



## Customer relationship management and customer loyalty of hotel industry in Rupandehi District of Nepal

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### Abstract

The study intends to investigate “Customer Relationship Management and Customer Loyalty in Hotel Industry of Rupandehi”. Data for the study was collected through convenience sampling technique from 384 customers visiting 3 and 5 star hotels of Rupandehi districts on five points likert scale through a self administrative questionnaire. Descriptive and Causal comparative research design was used to conduct the research study using correlation and regression analysis. From the regression analysis it is found that Customer Orientation and Technology based CRM are the important factors for Customer loyalty. Therefore, it is concluded that if hotel industry focuses on making policies regarding these aspect in favor of customer then there is a higher possibility that customer loyalty will be improved. Likewise, it is found that people engaged in businesses are more interested in visiting these 3 and 5 star hotels of Rupandehi districts so hotel industry should prepare strategies in identifying and targeting business people as their core customers.

**Keywords:** Customer Orientation and Technology based CRM, Customer loyalty

### Introduction

Customer Relationship Management (CRM) is best described as an evolutionary process rather than a revolutionary one. The goal of maximizing the potential of each customer relationship should be paramount for every business. Dissatisfied customers can cause significant market damage as they are more likely to persuade others to defect. It is, therefore, no surprise that CRM is a crucial topic in the business world (Frazier, 1988) <sup>[18]</sup>.

Despite the critical role of customers in business success, they often receive less attention than they deserve. Conversely, the hospitality industry has experimented with various strategies to retain customers. Customer relationship is a strategic initiative for gaining a competitive edge. In today's highly competitive environment, banks and other businesses depend heavily on customer satisfaction for their survival and success. Retaining customers provides a more sustainable competitive advantage than acquiring new ones. Marketers are increasingly aware that it costs less to retain customers than to acquire new ones (Rosenberg & Czepiel, 1984).

Customers are the lifeblood of any organization, from large corporations to sole proprietorships. CRM is a widely implemented strategy for managing a company's interactions with customers, clients, and sales prospects. It involves using technology to organize, automate, and synchronize business processes, primarily sales activities, but also marketing, customer service, and technical support. The overall goals of CRM are to find, attract, and win new clients, nurture and retain the ones the company already has, entice former clients back, and reduce the costs of marketing and client service (Chen, 2003) <sup>[14]</sup>. CRM integrates sales, marketing, and information systems to establish relationships with customers (Soliman *et al.*, 2011).

CRM has recently become a controversial and focal point in business discussions (Balaram & Adhikari, 2010) <sup>[9]</sup>. It is based on the belief that establishing a sustainable relationship with customers is crucial for gaining loyal

customers, who are more profitable than non-loyal ones (Dowling, 2002) <sup>[16]</sup>. Successful CRM implementation benefits organizations by increasing sales through better market segmentation, customizing products and services, achieving higher product quality, gaining access to information, improving employee satisfaction, and ensuring long-lasting customer retention and loyalty (Alomtairi, 2009). Research on CRM has focused on specific service sectors like hotels (Akroush *et al.*, 2011) <sup>[2]</sup>, healthcare (Bunthuwun *et al.*, 2011), and contact centers (Abdullatif *et al.*, 2010). However, there is still a significant lack of research on CRM in the hospitality industry (Luck & Stephenson, 2009). Vogt highlights this gap, noting that despite the increasing use of CRM in tourism, research on its applications in this sector remains limited (Vogt, 2011) <sup>[49]</sup>.

Marketers recognize that customers are the core of business. The growth in the hotel industry forces hoteliers to seek competitive advantages to differentiate themselves from competitors. Marketers understand that customers are the source of profitability. To attract travelers, hotel management must improve service quality and develop new facilities to achieve better organizational performance. Differentiation from competitors involves not only improving customer satisfaction but also fostering customer loyalty, which becomes a competitive advantage for the hotel industry.

Many companies are now focusing on re-establishing connections with new and existing customers to boost long-term loyalty. Retaining customers or building customer loyalty is becoming more important than attracting new ones as it can reduce marketing costs. Therefore, customer loyalty needs greater emphasis to encourage repurchase behavior. Creating value through CRM is one way to achieve customer loyalty. CRM is essential for the hotel industry as it attracts new customers and retains existing ones by offering fast and customized services according to customer requests. CRM helps organizations develop customer relationships through better information

management. Although CRM has been explored in various service industries, its application in the hospitality industry needs further research (Sin & Yim, 2005<sup>[51]</sup>; Basar *et al.*, 2011)<sup>[10]</sup>.

