

Impact of customer relationship strategies on hotel industry

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Abstract

The study investigates the relationship marketing (RM) strategy of Hotel industry and examines whether after the implementation-customer relationships were strengthened through perceived improvements in the Hotel industry and consequently loyalty towards the Hotel.

Keywords: Relationship marketing, customer relationship satisfaction, customer loyalty, Hotel & restaurant Industry, customer relationship volume

1. Introduction

Customer is a king around whom the entire system of marketing revolves. If anybody makes out the marketing program ignoring the consumer preferences, he cannot probably achieve ultimate objectives.

Market place has been evolving under the converging pressures of changing demographics, global politics, economics, and technology and so on.

Customer orientation focus on profitability rather than sales volumes and emphasis on market regimentation are gaining importance. Managing the customer as an asset is more critical to a firm's success. Direct selling, target marketing, technological marketing and cross selling are some of the successful emerging practices in marketing.

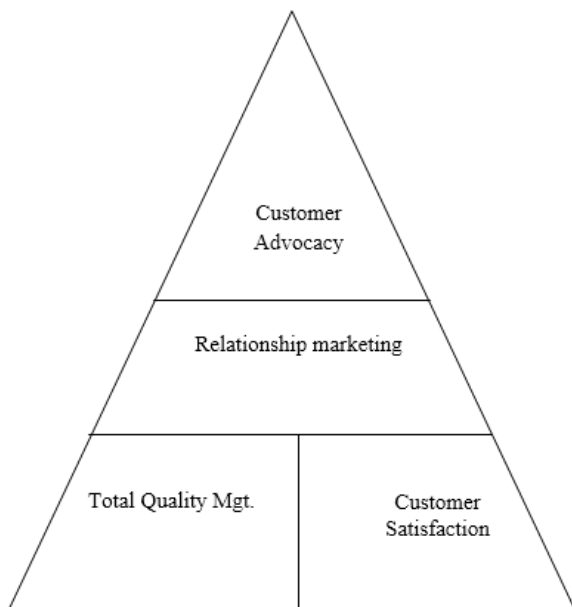


Fig 1

Many companies sensing the pulse of the market trend have opted for relationship marketing practices. Successful implementation of relationship marketing practices requires a strategic approach which encompasses developing customer

centric processes. Establishing a relationship can be divided into two parts; attracting right type of the customer.

Building relationship with that them in a mutually beneficial manner. Relationship marketing programs are connected with:-

- Continuity marketing
- Partnering
- One-to-one marketing
- Integrated telephone marketing

The relationship marketing and customer relationship management provides new perspectives on the meaning of marketing. Relationship marketing and customer relationship management both represent a paradigm shift in traditional marketing thinking. This means moving away from marketing to anonymous masses to developing and managing relationships with identifiable customers and stakeholders.

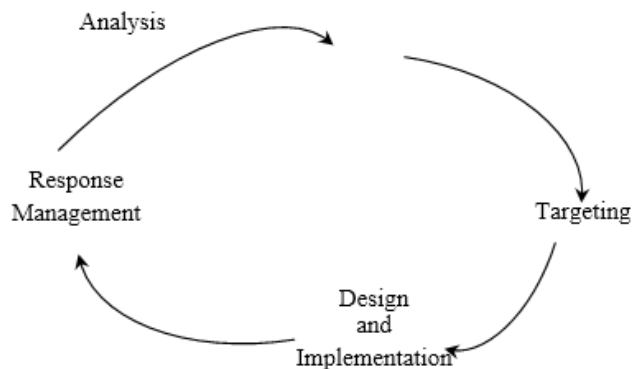


Fig 2

This is customer relationship marketing a single solution may win over a corner of your customer's hearts but you'd better make use of the whole arsenal in order to win them round entirely. We will help your company to clarify and unify its marketing methods and procedures. Business is easier and more profitable when sales, marketing and customer relationship management work in unison. You will also get the same reaction from customers, whenever they came across your company. It's what they call strong emotions.

The four waves of marketing thoughts:

- Customer relationship marketing global
- Global Marketing
- Target Marketing
- Mass Marketing

The first three marketing waves shared one thing in common. They focused on maximum sales. The goals were to maximize sales in mass markets, targeted markets or global markets. Markets are now discovering that it is unfortunately possible to increase sales without increasing profits. Their objective is enduring profitable growth. The new marketing goal is to increase sales and to increase profits simultaneously. Markets are beginning to appreciate that the basis for enduring profitable growth is the creation and reinforcement of building customer relationship.

Customer relationship marketing recognized that it is not enough to attract buyers. The CRM goal is to convert buyers into loyalists and loyalists into enthusiasts/ evangelists.

