

A Study on the Influence of CRM Dimensions on Marketing Capabilities in Hotel Industry with Special Reference to Tirunelveli District

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Abstract: *The aim of this study is to examine the influence of CRM dimensions (i.e., customer orientation, CRM organization, knowledge management, and technology based CRM) on marketing capabilities in hotel industry. They also demonstrate that CRM organization is the main source of influence on marketing capabilities. Overall, the practical findings of the study suggest that hotels that are looking to improve their marketing capabilities through using CRM strategy should integrate the four dimensions of CRM, and specifically focus on the CRM organization dimension.*

Keywords: CRM, Marketing Capabilities, Hotel Industry, CRM Dimension, CRM Relationship

I. INTRODUCTION

The hotel industry is one of the main components of tourism, and as such is one of the most promising sectors in Malaysia; therefore there is a need for good strategies to enable it to meet the economic agenda of the nation (Awang, Ishak, Radzi, & Taha, 2008). As reported by Tourism Malaysia (2016) there were 4,072 hotels in 2014 compared to 2,336 in 2006. As a result of this increasing number of hotels, competition has become very stiff among hoteliers, which influences the level of the average occupancy rate. From 2006 to 2015, the average occupancy rate fluctuated but settled at approximately 61.9% (Tourism Malaysia, 2016). Furthermore, in today's highly competitive hospitality industry, the Malaysian hotel industry is relatively vulnerable to international and foreign competition (Awang et al., 2008). In reality, global competition is becoming stronger by the day as more and more foreign hotel operators are opening their business in Malaysia, recognizing that the country has strong growth potential in the service industry sector. Consequently, to be competitive, hotel operators in Malaysia must pay more attention to the needs and wants of the customers, as well as recognizing internal capabilities to improve their occupancy rate (Abdullah & Hann, 2012). In line with this argument, Sigala (2005) stated that in recent years, aggressive competition in the hotel industry has reduced customer loyalty and decreased the occupancy rate. This intense competition and its consequences have become the greatest challenges faced by the hotel industry. Previous studies (e.g. Tavitiyaman, & Zhang, 2011; Wu & Li, 2011; Wu & Lu, 2012) have suggested that to confront this problem, hotels must develop capabilities to maintain customer loyalty and create a pattern of repeat purchases. In this case, several empirical studies have explored the extent to which marketing capabilities act as drivers that lead to differential performance among organizations. For example, Vorhies and Morgan (2005), Morgan, Vorhies, and Masoghn (2009) and Chang, Park, and Chaiy (2010) indicated that marketing capabilities (planning and implementation) have the greatest impact on organization performance. Furthermore, Vorhies and Morgan (2005) also revealed that marketing capabilities (planning and implementation) have a positive influence on organizational performance. Additionally, they contended that the success of an organization depends on the development of well imagined marketing strategies and its ability to implement them. Thus, it is imperative to improve hotels marketing capabilities and explore the factors that influence it.

CRM is a multi-dimensional construct that involves customer orientation, CRM organization, knowledge management and technology-based CRM. Therefore, organizations must combine all of these dimensions to implement CRM successfully and consequently improve their capabilities and performance (Abdulateef, 2011, Alkroush, Dahiyat, Gharaibeh, & Abu-Lail, 2011; Sin, Alan, & Yim, 2005; Yim, Anderson, & Swaminathan, 2004). In conjunction to that,

this study focused on investigating the influence of CRM dimensions on marketing capabilities in Malaysian hotel sector.

II. LITERATURE REVIEW

Han, Kim, Srivastava, Slater & Nervier, (1998) “Customer Orientation and Marketing Capabilities” In particular, customer orientation influences marketing planning capability because it helps organizations to understand the market situation and build up appropriate strategies to satisfy the needs of customers (Liu, Luo, & Shi, 2003; Morgan et al., 2009). Organizations that have a customer orientation strategy can direct resources to satisfy the needs of customers through the successful implementation of marketing action or innovation.

Fahy et al. (2000) “Knowledge Management and Marketing Capabilities” Indicated that knowledge about customer will lead to the development of marketing capabilities. In this respect, hotels that have a lot of customer knowledge and the ability to disseminate it among their various departments are expected to implement successful marketing activities to satisfy their customer needs (Conant & White, 1999; Noble & Mokwa, 1999). Similarly, Lee, Naylor, and Chen (2011) empirically found that customer knowledge has a positive influence on marketing implementation capability. In line with these results, Mohammed, Rashid, & Tahir (2014b) found that knowledge management has appositve and significant impact on marketing capabilities. Based on the previous argument. Knowledge Management has an influence on marketing capabilities.