The sustainability of the service industry relies on delivering customer satisfaction and forming customer loyalty. In the banking industry, individualized relationships and privatized services are key to achieving customer satisfaction. This indicates that CRM factors can influence customer satisfaction and loyalty across service industries. Although research on CRM is extensive, specific studies on its role in the hospitality industry are limited. The application of CRM practices in hotels, using dimensions such as key customer focus, CRM organization, knowledge management, and technology-based CRM, can positively impact customer loyalty (Sarmaniotis *et al.*, 2013).

CRM solutions need to be based on interactive technology and processes to assist companies in enhancing customer interactions and one-to-one marketing. Such systems should identify appropriate data inputs at each customer interaction site and use analytical platforms to generate knowledge outputs for frontline staff during customer interactions.

Today, marketing involves not only development, supply, and sales but also continuous post-sale services and long-term customer relationships. Loyal customers are essential to successful businesses, making customer loyalty a critical focus in today's market (Dev & Olsen, 2000). Many industries, including hospitality and other service sectors, recognize the importance of Customer Relationship Management (CRM) for acquiring new customers, retaining existing ones, and maximizing their lifetime value. Research shows that service firms like hotels need a better understanding of customer orientation to enhance performance (Kim, 2008)<sup>[22]</sup>. In service-oriented organizations, such as hotels, service delivery occurs through interactions between providers and customers, emphasizing the need for hoteliers to focus on customer interactions (Lee *et al.*, 2006). A positive relationship between customers and service providers can enhance customer orientation and, subsequently, organizational performance. However, the hospitality industry often lacks in this area (Asikhia, 2010).

To promote customer-oriented behaviors among service employees, organizations must develop conducive working environments, including modern tools, customer satisfaction tracking, complaint management systems, inspirational leadership, and appropriate reward systems. Unfortunately, many hotels lack these facilities (Mechinda & Patterson, 2011). Successful relationship management relies heavily on collecting and analyzing customer information to develop highly personalized offerings (Sigala, 2005). Competitiveness hinges on extensive market knowledge and effective use of customer data.

Hotel organizations often struggle with planning and implementing successful marketing strategies due to inadequate customer databases and information systems, leading to retention issues and reduced profitability (Roberts, Liu, & Hazard, 2005). In Nepal's hospitality industry, there is a notable deficiency in specific applications for booking and ordering services. Slotegraaf and Dickson (2004)<sup>[44]</sup> found that the lack of timely and organized data, information gaps, technical inefficiencies, and inadequate customer relationship practices hinder organizational performance.

Understanding the contribution of CRM to customer loyalty in the hospitality industry is crucial. This research aims to fill the gap by focusing on how CRM dimensions impact customer loyalty. Effective CRM practices can lead to increased customer satisfaction and revenue growth, providing valuable insights for hotel industry professionals, analysts, academicians, and researchers. Specifically, this study will explore the relationship between customer orientation, CRM organization, customer convenience, technology-based CRM, and customer loyalty in Rupandehi district.

The objectives of the study are as follows:

- To determine the relationship between Customer Orientation, CRM Organization, Knowledge Management, Technology based CRM and Customer loyalty.
- To examine the affect of Customer Orientation, CRM Organization, Knowledge Management, Technology based CRM on Customer loyalty.
- To analyze the differences among Gender, Education, Occupation with regard to Customer loyalty.

## Literature Review

### Conceptual Review

#### Relationship Management

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 (Bose, 2000)<sup>[11]</sup> that service organizations for their intrinsic characteristics of the production and consumption are inseparable elements necessary to build relationships with customers. Accordingly, CRM will be ideally suited to the hotel industry, especially when implementing it successfully and effectively, taking into our account that hotels receive a lot of data about customers. Such data can be transformed into useful knowledge about them (Kotler & Armstrong, 2010). Suffice it to say that hotel industry, like any business sector has to be highly competitive to be able to do well in the business environment, therefore, it is of vital importance for it to encourage behavioral patterns of continuous re-purchase and to retain customers last longer. Thus, it is evident that such ambitious aims can only be achieved through implementing CRM, which will result in establishing fruitful relationship between organizations and their customers (Ryal & Knox, 2001). Moreover, it goes without saying that growing customer- acquisition costs, rising customer expectations, price-sensitive travelers, more sophisticated clients, uncertain market and less brand loyalty are all key factors, which strongly urge hotels to focus on CRM as a useful strategy. Needless to say, CRM is widely considered as one of the most effective ways to facilitate developing and expanding the customers' base that, in turn, will assist in enhancing profitability and guest loyalty (McIlroy & Barnett, 2000). The main aim of relationship Management is to establish, Maintain and enhance relationship with customers and other parties at a profit such the objectives of the parties involved are met. The following are the Review related to customer relationship marketing.

