



## A Study of C.R.M Implementation in Indian Hotel Industry

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### **ABSTRACT:**

Customer relationship management (CRM) is a business strategy to select and manage the most valuable customer relationships. CRM requires a customer-centric business philosophy and culture to support effective marketing, sales, and service processes. CRM applications can enable effective customer relationship management, provided that an enterprise has the right leadership, strategy, and culture.” Basically everything is said within this statement. Customer loyalty decreases due to a multitude of channels and increasing transparency of the market. This is mainly due to the rapid growth of the Internet, economic globalization and comparable quality.

Hotel industry is a highly flourishing, lucrative and competitive market. To compete in such a market, the hotels should focus on maintaining good relations with the customers and satisfying the customers. Increasingly, the organizations are using Customer Relationship Management (CRM) to help boost sales and revenues by focussing on customer retention and customer loyalty. The present research was undertaken to study the Customer Relationship Management (CRM) practices in Indian hotel industry

Especially in the hotel industry, the basic product (hotel room) is very similar, when comparing the same quality level. The customers’ focus is more on the soft factors, like personal treatment and attention. It is identified that most failures to achieve CRM benefits are due to a lack of internal strategy. Customer Relationship Management must not only focus on the existing and frequent customer base; it needs to manage all customers of the organization. Return on CRM investment will fall in place automatically after the base is set properly. Main drivers are increased customer satisfaction, an increased number of referrals and a decrease in marketing costs. Customer Relationship Management, particularly on hotel chain level, is very challenging but also very important, as the hospitality industry deals with perishable goods and needs to manage supply and demand with a sure instinct.

The present study focuses on CRM practices adopted by hotel industry in general and three hotels (ITC Maurya Sheraton, Oberoi Group of Hotels and The Taj) in particular. Findings of the study will prove beneficial to the researchers, academicians and management of particular hotels.

### **INTRODUCTION:**

Today, it has grown mainstream and is being implemented in a wide range of companies and organizations such as manufacturing, financial services, transportation and distribution, medical services and products, consumer package goods and others. This explosive growth of CRM reflects the intersection of genuine market need and enabling technology. And, in this growth period, the impetus for CRM is shifting from an emphasis on efficiency, i.e., doing more things faster with less cost, to effectiveness, i.e., doing things better for increased revenue with a high "return on relationships (ROR)".

A CRM programme requires a clear understanding of and commitment to the company's customer focus, vigilant adherence to detailed goals, commitment from both executives and line workers, and a constant awareness of the customer's view point. Customer relationship management is about more than simply managing customers and monitoring their behavior or attitude. CRM has the potential to change a customer's

relations with a company and increase revenues in the bargain. Furthermore it helps to know the customers well-enough to decide whom to choose and whom to lose.

The objective of CRM is to recognize and treat each and every customer as an individual. It is very essential for any business to know that how to differentiate customer treatment according to an individual preferences. For differentiate customer treatment, the companies use personalized service and customized products which make some customers feel special and others simply appreciate good behavior. It humanizes their purchase or service request or complaint. Personalization and customization doesn't mean maintaining only customer loyalty, but also driving purchases higher.

Getting closer to customers and effectively responding to their needs is a great way to boost their loyalty and encourage deeper business relationship. The task of getting and retaining customers requires even greater skill and effort. The business needs to ensure that the service works as the customer actually wants it to, and the customers want to do business in 'their' way, not to be forced to do it in the enterprise's way. Most companies consider them customer-focused and believe that in being so they are servicing the customer.

