can be a source of long term and sustainable competitive advantage.
Gaurav K. Agrawal, Deniel Berg (2009) in the study on the development of services in customer relationship management (CRM) environment from 'Technology' perspective explored opportunities using a comprehensive model (and CRM, as an example) that can be used to extend the research relating service development to the technology development aspects of the market. The service sector is receiving much deserved attention resulting from its inevitable role in a country's economic development. The study concluded that despite all the attention in services arena, the role of technology in the service development process has not received much attention from researchers, even though the technology development is established to have strong link with the services arena.

Ip, Leung & Law, 2010 analyzed that ICT trends in the hotel industry are improving on a daily basis. The Development of information communication technology has dramatically changed the way customers interact and seek information, as well as the way of purchasing services.

Online marketing has practically restored the tourism industry. Traditional hotel reservation has been changed by the internet. As a result, potential customers can easily compare the rooms and their rates of different hotels. Furthermore, there is a progress in computer graphics and web images that hotel managers are using to display images of the hotels. This way, guests can use virtual tours to view the interior and exterior of the hotel better, and thus create a picture of what awaits them when they visit the hotel.

Revenkar and Shivashankar (June 2010) in their study on Paradigm of electronic customer Management developed , operationalized and empirically tested a temporal model explaining the relationship between three categories of e-CRM (i.e. pre-purchase, at – purchase and post purchase e-CRM) and online customer satisfaction at 2 phases of the customer life cycle i.e. attraction and retention. The results of the longitudinal survey of the online customers of hardware retailers provided strong support for the model and revealed the dominant role of pre-purchase e-CRM in satisfaction formation at the attraction phase and the prevalence of post purchase e-CRM at the retention Phase. Specific e-CRM features are identifies as satisfaction drivers, providing insights for important paradigm shifts. CRM is defined as the attractive process that achieves an optimum balance between corporate investment and the satisfaction of customer needs to generate the maximum profit. Due to the lack of personal contact, CRM is of particular importance in e-commerce and m-commerce. In other words, e-CRM is profitably barometer and mercury is customer sale. “Effective CRM means knowing my good customers: bad ones, and how one can improve sales point and service.” It is all about customer loyalty, retention and conversation.

Babita Chopra, Vivek Bhamibri, Balram Krishan (August 2011) in their paper on Implementation of Data Mining techniques for Strategic CRM Issues has throws light on the underlying technology and the perspective application of data mining in customer relationship management. The organizations and individuals having right access to the right information at the right moment of time will be the one to survive, In spite of having ever growing data bases the problem is that the organizations fail to fully capitalize the true benefits which can be gained from this great wealth of information, as they are not able to extract valuable information from these huge data bases. The results of the research suggested that the solution lies in the use of Data Mining tools for customer segmentation and profitability, marketing and customer relationship management.

Milovic, 2011 stated in his study that today, customers require the same information via the internet, mobile phone and PDA technology (e-CRM). E-CRM provides companies with the means to implement interactive, personalized and relevant communication with customers through both electronic and traditional channels. It uses a complete overview of the customer to make decision about what is the best way to approach customers. Proponents of e-CRM will recognize that a comprehensive understanding of customer activities, personalization, relevance, permits and timeliness metric are means for the end of the optimization.
Hamid, Cheng & Akhir, 2011 found in his study that with the aim to be competitive, hotel managers should aim to add value to their offers on hotel websites. Providing features such as reservations and reservation modifications, tracking transaction history, providing a level of personalization and understanding the specific needs and preferences of guests, enhances the value that customer receive, which increases loyalty. Bookings that are done online are often much faster and cheaper. Hotel website can enhance and increase reservations with online reservation system. This system will increase sales. It pays off to invest in hotel website and to implement an online booking system.

Russo, 2011 in his study stated that some of the most common reasons for acquiring CRM system include achieving greater revenue and profitability, increased customer satisfaction, simplified processes and low costs, better insight and decision making.

Boris Milovic, 2012 in his study “Social media and e-CRM as a prerequisite for hotel success” stated that the development of information and communication Technology (ICT) has enabled the development of electronic customer relations (e-CRM) as a business strategy that uses web technologies for developing the capacity and enabling hotels to engage guests in the strong, personalized and mutually beneficial interactive relationship, and thus increases their profitability and sales efficiency. His paper describes how e-CRM strategy is used by hotel managers to promote the hotel, more specifically, how much impact websites, social media and e-marketing campaigns have on hotel promotion and business performance. Internet development has enabled the rapid growth of Hotel industry.

RESEARCH METHODOLOGY

Scope of the Study
The scope of the study was limited to the State of Punjab, Himachal and union territory of Chandigarh.

OBJECTIVES OF THE STUDY
The study has the following objectives:
- To examine the importance of information technology in customer relationship management by collection of previous studies on the subject
- To examine the role of IT by studying the perception of employees towards the use of information technology in the hospitality industry.

Sampling Design
The sample of study was based on multistage stratified random sampling technique. Three regions namely Chandigarh, Punjab and Himachal Pradesh provided the 1st stage of sampling unit while cities became the 2nd stage. The hotels and respondents, both tourists and hotel employees, was the third and fourth stage of sampling unit respectively of the study.

Selection of Cities
Along with Chandigarh city, Jalandhar, Amritsar and Ludhiana cities from Punjab and Shimla, Dalhousie and Kulu Manali cities from Himachal Pradesh were selected keeping in view the diversified classes of hotels available in these cities.