### Customer Loyalty

Customer loyalty in behavioral terms is casually based on the number of purchases and measured by monitoring the frequency of such purchases and also brand switching. The following are the review of literature related to customer loyalty.

Lee *et al.* (2010) have studied the role of emotions in satisfaction, and then compared the predictive ability of the cognitive and affective elements. The findings are that both positive and negative emotions and the cognitive component of satisfaction correlate with loyalty. Regression analysis indicates that the affective component serves as a better predictor of customer loyalty than the cognitive component. The best predictor of both overall loyalty and the most reliable dimension of loyalty, positive word of mouth, is positive emotions

### Customer Relationship Management and Customer Loyalty

The relationship Marketing covers all actions for the analysis, planning, realizations and control for measures that initiate, stabilize, intensify and reactive business relationships with the corporation's stakeholders, mainly customers and the creations of mutual value. Loyalty can originate from factors extrinsic to the relationship such as the market structure in which the relationship exists, but also in intrinsic factors such as relationship strength and the handling of critical episodes during the relationship.

Soliman (2011) have investigated the link between customer relationship management and customer loyalty within an internet, or e-commerce context. Survey method was conducted. The results revealed that e-retail companies (with CD, DVD, Video and Book Product) should consider customer perceptions of relationship marketing efforts as they are fundamental to enhancing customer loyalty and that an enhancement of customer loyalty reduced price sensitivity.

### Customer Orientation

It is important in the first instance to confirm that the main purpose behind customer -oriented behaviors is to increase customer long-lasting satisfaction and to create customer-loyalty. Therefore, studies have demonstrated that good customer -oriented behaviors, in an organization, definitely ensures a tremendously positive impact on its performance (Kim, 2008) <sup>[22]</sup>. Similarly, King and Burgess (2008) reach the conclusion that customer orientation is a crucial factor in the successful implementation of CRM. Moreover, current researches have revealed that service firms, like hotels, require a better understanding of customer orientation and its great importance to such firms and their performance (Kim, 2008) <sup>[22]</sup>. As in the service oriented organization, the delivery of service in a hotel occurs when there is interaction between service providers and the service encounter (Lee *et al.*, 2011). Hence in order to enhance service experience, hoteliers need to focus on customer interaction. Customer oriented can be achieved through a positive relationship between customer and service provider. Research has supported that customer orientation leads to increase organizational performance (Asikhia, 2010). Furthermore customer orientation is also one of the market beneficial sources, it helps organization to understand customer, and hence it helps in delivering an appropriate plan to satisfy customer needs. Furthermore, several studies

revealed that there is a relationship between customer orientation and marketing planning capabilities (Morgan, Vorhies, & Mason, 2009). Besides this, the beneficial influence of customer orientation strategy on marketing-planning capabilities, this strategy also influences the successful implementations of marketing actions or innovations (Slater & Narver, 1998). Hence, we note that despite the numerous positive impacts of customer -orientation on organizations performance, the fact remains that there is still a shortage of literature about customer -orientation impact on hotel performance (Sin *et al.*, 2006).

### CRM Organization

First and foremost, to enhance service employees to conduct customer- oriented behaviors, organizations have 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, organizations can ensure the required customer - oriented behaviors of their employees (Mechinda and Patterson, 2011) The researchers also argue that CRM cannot be successful even if the organizations enjoy the most advanced technology and adapt a customer -oriented approach, unless the project is completely integrated by them ( Sin *et al.*, 2005) Further, as a confirmation for this point Ku (2010) stress that CRM success does not only require technological quality or systems, but it also requires an effective service concept as well as suitable operation procedures. Thus, the success of CRM implementation relies on the active involvement of the employees in the organization itself (Payne, 2006). Therefore, we can say that CRM organization has to be an essential means through which firms effect fundamental changes in the way they organize their actual business processes for employees and customers (Sin *et al* 2005). Inevitably, all the organization resources (such as marketing capabilities, policies, culture, and organization structure) have to be integrated in order to implement CRM successfully and, in turn, to improve organizations performance. Previous studies also declare the positive impact of CRM organization on CRM Organization (Yim *et al.*, 2005) <sup>[51]</sup>, financial and marketing performance (Sin *et al.*, 2005). Moreover, Richards and Jones (2008) argue that CRM organization may influence future marketing decisions, such as brand differentiation, price, communication, and distribution. In this regard, it has also been reported that many hotel chains cleverly and flexibly quote their room prices according to the customer data that were collected previously (Nunes & Dréze, 2006). It goes without saying that Knowledge about customers plays a vital role in CRM, taking into our consideration the fact that the main purpose behind collecting data about customers is to get a clear image about them from different perspectives (Sin *et al.*, 2005). Therefore, organizations can authenticate such data to be able to establish and develop beneficial relationship with their customers (Zahay & Griffin, 2004) <sup>[53]</sup>.