### **REVIEW OF LITERATURE:**

Jill Dyché (2010) in his 'The CRM Hand Book' defines, *"The infrastructure that enables the delineation of and increase in customer value, and the correct means by which to motivate valuable customers to remain loyal - indeed to buy again."*

CRM is an integration of contact management, sales automation, marketing automation, customer service and support, e-commerce, partner and channel management etc. At the same time we are able to see small shop keepers doing CRM extremely well. Good CRM is all about replicating the same experience with the use of technology. (Lemon, et al, 2002)

Banga et al (2013) concludes that almost all the owners/managers of the selected hotels in Ludhiana were aware about the CRM concept and are practicing it in their respective hotels. Further, CRM practices help the hoteliers to increase customer satisfaction, win customer loyalty and retain the customers which results in increased market share and high profitability.

The use of CRM software for hotels has to be an important asset that facilitates adjustment of special programs, promotions and services for guests. By staying in tune with its guests, the hotel can get better understanding of their likings. The possession of information also has a great value in determining the space for specific tourist groups or individual guests. CRM tools allow aiming of specific guests or tourist groups (Ruchi, 2013).

### **RESEARCH OBJECTIVES:**

1. To study "Customer Relationship Management in the Hotel Industry".
2. To study the programs and practices of CRM employed by the leading hotels in India.
3. To study the measures to build a better relationship between the customer/guest and the Indian hotels.
4. To study the need of CR.M and finally to conclude the findings and suggest any recommendations regarding how the present customers can be used as useful prospect for the future growth.

### **SCOPE OF THE STUDY:**

This study will provide an insight into the hotel industry and the steps being taken by them to improve their relationship with their guests/customers. From the study, one can infer the present scenario of the practices and programs being followed by the leading players in this sector and the steps being followed by them to enhance customer loyalty, customer satisfaction and in turn, leading to enhanced profits and brand image in the minds of the customers.

**RESEARCH METHODOLOGY:**

The study involves secondary research of the similar studies done in past, hotel tariff cards, magazines, newspapers, articles, and internet and company records. The type of data taken into consideration for this topic is the Secondary data. This study is descriptive in nature while it seeks to identify the present scenario of the practices being followed by the leading hotels in India for enhancing customer retention, satisfaction and loyalty. Three leading hotels have been selected for the study i.e. Hotel ITC Maurya Sheraton, Oberoi Group of Hotels and The Taj.

**FINDINGS:****CRM PRACTICE AT HOTEL ITC MAURYA SHERATON:**

“Customer Relationship Management is a process of managing customer relations in an organized way”. They aim at managing each “*Moment Of Truth*” that is experienced by the customer.

There are various contact points where the hotel comes in direct contact with the customer which are known as ‘*Touch points*’ in the CRM language. These touch points are considered important as there is direct interaction with the customer and they provide valuable input to the hotel. The input provided by the customer has to be captured in such a way that it becomes information and can be used by various processes within the hotel. This can be done with the help of technology and the aim is that whenever there is a customer interface with any of those processes they are able to use that information in servicing the guest in a most efficient manner.

Customer Service is now more fashionably called Customer Relationship Management. ITC Maurya Sheraton has been following an unstructured form of CRM with a narrow focus of serving the customer well and in a most efficient manner. The concept of Customer Relationship Management has a broader focus of not only serving the customer but also creating the customer and retaining him for measurable and substantial returns. CRM is a vast subject where the concept of one to one marketing is supported by Database Marketing.

Maurya Sheraton has identified some vehicles (from marketing point of view) which are also the touch points for the hotel in the process of managing its Customer Relationship-

**FIELD SELLING:**

When a sales group or a marketing executive of the hotel makes a sales call to a corporate, then it is called Field Selling. Field Selling includes **Prospecting** which means searching and seeking for new customers. **Current Accounts** are one of the best sources to uncover new business that is within these current accounts, as they harbor many sources of untapped business potential. They also provide **Leads and referrals**. Leads are potential customers with whom no contact has yet been made and learning of potential customers from current customers is called Referral. Field selling is considered the most important vehicle for the CRM function as the initiative is on the part of the hotel to contact the prospective guest. Since the representative of the hotel meets the customer personally, he is able to strike a chord instantly and has a fair chance of representing the hotel. The difference between the customer and consumer is apparent at this stage as, the person who uses the hotel is a consumer (guest) and the person who helps him make this choice is the customer (link), this link, in most cases, is the administration personnel who are responsible for making reservations. So with the help of field selling, the executive is able to make a direct contact with the ‘link’, the administration person and is able to take the feedback on a continuous basis and helps to customize the offering. The main objective of this is to maintain ‘one to one’ contact with the customer on a regular basis and also to maintain reasonable visibility so that whenever there is a requirement, the hotel is the most obvious alternative for the customer to consider.