Cobanoglu, Corbachi, & Ryan, (2001) “Technology Based CRM and Marketing Capabilities” Previous studies mentioned that, efficient and timely implementation of information technology can provide many benefits to hotels including enhanced service quality to meet customers’ expectations, improve cost control, improve operational efficiency and implement effective marketing strategies. In this respect, technology-based CRM can enable organizations to plan and implement successful marketing action to retain customers and make them more profitable, drawing on the customer database and other systems that capture information over time (Roberts, Liu, & Hazard, 2005). Correspondingly, previous studies stated that CRM technology develops marketing capabilities by offering valuable customer information that facilitates managers and employees to accomplish their marketing objectives in the most effective and efficient manner.

Vorhies, Morgan, and Autry (2009) “CRM Organization and Marketing Capabilities” asserted that marketing capabilities are influenced by an organization’s business strategies and that these types of marketing capability and their integration are significant drivers of market effectiveness. Thus, organizational policies, strategies, and management support (CRM organization) influence marketing capabilities to improve organizational performance. Richards and Jones (2008) argue that CRM may influence future marketing decisions, such as brand differentiation, price, communication, and distribution. Based on this argument the study proposed the following hypothesis. CRM organization has an influence on marketing capabilities.

III. RESEARCH METHODOLOGY

In this study, the population comprises 447 hotels listed by the Malaysian Association of Hotels (MAH) in February 2012. This category of hotels was selected because it is only within these larger establishments that an interest in CRM is likely to be expected (Kasim & Minai, 2009). In line with this argument, previous studies contended that within this category of hotels the implementation of CRM plays a vital role to enhance customer value, increase customer satisfaction, and, consequently, achieve competitive advantage and maximize profit (Daghfous & Barkhi, 2009; Wu & Lu, 2012). Zikmund (2003) stated that when the sample units in the population are limited, the researcher may decide to study the whole population rather than taking a sample for the study. Due to the relatively small number of 3- to 5- star Malaysian listed hotels (447), it was decided to include the entire population.

Since hotels in Malaysia are located throughout different regions, questionnaires were distributed by mail to the managers of 410 hotels; the 37 hotels used in the pilot test were excluded. This method was also thought to cover a geographically spread sample at minimal cost. The researcher also used various methods to increase the response rate, such as research assistants and visiting hotels located in the north of Malaysia as well as in Kuala Lumpur. Of the 164 questionnaires collected, nine were received from hotels that did not use CRM and three questionnaires were incomplete. The remaining 152 questionnaires were accepted and used for further analysis.

All the measurement of the variables in this study adapted from previous studies. The measurement items of customer orientation were based on items adapted from (Garrido-Moreno & Padilla-Meléndez, 2011), the operationalisation of the CRM organization, knowledge management and technology based CRM measurement items were based on items drawn from Sin et al. (2005), and Yim et al. (2004).

3.1 Data Collection

In this research we used both primary data and secondary data. Primary data are collected through questionnaire and secondary data collected through journal, publications, and articles.

Sample size: 45

IV. ANALYSES AND INTERPRETATION

Table 1: Demographic profile of the respondents

S.NO	Particulars	No. Of Respondents	Percentage
1.	Age Group		
	20-30	12	26.66
	30-40	16	35.55
	40-50	14	31.11
	50-60	3	6.66
	Total	45	100
2.	Occupation level		
	Below-10000	18	40
	10000-15000	17	37.77
	Above 25000	10	22.22
	Total	45	100
3.	Gender		
	Male	22	48.88
	Female	23	51.11
	Total	45	100
4.	Marital Status		
	Married	25	55.55
	Unmarried	20	44.44
	Total	45	100
5.	Customer satisfaction level		
	Satisfied	17	37.77
	Unsatisfied	18	62.22
	Total	45	100

Source: Primary Data

Interpretation:

The above table 1 shows that Age group classification 26.66 percentage of the respondents are 20-30 and 35.55 percentage of the respondents are 30-40, and 31.11 percentage of the respondents are 40-50 and 6.66 percentage of the respondents are comes under the 50-60.

According to Occupation level classification 40 percentage of the respondents are comes under below 10000 and 37.77 percentage of the respondents are comes under 10000-15000 and 22.22 percentage of the respondents are comes under Above 25000.

According to Gender classification percentage of the respondents are 48.88 comes under the male and 51.11 percentages of respondents are comes under the female.

According to Marital status classification 55.55 percentage of the respondents are comes under the married and 44.44 percentage of the respondents are comes under the unmarried.

According to Customer satisfaction level of classification 37.77 percentage of the respondents are under the satisfied level and 62.22 percentage of the respondents are comes under the unsatisfied level.

CHI-SQUARE TEST:

Null hypothesis: There is no significant relationship between gender and the working members.