### Knowledge Management

Needless to say that useful information about customers can be gathered through interactions with them or from different touch points within the organization itself (Brohman *et al.*,

2003)<sup>[12]</sup>, and the criterion for deciding whether CRM is successful or not, is to effectively transform customer information into customer knowledge. In this connection, we can say that managing knowledge effectively can greatly help an organization to have success in building better customer relationship, resulting in a positive impact on organization performance (Abdulateef *et al.*, 2010; Akroush *et al.*, 2011<sup>[2]</sup>; Sin *et al.*, 2005; Yim *et al.*, 2005)<sup>[51]</sup>. We have to take into our account that the success of relationship management is heavily dependent on collecting and analyzing customers' information, as such information is used for developing highly personalized offerings (Sigala, 2005). As a matter of fact, it is necessary for organizations to remain competitive, and this aim cannot be achieved unless they enjoy wide knowledge about their market, explore and make use of their existing knowledge about their customers. Hence, Lo *et al.*, (2010) recommend investigating the impact of knowledge management dimension on hotel industry in future research. In this case, researchers state that there is limited research that explains the role of knowledge management in the hospitality context. Meanwhile, hotels that enjoy a lot of customer's knowledge to be disseminated among their different departments are more likely to implement successful marketing activities for meeting their customer needs (Noble & Mokwa, 1999). Moreover, Fan and Ku (2010)<sup>[17]</sup> indicate that customer knowledge management is firmly associated with marketing capabilities, and it greatly enables organizations to take strategic managerial decisions for improving their performance.

### Technology Based CRM

Fan and Ku (2010)<sup>[17]</sup> are of the opinion that CRM strategy will end in failure if the information technology is not used properly, thus the suitable Technology based CRM in marketing is one of the greatest opportunities in hotel industry, because of the fact that it is important to get the right information from the right people at the right time, so that the right decisions can be made and /or the services can be rendered (Brohman *et al.*, 2003)<sup>[12]</sup> find out that CRM technology dimension is firmly related to hotel performance, because hotels need to use information technology for improving their performance. In this regard, new technologies are considered as the core drivers for change (Minghetti, 2003). Furthermore, several studies, made about the impact of information technology on organization performance report similar findings about the positive role of information technology in CRM strategy. In other words, these studies revealed that many customer-centric strategies cannot achieve their goals, without the help of information technology (Abdulateef *et al.*, 2010)<sup>[1]</sup>. Consequently, CRM based technology enables organizations to plan and implement successful marketing actions for retaining customers long-last and making them more profitable, because of the customer database and other information-storing systems (Roberts, Liu, & Hazard, 2005). Additionally, Fan and KU (2010)<sup>[17]</sup> confirm that CRM technology improves marketing capabilities by providing valuable information about customers, which, in turn, will help both managers and employees to achieve specific marketing goals much more effectively. Moreover, they also recommend investigating separately the mediating impact of marketing - planning capabilities and the implementation of marketing capabilities on the relationship

between CRM and organizations performance. Therefore, this study is intended to clarify the mediating role of planning and marketing capabilities in the relationship between CRM dimensions and hotel performance. Additionally, this study is also designed to be more comprehensive than the study of Chang *et al.* (2011), because it will investigate the mediating effect of marketing capability between each dimension of CRM, not only CRM technology and hotel performance

### Empirical Review

Lo *et al* (2010) have indicated that hotel image and customer satisfaction with the performance of housekeeping, reception, food, beverage and price are positively correlated to customer loyalty. The Performance of housekeeping, however, was found to be one of the most important considerations for customers of hotel chains.