**LOYALTY PROGRAMS:**

Second vehicle for CRM identified by Maurya Sheraton are the Loyalty Programs. These programs are designed to reward the loyal guests of the hotel. Every time a guest checks in the hotel at his every touch point or interface with the hotel, every time he spends on a service provided by the hotel (use of Room, Restaurant, Laundry, Telephones etc.), the transaction is recorded at each individual point and is added to the final bill presented to the guest at the end of the stay. There are certain points attached to the number of rupees spent by the guest. Therefore higher the amount of the bill, the higher will be the number of points attained by the guest. These points are credited to the account of each guest with the help of technology. These are called *Loyalty points*. These accounts having the loyalty points are unique to every guest. Therefore, whenever after the first time that guest checks into the hotels, the guest history also affects the loyalty points. The higher the number of points, more loyal is the guest. The points can be redeemed by the guest for either free stays at the hotel or free gifts as listed by the hotel or free meals depending upon the number of points accumulated.

The objective of having a loyalty programme is not only to make the guest feel rewarded for his stay but also providing a chance to the guest to reduce them at the hotel, they essentially “gross self” the other services which would be used & paid by the guest. In case he redeemed (for example) his points for a free stay, he would spend on the supporting services like laundry, telephones, restaurants etc. and the revenue generated from these could be earned by the hotel. Therefore, instead of loss of revenue by providing free stay, they actually gain the revenue as well as certain customers for life with the help of the loyalty. The Loyalty Program is called welcome avail which is for the consumer. They have another loyalty programme for the link. The administration personnel, who is called welcome link, is motivated to provide more business to the hotel. Therefore, the more the number of bookings the links gives to the hotel, the more number of points are credited to his accounts which are again redeemable at the hotel either by way of free stay or gifts. This is seen as an important way to keep the source of business motivated towards a long term relationship.

**DISTRIBUTION POINTS/ CENTRAL RESERVATION SYSTEM:**

A customer can simply make a call at the reservation centre to make a booking with the hotel. It sounds simple but it could get complex in case he does not receive the expected or the desired response. Therefore, Maurya Sheraton sees this distribution point as an opportunity to establish CRM as the respondents at the reservation centre could turn a prospective customer into a ‘sale’ or could let go off the opportunity to do so by not being polite enough or not giving out the information as desired by the guest. The information regarding all guest reservations is managed through computer software, therefore, when a customer make calls to query about a reservation, all his hotel usage history pops up in the system which gives a chance to the executive at the reservations to instantly recognize the customer and address him by his name. This moment of truth is experienced by the customer with a feeling of recognition and feels it as good service at the first touch point itself. The input or instruction received from the customer at the stage is recorded in the reservation system for further reference by the hotel operations. Therefore the wheel does not get reinvented every time a standard instruction is to be followed. This leads to removal of an irritant and that ultimately leads to a satisfied customer willing to return.

ITC Maurya’s focus is on the business side of using the web. In hospitality, there are several avenues that one can take up to set up a web site to share information and do business with a potential customer. Since the web gives a convenience and allows the access to information at any time, it is considered as one of the vehicles for CRM. Though Maurya recognizes the potential of this system and is in the process of evolving a filing automated system where the reservations can be made by the customers on time and also the confirmation is received back on a real time basis. Presently they have an information portal which only allows the customer to request a reservation which has to be checked manually by the hotel reservations and then only the confirmations are given. This is a touch point of customer relationship because a speedy and accurate response could win you a customer. And since it is on an individual basis, it is more personalized

and customized because the customer puts in his preferences when requesting a booking. Therefore, once it is entered in to the hotel's data base the customer does not have to repeat his preference as they are automatically suggested by the reservation form on the net.

