EFFECT OF CUSTOMER RELATIONSHIP MANAGEMENT ON HOSPITALITY INDUSTRY IN OGUN STATE, NIGERIA

AJAGBE, F. A.
Department of Entrepreneurial Studies,
Federal University of Agriculture Abeokuta, P. M. B. 2240,
Ogun state, Nigeria.

Abstract

The study examine effect of customer relationship management (CRM) on hospitality industry with special reference to selected hotels in Abeokuta, Ogun state, Nigeria. In attaining the highlighted objective, a structured questionnaire was administered for information and data collection. A stratified random sampling technique was used for the selection of the respondents. Total of 120 respondents were selected across the study area. The analysis of data was done using descriptive tools basically to show the distribution of demographic characteristics of the respondents and regression model was employed to examine effect customer relationship management on hospitality industry. The software used was STATA 11.0. Results revealed that variables with positive signs indicate the chances of customer relationship management on hospitality industry increases with service quality (2.15), employees action (4.92), price (2.67), and technology data base (2.76). Based on the finding, it is recommended that the management and organizational heads of hotel industry in the study area should use the findings of this study in understanding CRM practices and ways of dealing with challenges of implementing these CRM practices in order to achieve highest level of customer satisfaction hence competitive advantage.
Keywords: Customer relationship management, Customer satisfaction, Hospitality industry,   Nigeria

Introduction

Today many organizations are faced with significant challenges in the area of customer service and service delivery and retention both internally and externally. The constant change in demographics coupled with high customer expectations is making organizations rethink its customer relationship management practices (Harring and Akehurst, 2000). There has been growing interest in customer relationship management (CRM) in recent years in business and other fields of study and practice (Balaram and Adhikari, 2010; Becker et al., 2009). The concept of CRM has grown over the years in explaining loyalty of customers to a particular business. Various studies on CRM have established that the establishment of a good relationship with clients is the mainstay of having loyal customers that bring much business than non-loyal customers (Dowling, 2002).

Customer relationship management (CRM) has a growing popularity and is becoming one of the hottest academic and practical topics in the business field. In fact, due to the competitive environment, CRM is crucial and has become a niche for firm performance. Most

companies are aiming for good customer relationship which means better service to the customer thereby preventing the customer from being promiscuous. A lot of companies are not just attracting customers, but are working at building long term relationships with customers (both local and foreign customers), suppliers, employees, distributors and the general public. There is limited research that reveals the relationship between CRM dimensions and hotel performance.

To win customers and encourage them to stay loyal or repurchase the service, most companies have resorted to meeting and satisfying customer needs by not being only reactive but proactive. They are also interested in finding new ways and means to satisfy the customer. Therefore, in today's highly competitive environment, businesses need better understanding of their customers. It is very important to retain the customer for the future as it is known that it takes double the cost to acquire new customer than the old one. So here, the information is collected about the views of the hotel managers/owners upon the activities that result in customer retention.

The Hospitality industry offers a huge potential for Social CRM. The Hospitality industry thrives on two basic factors - Segmentation & Uniqueness. Apart from the regular promises of customer satisfaction, it is the identity or rather the personality of the hotel that really matters. And not to forget the stand-out factor, that every hotel has on offering, as compared to its competitors. All these factors contribute towards the building of trust and customer loyalty, and eventually prolonged profitability and viability of the business.

The hospitality industry is dynamic and highly competitive. It is an industry in which the guest dictates the pace and type of service, and in which because of increasing competitiveness, has resulted in satisfactory service being the minimum expectation of guests (Crick & Spencer, 2011). Indeed, the industry operates in a country whose growth rate is estimated at about 7.4% per annum. The challenges cascades from the ineffective top echelon in government down to the least of employees in the industry. Arguably, the industry has not recorded much progress in terms of achievements from its past precedence. Despite the fact that CRM brings lasting benefits to organizations, as a whole, some of them gain profits from implementing it more than others; CRM brings benefits to the organizations that generate a lot of information about customers (Mguyen et al., 2007). Based on this, it is pertinent to examine effect of customer relationship management on hospitality industry with special reference to selected hotels in Abeokuta metropolis, Ogun state, Nigeria

Comfort (2016) remarked that customer relationship management (CRM) has become one of the hottest topics of interest in both the academic and practical across multiple disciplines. The current economic climate, increase in population, the emergence of businesses and the arrival of the internet have all made business environment very competitive and CRM very crucial to organizational performance in public, private, and nonprofit sectors. In this study, CRM in the hospitality industry in Ghana was examined using a conceptual model that explains how the hospitality industry can make good use of CRM to improve hotel performance. This study further demonstrates how CRM dimension can be developed using various marketing tools in the hospitality industry.