The loyalty ladder:-

Table 1

Evangelists
Enthusiasts
Loyalists
Buyers
Rejecters
Terrorists

This loyalty ladder is the heart of CRM customer relationship marketers focus their resources on moving their customers up the loyalty ladder. This new view of marketing; it will require fundamental changes in marketing practice.

1.1 The four pillars of CRM

There are the four pillars of customer relationship marketing: knowing how to *identify*, attract, defend and strengthen brand loyalty I the new marketing imperative.

Such observations invariably galvanize marketers; as well they should, to determine the *value of A Customer* (VOAC). Indeed, if the heart of CRM is customer loyalty, then its brain is VOAC.

The basics of customer Relationship marketing:

- Reject Funnel. Vision.
- Know the value of you customers
- Get the marketing mix right.
- Audio punishing loyalists while rewarding disloyal.
- Sell on quality, hot on price.
- Measure what matters.
- Recognize and reward customer relationship marketing.
- Make branding policy your business policy
- Focus on brand loyalty as the asset.

2. Methodology

A survey was conducted on two profitable segments had been directly exposed to a customer oriented RM strategy, whereas the less profitable segment had been subjected to more sales oriented marketing communications.

2.1 Concept of customer relationship marketing

1. In marketing literature, the term customer relationship management/ marketing (CRM) and relationship marketing (RM) are used interchangeable
2. CRM is attracting, maintaining and enhancing customer relationships.
3. CRM is a comprehensive strategy and process of acquiring, retaining and partnering with selective customers, to create superior value for the company create superior value for the company and the customer.
4. The relationship can't be one-sided approach it should involve the other side equally with value sharing proposition.
5. Relationship marketing can be defined as “development of lasting strategic alliance with customers on a value.

This definition implies future orientation and a win-win proposition between the seller and the customer.

2.2 Customer Loyalty

A deeply held commitment to rebuy or repatronize in the future, thereby casing repetitive same brand or same brand set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior.

2.3 Bucket theory of marketing

Bucket theory explains the importance of relationships by prospecting a theory called “Bucket Theory of Marketing”.

- He views the market as a big bucket.
- The sales, advertising and promotional programs pour business into the top of bucket.
- As long as these programs and effective, the bucket stays full. However, there is a hole in the bucket.

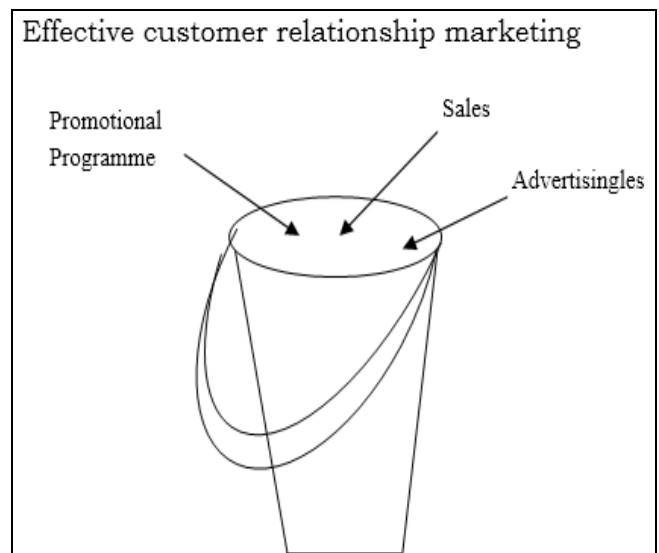


Fig 3: “Bucket Theory of Marketing”.

This theory illustrates how a relationship strategy that focuses on plugging the holes in the bucket makes so much sense.

A customer is actual or potential buyer of product. Different roles can be identified in the context of consumers, homely, buyer, decider initiator, influencers, user and disposer.

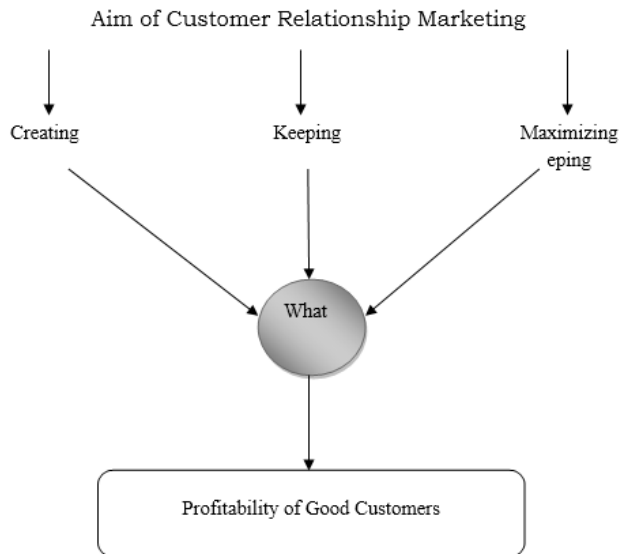


Fig 4

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