### **CRM PRACTICES AT THE OBEROI GROUP OF HOTELS:**

According to the Oberoi the terms-*Customer Relationship Management* and *Relationship Marketing* are used interchangeably therefore they do not have a separate CRM department as the outlining functions of the CRM process are integrated in the Sales and Marketing operation.

They use a variety of after sales tactics for customer bonding and loyalty. Co-operative and collaborative relationships with customers seem to be the most prudent way to keep tracks their changing expectations and appropriately influencing it. The Oberoi has ensured the above by the various 'end user' and 'booker' programs such as:

#### *Top – The Oberoi Plus*

This is an end-user program with an enrollment fee of Rs.575 only. It is beneficial for guests who use the services of the hotel. Each time a guest spends, he accumulates points which can be redeemed for any services of the hotel. By enrolling and rewarding customers with the help of this program, the hotel ensures that a greater bonding towards long-term customer retention. They have also tied up with the airlines for interchangeable redemption of points.

#### *Connections – Bookers' Program*

Bookers are an important link in materializing an actual sale therefore they need to be kept motivated to push the hotel when the reservations are made by a corporate account. Each time a booker gives as reservation to the hotel he gets credit points for that and which can be redeemed for gifts or any hotel services.

#### *Food Festivals*

The Oberoi conducts various food festivals at its Restaurants. Regularly and sends invitations to its more profitable Clients.

#### *Tie-Ups*

The Oberoi invites top clients like CEO, Managing Directors and key decision makers of different companies to social evenings specially arranged to further enhance the Customer relationship management functions.

### **CRM PRACTICES AT TAJ GROUP OF HOTELS:**

#### **ABOUT THE TAJ INNER CIRCLE:**

Taj Inner Circle, the frequent guest programme, allows guests to earn points whenever they stay or dine at The Taj. Guests can then redeem their points for specially selected rewards like complimentary stays at Taj hotels, resorts, and palaces. The Taj Inner Circle has three membership levels – Blue, Silver and Gold. Customers/Guests join at the Blue level and start earning on their stay or dining or both expenses at all Taj properties. To qualify for the Taj Inner Circle Silver membership level, customer need to accumulate 250 points in any continuous 60-day period i.e. spend Rs.25,000 (INR), excluding taxes, in any continuous period of 60-days. Members who spend Rs.2,00,000 (INR), excluding taxes, in continuous 12-month period, will be automatically upgraded to Gold status. Gold card members enjoy enhanced privileges and accumulate points at a faster rate i.e. they earn at the rate of 1 point for every Rs.80 spent, excluding taxes. Gold and Silver card members of the Taj Inner Circle also enjoy a host of privileges like easier check-in check-out formalities, discounts and priority wait-listing.

#### **ABOUT THE EPICURE PLAN:**

The Epicure Plan, an optional add-on to the Taj Inner Circle, is an exclusive dining plan that offers Taj Inner Circle members special privileges and rewards for expenditures incurred on food and beverages, at participating Taj restaurants in India.

Members of the plan receive a "Smart" membership card for instant recording, updating and redemption of points. Taj Inner Circle Blue members who opt for the Epicure Plan will be automatically upgraded to the Silver level whereas members on the Silver or Gold tier will continue to enjoy their existing membership levels.

Non-Taj Inner Circle members who wish to enroll on to the Epicure Plan will receive a complimentary Taj Inner Circle Silver membership. Membership is available at an annual fee of Rs. 2500, which is payable by credit card, cheque, or demand draft (Drawn in favor of "Indian Hotels Company Limited"). Alternatively, guests can make payments in cash when applications are made directly at Taj hotels.