Aradhana (2015) attributed that to enhance profitability and guest satisfaction and loyalty, the organizations (hotels) should focus on implementing Customer Relationship Management (CRM) strategies that aim to seek, gather and store the right information, validate and share it throughout the organization. The research was undertaken to study the Customer Relationship Management (CRM) practices in hotel industry. The purpose of this study was to determine the impact of Customer Relationship Management (CRM) on customer loyalty in the hotel industry. The study was conducted at the Hotel Taj Hotel, New Delhi. It was found that most of the employees had a positive attitude towards CRM practices and the most common activities undertaken were studying the existing database of the customers and personal counseling. The benefits of CRM are increased customer satisfaction and increased customer retention.

Muhammad *et al.,* (2015) opined that today, organizational success and performance depends on identifying, attracting, acquiring and maintaining customers in the highly intensive competition environment. This research identify the problem of enhance the organizational performance through customer relationship management capabilities (Customer interaction management Capability and Customer relationship upgrading Capability) in the presence of competition. Population of this research was telecom sector in Pakistan. Expected sample size was 300 employees from telecom organizations. They were being administered through adopt questionnaire including Customer relationship management capability (Customer Interaction management capability and customer relationship upgrading capability), organizational performance and competition intensity. Multiple logistic regression analysis tests was used for further analysis. The current study was to enable companies to make a long term and strong relationship with their customers. This research would enable organizations to understand and use their capabilities better than was possible before.

Abdul & Basir (2012) in their study revealed that customer relationship management (CRM) has a growing popularity and is becoming one of the hottest academic and practical topics in the business field. This study is an attempt to provide a value conceptual model that explains the theoretical linkages existing between CRM dimensions and hotel performance. This study also serves not only to clarify the relationship between CRM dimensions and hotel performance, but to explain the mediation role of marketing capabilities in this relationship.

Ambrose (2014) reported that with the increasing competition that businesses especially in hotels industry face today in order to survive, firms have to adjust their approach towards customer relationship management practices and come up with response strategies for dealing with the highly competitive environment. This study sought to determine customer relationship management practices in the hotels industry in Kenya. The study was conducted through a cross sectional descriptive survey with the used semi structured questionnaire as a primary data collection instrument. The questionnaires was administered thorough sales account managers of the 22 hotels comprising of 6 five star hotels, 8 four star hotels and 8 three star hotels in terms of rankings, which represents 10% of target population. Data collected was quantitative; analysis was by descriptive statistics and presented in form of charts. The study findings illustrates indeed there are several customers relationship management practices known in the hotel industry. However, the study concludes that CRM

Practices is an important component because of incremental impact it has to the market share. The study recommended that managers and organizational heads should not only continuously strive to support CRM activities in the hotels, but also embrace all CRM practices that make the hotels more competitive to ever changing customer's trends.

Methodology

The study examine effect of customer relationship management on organisational success in the hospitality industry with special reference to selected hotels in Abeokuta metropolis, Ogun state, Nigeria. Hotels in Abeokuta are classified into categories depending on the facilities available in the hotel –five-star hotels, four-star hotels, three-star hotels, two-star hotels, one-star hotels guest houses and budgets. Purposive sampling technique was used for the selection of some hotels in the study area. They are: Dikord Hotel and Event Centre, Dusmar Hotels, Faskota Holiday Home, IBD International Hotels and Moongate Hotel. The selection was done as a result of closeness in space, time and relationship to the researcher's point of contact, for effective management of the respondents and cost of efficiency. Both questionnaire and interviewed techniques were used for data collection from 120 respondents chosen through stratified sampling techniques. In analyzing this data, Logit regression was employed because of the quantitative nature of most of the variables. Logit model is presented thus:

The model is in explicit form:

$Y = f (X_1 X_2 X_3 - - - - -X_n) + e$ ………………………………… (1)

Where Y = Customer satisfaction

X_1 = Gender (Dummy variable, male (1) female (0))

X_2 = Age (years)

X_3 = Level of Education (formal (1) informal (0))

X_4 = Marital status (single (1) married (0))

X_5 = Purpose of visit (yes (1) No (0))

X_6 = Number of visit (yes (1) No (0))

X_7 = Length of stay (yes (1) No (0))

X_8 = Price (Dummy, yes (1) otherwise (0))

X_9 = Service Quality (yes (1) No (0))

X_{10} = Employees Actions (Dummy, yes (1) otherwise (0))

X_{11} = Technology Data base (yes (1) No (0))

X_{12} = Location (yes (1) No (0))

Ui = error term

Results and Discussion

Demographic Characteristics of Respondents

The results of descriptive statistics for effect of customer relationship management on hospitality industry with special reference to selected hotels in Abeokuta metropolis, Ogun state, Nigeria is presented in Table 1. About 58% of the respondents were male while 42% were female. This shows that male respondents were generally more than their female counterpart, though this imbalance does not affect the relative accuracy of the information

obtained in the questionnaire. The Table 1, also shows that 13% of the respondents were less than age of 25years. 50% were within 26 – 45 age group, while 33% where between 46 – 55 years age cohort, and just about 4% were more than 56 years old. This revealed that the population sampled was predominantly middle aged. This shows that the respondents are still within the productive age.

The result of the educational status of the respondents is in Table 1. 46% had post primary education, 33% had vocational/Technical education while the remaining 21% had attended either polytechnics or Universities. The distribution clearly reveals that, all the respondents (100%) had acquired one level of education or the other. The results shows that the hotels customers were educated personnel.

In respect of their marital status, about 67% were married while 33% were single. This implies that, the married are more likely to be relatively stable, more reliable and this makes them more likely to be committed to improve the customer relationship which exist between the management and the customers.

Table 1: *Frequency and Percentage Distribution of Respondents by their demographic characteristics   N = 120*

Socio-Demographic characteristics	Frequency	Percentage %	Cumulative
Gender			
Male	70	58	58
Female	50	42	100.0
Age			
Less than 25	15	13	13
26 – 45	60	50	63
46 – 55	40	33	96
56 above	5	4	
			100.0
Educational Status			
Post primary	55	46	46
Vocational/Technical	40	33	79
Tertiary	25	21	100.0
Marital status			
Single	40	33	33
Married	80	67	100.0

Source: Field Survey, 2018

Impact of Customers Relationship Management on Hospitality Industry

Table 2 shows regression of effect of customer relationship management on hospital industry. The result of regression model shows that Table 2 has coefficient of variables that were statistically significant at 5% and 1% probability levels. The variables were service quality,

employees action, price and technology data base. Service quality (2.15) positively affect customer satisfaction of the selected hospital in the study area. This implies that an increase in the level of service quality delivered positively by the organization to their customers the greater the organization success which eventually increases the business performance. This is possible as a result of the experience of the entrepreneurs which act as catalyst in discharging his or her duties as when due to their customers in the hotel.

Moreso, service quality has assisted the hospitals in the study area to enhance service employees to conduct customer- oriented behaviors, organizations to develop an appropriate working environment for service in work, for instance, providing staff with the modern tools, and technology, customer-satisfaction tracking and complaints management systems, inspirational leadership, and appropriate rewards systems. As a result of the previous supportive working conditions, which enable the organizations to ensure the required customer - oriented behaviors of their employees (Mechinda and Patterson, 2011).

Price (2.67) positively affect customers satisfaction in the study area.. This shows that the higher the rate of the price the greater the customers satisfaction and this has tremendously increased the performance as well as the selected hotels. This implies that effect of price on customers' satisfaction with the services offered in the selected hotels are positively correlated to customers satisfaction. This was done by soliciting information from clients who booked with the hotel for the events.