Selection of Hotels
There were 19 classified as well as unclassified hotels in Chandigarh, while the number of hotels in Punjab was 55 and Himachal Pradesh 134. In this way there were 208 classified and unclassified hotels.
Selection of Respondents
From the selected hotels, 200 employees were interviewed for data collection.

DATA COLLECTION
The data were collected from both primary and secondary sources. The survey was conducted with the help of questionnaire. Questionnaire was developed for the employees of the hotels taking into consideration the opinion and advice of the experts.

Statistical Framework
The data were analyzed by using simple statistical techniques. Simple tools included frequencies, percentages and averages.

Empirical Evidences of Role of IT in CRM
Extent of agreement among employees on role of IT in CRM in hospitality industry in Chandigarh, Punjab and Himachal Pradesh include 5 statements on 5 point Likert scale of agreement. These statements include ‘the organization is using software for maintaining data of the customers’, ‘the employees are extremely comfortable in using the software’, ‘the follow up Email and phone calls are essential for maintaining customer relations’, ‘the online marketing is being practiced by our hotel like online reservations/ cancellations’ and ‘sending promotional emails/greeting cards is a common practice of our hotel’.

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<tr>
<th>S. No.</th>
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<td>1</td>
<td>the organization is using software for maintaining data of the customers</td>
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<td>2</td>
<td>the employees are extremely comfortable in using the software</td>
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<td>3</td>
<td>the follow up Email and phone calls are essential for maintaining customer relations</td>
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<td>4</td>
<td>the online marketing is being practiced by our hotel like online reservations/ cancellations</td>
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<td>4.48</td>
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<td>4.08</td>
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<tr>
<td>2</td>
<td>the employees are extremely comfortable in using the software</td>
<td>4.08</td>
<td>Agree</td>
<td>4.20</td>
</tr>
<tr>
<td>3</td>
<td>the follow up Email and phone calls are essential for maintaining customer relations</td>
<td>4.12</td>
<td>Agree</td>
<td>4.28</td>
</tr>
<tr>
<td>4</td>
<td>the online marketing is being practiced by our hotel like online reservations/ cancellations</td>
<td>3.72</td>
<td>Agree</td>
<td>4.16</td>
</tr>
<tr>
<td>5</td>
<td>sending promotional emails/greeting cards is a common practice of our hotel</td>
<td>4.26</td>
<td>Agree</td>
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In all the three regions, i.e., Chandigarh, Punjab and Himachal Pradesh, the employees agreed that the organization is using software for maintaining data of the customers, the employees are extremely comfortable in using the software, the follow up Email and phone calls are essential for maintaining customer relations, the online marketing is being practiced by our hotel like online reservations/cancellations and sending promotional emails/greeting cards is a common practice of our hotel.

The extent of agreement among employees on additional facilities related with the role of IT in CRM in hospitality industry was also observed. This aspect includes 3 statements like a) ATM facility adds to the convenience of the customers’, b) ‘Wi-Fi is not demanded much by the customers’ and c) ‘the hotel has the provision of 24 hrs fax facility.'
In Chandigarh, the employees agreed on the ATM facility adds to the convenience of the customers and the hotel has the provision of 24 hrs fax facility, while they were neutral (neither agree nor disagree) on Wi-Fi is not demanded much by the customers. In Punjab, the employees also agreed on the ATM facility adds to the convenience of the customers and the hotel has the provision of 24 hrs fax facility, while they were neutral (neither agree nor disagree) on Wi-Fi is not demanded much by the customers. However, in Himachal Pradesh, the employees agreed on all the three statements like the ATM facility adds to the convenience of the customers, the hotel has the provision of 24 hrs fax facility and Wi-Fi is not demanded much by the customers. This highlighted the importance of IT in CRM in hospitality industry in Chandigarh, Punjab and Himachal Pradesh. The employees of the hotel industry expressed their agreement on the role of IT in CRM. The employees were not found to be disagreed on any statement related to the IT in hotel industry.

Results and Findings

With the development of the internet and continuous improvement of technology, CRM has entered a new era of development. From the perspective of CRM (Mendoza, Marijus, Perez & Griman, 2007), Internet is a tool for customer interaction which brings many benefits to the organization. Creation and maintenance of loyalty requires the companies to understand that internet is customer-oriented environment where the customer should be regarded less as target and more as a partner (Stockdale, 2007). Internet reduces costs, extends the scope of the market and increases quality of services. It also increases the value of customer relationships at certain levels such as access, convenience and low cost.

Online success in the hotel industry is dependent on many different factors. Hoteliers can achieve marketing success by keeping up to date about content management systems and innovative technologies applicable for the industry and planning for every aspect of electronic commerce. It takes hard work and effort to optimize the hotel website; however, implementation of web features such as content management system is necessary.

Altogether, the application of e-CRM in the hospitality industry, along with satisfied and loyal guests, brings many benefits such as increased guest retention rates, increased revenue and profitability, reduced internal costs, reduced marketing costs, improved customer service, creating a positive reputation of the hotel, increased market value of the hotel, improved marketing methods, business process improvement, better understanding of the requirement of the guests, higher employee productivity and protecting marketing investment with maximized returns. All of these benefit that e-CRM offers hotels can be a source of long – term and sustainable competitive advantage.

Conclusion

The use of information technology results in the value addition and benefits to the hospitality industry which has been found from the previous studies. The perception of the employees towards use of IT has been found to be positive. The employees are comfortable in using the CRM software as is analysed from the above stated empirical data. The customer data is being maintained in the hospitality industry of the states of Punjab, Himachal Pradesh and Chandigarh.
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Books:-


Web Sites:--