### **CONCLUSION AND RECOMMENDATIONS:**

From this study, we can conclude that all the three leading hotels – ITC, Oberoi and Taj are following organized and well established CRM practices. They have realized that a happy and satisfied customer is a retained customer and that's the key to creating superior brand equity and better returns.

### **ITC HOTELS:**

At ITC, the management has identified 'data capture vehicles' or 'touch points' (as they call it) - like loyalty programs, reservation systems and call centers to maintain a data bank of their customers and to access the information as and when needed. This helps in providing quicker and more customized solution to queries and complaints, if any and also helps in building a rapport between the hotel executives and the customer which goes a long way in satisfying and retaining the customers, building a superior brand image and turning them into loyal patrons. Ultimately, this leads to measurable & substantial returns to the hotel.

Other benefits extended to the loyal clients of ITC include Welcome Award, Welcomlink, Sheretonplus which are aimed at rewarding the regular clientele of their patronage and building a better relationship with them.

### **THE OBEROI:**

The brand value that The Oberoi has created for itself is a result of its consistent delivery of exceptional services to its customers. Traditionally, at The Oberoi, CRM and relationship management has been considered to be a single function, but to maintain its market share and fight the competitive situation, the marketing department at The Oberoi is now focusing on building co-operative and collaborative relationships with the customers with the result that they have a loyal patronage from their guests, and are, thus, able to charge a premium for the value given to the customers.

The CRM programs at the Oberoi include The Oberoi Plus for the customers and also for the Bookers to motivate them.

The Oberoi also organizes Food Festivals regularly and sends invitations to its regular clientele and the top CEOs, MDs and business people to further enhance the CRM functions' effectiveness.

### **THE TAJ:**

The Taj Group is also investing heavily on CRM systems to maintain customer databank with their profiles to give a quicker and personalized service to their loyal clientele. The Taj gives high priority to guest satisfaction.

They even have an SMS service to keep track of lost/missed calls by the customers while they are away.

They have employed applications like PMS, CRS and CIS to keep track of customers' profiles which includes information such as their spending patterns and their special needs also. They employ data mining technique to get and act on data and also give credit to the employees who get compliments from the guests.

Other reward programs include Taj Inner Circle and the Epicure plan to give the customers a host of privileges as silver and gold card holders.

**RECOMMENDATIONS:**

In this era of globalization where ‘Customer is the King’, customer expectations are going up which is making the situation more and more competitive. As the product is becoming generic in nature, the hotel industry can no longer rely on the traditional marketing strategies to retain the customers.

Customer Relationship Management is one of the key tools to fight this cut throat competition and stand out as a superior brand. On the basis of the study, following are some suggestions which could be implemented profitably by the industry-

1. **Surveys:** Conducting monthly guest/customer surveys, club surveys, room comment cards, toll free guest assistance centers can help in getting customer feedback and to improve in the areas where there is a lag as suggested by the feedback.
2. Maintaining suggestion boxes at every touch point/point of interaction with the customers.
3. Taking feedback not only from external customers but also the internal customers i.e. the employees.
4. Keeping regular track of the sales data for further leads and follow-up
5. Employing effective CRM software to improve guest satisfaction, lower operating costs, build guest loyalty, and increase revenues.
6. Having Guest History programs- keeping a databank of customer profiles along with such details as room preferences, amenities preferred, special requests, meal preferences, wallet services, sending birthday cards to the loyal guests and even their spouses and giving them a hassle-free check-in procedure-like sending them pick-up and drop facilities.
7. Employing an efficient system of complaints handling as complaints are the opportunities to improve, to impress the customers and to turn complaining customers into loyal ones.
8. Giving recognition awards to attract repeat customers.
9. Giving the customers a more personalized and empathic services as building good rapport with the customers goes along way in having satisfied and return customers.

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