ABSTRACT

The hotel industry cannot survive without the customer because customers have more choices today and the targeted customers are most valuable for star hotels. Customer service and customer care must receive high priority within the hotel industry. Customer Relationship Management (CRM) practices particularly in star hotels is very challenging. Only installing and integrating software packages in star hotels cannot implement a successful CRM strategy. It needs to be coordinated with the business operations, strategy and employee and customer acceptance. If star hotels develop and sustain a solid relationship with their customers, their competitors cannot easily replace them and therefore this relationship provides for a sustained competitive advantage. CRM in star hotels is a key element that allows star hotels to develop their customer base and sales capacity. With the help of CRM, the star hotels can manage all aspects of customer interactions in a manner that enables star hotels to maximize profitability from every customer.

The present empirical study was conducted in the state of Karnataka, India, with a view to understand the nature, scope and status of CRM in star hotels from the managers’ point of view which functioned in the top three cities namely Bangalore, Mysore and Mangalore because of more star hotels.

The primary data was gathered from 607 respondents who represented the senior managers (Top Management), junior managers (Middle Management) and supervisors (Lower Management) of star hotels in Karnataka. The respondents were selected on the basis of simple random sampling technique. The present study approached the problem through a systematic survey method. Besides the survey method, informal discussion and secondary sources of information were also used as other methods to study the effectiveness of customer relationship management in star hotels in Karnataka.

The analysis of data was both descriptive and inferential, using Descriptive Statistics, t-Test, One-way ANOVA, Duncan’s Multiple Range Tests, Pearson Correlation and Contingency Co-efficient Analysis. The percentages were worked out to
represent the proportion of respondent’s to the total sample considered in the study. The collected data for the study was used to compute the statistics using Statistical Presentation System Software (SPSS-version 21.0).

Results revealed that the current practices of CRM are widely acknowledged as an important component of marketing management and corporate communication management processes in star hotels, but unfortunately applications of CRM are not favourable. Most of the star hotels have adopted CRM practices and enriched the process of marketing considerably over a period of time in Karnataka yet are not up to the mark. The findings revealed that current practices of CRM were much better than expected. It was found that as the level of star hotels increased, current CRM practices also increased correspondingly. The study also revealed a significant difference in the mean factors’ effectiveness on CRM practices among star hotels (five-star, four-star and three-star categories). It was found that the mean values of three-star hotels differed significantly from mean values of four-star and five-star hotels. The findings showed that the barriers of CRM practices among star hotels are lower than expected. It revealed a non-significant difference in the mean barriers of CRM practices among star hotels (five-star, four-star and three-star categories). Finally it was found that the relationship between CRM practices and influence on the category to which they belong is higher than expected. It revealed a significant difference in the mean CRM among star hotels (five-star, four-star and three-star categories) where, mean value of three-star hotels differed significantly from mean values of four-star and five-star hotels. The current practices of CRM in five-star and four-star star hotels in Karnataka had a high-level of progress in comparison to three-star which is still to catch up. Finally, suggestions to improve CRM practices have been high lighted.