Table 2: Age Group and Gender

Age Group	20-30	30-40	40-50	50-60	Total
Male	6	7	7	2	22
Female	6	9	7	1	23
Total	12	16	14	3	45

O	E	O-E	(O-E) ²	(O-E) ² /E
6	5.866	0.134	0.017	0.002
7	7.822	-0.822	0.675	0.086
7	6.844	0.178	0.031	0.004
2	1.466	0.534	0.285	0.194
6	6.133	-0.133	0.017	0.002
9	8.177	0.823	0.677	0.082
7	7.155	0.155	0.024	0.003
1	1.533	0.533	0.284	0.185
Total				0.588

Source of the data: Computed data

Calculation of table value:

Calculated Chi-Square value=**0.558**

Degree of freedom = (row total*column total/relationship)

= (r-1) (c-1)

= (2-1) (4-1)6

= 1*3

Degree of freedom = 3

Interpretation

Since the calculated (**0.558**) is less than the table value 5.99. Therefore the null hypothesis is accepted. Hence it is proved that are significant relationship between Age Group and Gender.

Ranking table

Variables	Mean Score	Rank
Age group	35.55	V
Gender	51.11	III
Occupation level	37.77	IV
Marital Status	55.55	II
Customer satisfaction level	62.22	I

Interpretation

According to above table Customer Satisfied level got the I rank with the mean score of 62.22 and Marital Status got the II rank with the mean score of 55.55 and Gender got the III rank with the mean score of 51.11 and Occupation level got the IV rank with the mean score of 37.77 and Age Group got the V rank with the mean score of 35.55.

V. FINDINGS

- Majority of the Age Group are 35.55 percentage
- Majority of the Gender are 51.11 percentage
- Majority of the Occupation level are 37.77 percentage
- Majority of the Marital Status are 55.55 percentage
- Majority of the Customer satisfied level are 62.22 percentage

VI. SUGGESTIONS AND CONCLUSION

The results implied that hotels that pay more attention to CRM dimensions would have stronger marketing capabilities since the use of organizational resources, management of customer knowledge and advanced application systems would help hotels to generate crucial information to be used when making and implementing marketing plans. These results are consistent with those demonstrated by previous studies (e.g., Richards & Jones 2008; Stockdale, 2007), which stated that CRM can support organizations to plan and implement future marketing functions.

The results found that customer orientation has a positive and significant influence on marketing capabilities. It support prior studies which argue that, organizations that have a customer orientation strategy can understand the customers' needs and develop applicable strategies to satisfy them (Liu et al., 2003; Morgan et al., 2009). Thus, a customer-oriented hotel is able to better identify the needs and wants of target customers in order to satisfy them more efficiently than its competitors. Consequently, comparing to less customer-oriented hotels, a customer-oriented hotel is more capable in improving their marketing capabilities and accordingly they can achieve their goals. CRM organization found to have strong significant relationship which indicates that it is the main dimension that could influence marketing capability in hotel sector. The findings are related to the theoretical argument made by Vorhies et al. (2009), who asserted that marketing capabilities are influenced by an organization's business strategies and that these types of marketing capability and their integration are significant drivers of market effectiveness. The results are similar to those of other CRM studies (e.g. Akroush et al., 2011; Yim et al., 2004), which mentioned that the organizing function of management entails allocating the required resources and aligning the essential capabilities necessary to transform customer-related objectives into strong and profitable relationships with the customer. In the course of explaining the essential role of CRM organization, top management must provide resources and make serious ongoing efforts to organize all the organization's resources towards a CRM orientation, and accordingly their marketing capabilities will be improved.

The study also found a positive and significant relationship between knowledge management and marketing capabilities. These results are in line with the argument of Shi and Yip (2007), who stated that customer knowledge management directly supports an organization's innovation and human resource functions and, hence, results in enhancing capability among marketing staff. In addition, the results support previous findings that indicate that customer knowledge management is associated with marketing capabilities and that knowledge management enables an organization to develop and make strategic management decisions including marketing planning for improving performance (Fan & Ku, 2010). The results are also, 2014b; Noble & Mokwa, 1999) which asserted that the efficiency of hotels to implement their marketing strategies successfully and satisfy their customer's needs and wants is dependent on their ability to collect, manage and share customer knowledge among different departments.

The study also supported the finding of previous studies that contended that technology-based CRM can enable organizations to plan and implement successful marketing action to retain customers and make them more profitable, relying on a customer database and other systems that capture information over time (Chang et al., 2010; Mohammed et al., 2014a; Robert et al., 2005). The finding indicates that there is a positive and significant relationship between technology-based CRM and marketing capabilities.

The above finding highlighted that all the dimensions of CRM have a positive and significant impact on marketing capabilities in the hotel sector. Hence, by building a strong relationship with customers, hotel enterprises can encourage customers to purchase services and products that match the customer's thinking, which can help the hotels to target and satisfy their market segments more precisely and accurately. Thus, the generation or actualization and managing of customer knowledge will lead to development marketing planning capability, which will enable hotels to understand their customers.

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