Factors that were used to measure their perception of value for what they are paying for are variety of food and drinks on display, products quality and sufficiency for everyone. The information regarding the effects of price was collected using questionnaire and the result reveal that clients were somewhat satisfied with the quality of foods along the service efficiency. However, these findings suggested that clients were happy and satisfied with variety of food and beverages offered by hotels during events, as well as portion sizes and availability of food and beverages to each and every attendee. These results are consistent with Han (2009), Ngoc and Tran (2015) findings that customers expect high quality of products and services when the price is high. In addition, the findings are also consistent with that of Aziz et al; (2012) that food portions and presentation need to be improved upon for customers to perceive price fairness.

Moreso, the relationship between employees action and customers satisfaction was positive and significant (4.92). This result implies that the appearance, communication skills, workers courteousness and efficiency were positively correlated to customers satisfaction in the study area. This shows that staff members were well trained, understood how to behave at work and willing to assist guests at all times. This also shows that the hotel employees are productive, qualified and skilled workforce that can help the hotel organization. Thus it shows that there is a positive impact between the employees and the customers of the hotels in the study area. This shows that the employees were regarded as highly supportive and shows that they possess adequate job knowledge required to work, thus are effective and have created a positive impact on the hotel industry.

They also possess high quality or exceptional job skills and have the attitude required of them to excel. This thus shows that human resources are an area that is growing in importance.

As the industry continues to recover, it needs to focus on its employees and their roles as service providers. Increasing demand requires increased staffing levels at a time when the labour pool is shrinking.

Moreso, the relationship between technology data base and hospitality industry was also positive and significant (2.76). This result implies that an increase the use of technology data base the greater the service quality delivery to their customers in the study area. This will also assist in the formulated and implementation of service quality delivery to satisfy the consumption level of the customers in order for the hospital to be able to achieve the aims of establishing such an organization in the study area. This shows that CRM process requires a vast amount of customer information, privacy issues which remain an important and sensitive issue with firms and customers alike. In order to customize products and services for individual customers, personal information is collected and stored in CRM databases. This shows that there is a fine line, however, between collecting and capitalizing on information and stepping over customer privacy boundaries.

Table 2: Regression of Customer Relationship Management on Hospitality Industry
Dependable variable: Customer Satisfaction

Explanatory variable	Coefficient	Std. Err.	Z	p>/z/	(95% conf.)	Interval
Service Quality	.415989	.1934192	2.15**	0.034	.0322974	.7996806
Location	.0032304	.1126622	0.03	0.977	-.2202611	.226722
Employees Action	.6135395	.1247929	4.92***	0.000	.3659839	.8610951
Price	.4606409	.1726033	2.67**	0.009	.1182424	.8030394
Technology Data Base	.3494987	.1265453	2.76**	0.007	.0984669	.6005306
Constant	-1.687904	.9167132	-1.84	0.069	-3.506416	.1306084
Number of Obs.	120					
F (12, 107)	19.54					
Prob. > F	0.0000					
Pseudo R2	0.6352					

Source: Field Survey, 2018

　　　** 　Significant at 5%
　　　*** Significant at 1%

Conclusion and Recommendations

The study appraised effect of customer relationship management on hospitality industry with special reference to selected hotels in Abeokuta metropolis, Ogun state, Nigeria It has been revealed from the study that service quality is an important variable affecting hospitality industry. The study was able to establish that there is a positive relationship between CRM and

hospital industry in the study area. Price, employees action and technology data base were positive and significant. Against this background the following recommendations are suggested:

i.   The management and organizational heads of hotel industry in the study area should use the findings of this study in understanding CRM practices and ways of dealing with challenges of implementing these CRM practices in order to achieve highest level of customer satisfaction hence competitive advantage.

ii.   The policy makers and government should use the findings of this study in formulating of policies and guidelines on CRM practices and customer service delivery. The policy design will serve as guidelines in assisting the management of hotels in the study area what the procedures and policies to follow when deciding to employ CRM, practices.

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