Fan and Ku (2010)<sup>[17]</sup> have investigated the extent of the usage of customer – and market-related knowledge management instruments and customer relationship management systems by Greek organization and their relationship with demographic and organizational variables, also investigated whether enterprises systematically carry out customer satisfaction and complaining behavior research and to examined the impact of the type of the information system used and manager's attitudes towards customer KM practices. It is found out that the survey showed that about half of the organizations of the sample do not adopt any CRM Philosophy. The remaining organization employ instrument to conduct customer satisfaction and other customer related research. However according to the proposed model, they are positioned in the first, the preliminary CRM development stage. It is also suggested that managers hold positive attitudes towards CRM and that there is no significant relationship between the type of the transactional information system used and extend to which customer satisfaction research is performed by the organizations.

Sin *et al.* (2006) have developed a reliable and valid measuring scale for customer relationship management (CRM). The data were collected from 641 business executives. The results indicated that a reliable and valid scale was developed to measure the four dimensions of CRM: key customer focus, CRM organization, knowledge management and Technology based CRM.

Slater and Narver (1998) have examined how customer relationship management (CRM) system is implemented in practice with a focus on the strategic application. Methodology- the current if CRM application is based on examining data reported from a four-year survey of CRM application in the UK and evolution of CRM analytical function provided by 20 leading software vendors. It is found out that current CRM system is operational applications such as call center. The application of analytical CRM has been low, and the provision of these systems is limited to a few leading software vendors.

Mylonakis (2011) suggested that redundancy in the value of the two attributes for market price predictions. Importantly, the performance of middle level hotel managers' and hotel management university students was indistinguishable on most measures save for initial confidence in their price estimates.

Lee *et al.* (2011) has found that spite of having almost complete perspective and understanding of customer

loyalty, there is still a gap in the main precedents of customer loyalty theoretically and empirically. In this regard, more investigation required to specify the most important precedents which have significant impact on customer loyalty.

Sigala (2005) has indicated that Changing in quality over time within various segments or related to specific products or categories of products/services can be used as an Indicator the level of loyalty. By linking infrastructure, interaction and atmosphere indicators to the quality of object and processes, researchers and managers can document which changes in CRM strategy improve the overall satisfaction and loyalty, hence the ultimate outcome.

Roberts *et al* (2005) has investigated the design and implementation of CRM in the Bank, identify the benefits, the problems, as well as the success and failure factors of the implementation and develop a better understanding of CRM impact on hotel competitiveness as well as provide a greater understanding of what constitutes good CRM practices. Random Sampling methods were used. The results revealed that customer relationship management is a strategy that can help them to build long-lasting relationships with their customer and increase their profit through the right management system.

Roberts *et al.* (2005) have examined to delve into Bernard's work to construct foundation of customer relationship management. The results revealed that the practices that are likely to lead to more effective participatory behavior of customer.

Kim (2008) <sup>[22]</sup> have examined that improved and superior service quality and service features will augment the customers satisfaction and the future intention of satisfied customer will be magnified.

Frazier (1988) <sup>[18]</sup> have the examined the develop a better understanding of reporting service experience in the hotel sector and address the need for effective analysis and communication of online customer feedback. In addition, this paper stresses the value of CRM applications for hotels and how these applications can assist hotel managers in collecting and analyzing feedback reports from their quests. Finally, this paper attempts to propose a conceptual framework with some key modules that a hotel CRM should employ and presents alternatives on how the hotel's reputation system can have access to outsourcing information.

Frazier (1988) <sup>[18]</sup> have examined a macro level cross functional view of CRM and provide a structure for managing business-to – business relationship to co-create value and increase shareholders value. The data was collected from executives at 15 companies representing nine industries and multiple positions in supply chain including retailers, distributors, manufacturers and suppliers. The result indicated that a framework that managers can use to implement to cross- function, cross-firm, and CRM process in business -tobusiness relationship.

Verma and Chaudhary (2011) have ascertained the impact of perceptions on Parasuraman proposed SERVQUAL dimensions on brand image of four and five stars hotels operating in Pakistan. It is concluded that only empathy, responsiveness and reliability perceptions were drivers to building hotel brand image. Interestingly, perceived assurance and tangibles did not contribute anything significant in nurturing brand image. So, Hotels should build up brand image conception and strengthen brand

consciousness; pay attention to reliable factors and establish customer credit; regard reliability factors and enhance employee accomplishment; tangibilize the intangible and create core advantage; Improve responsiveness factors and increase working efficiency; resort to empathy factors and add additional value and extend brand awareness. The current research endeavor also has several limitations. The study was conducted only on four and five stars hotels of Pakistan so the researchers should take other categories of hotel operating in Pakistan to conduct comparative analysis across diverse star classifications. To have more confidence in cause-effect relationship between perceived service quality and brand image, longitudinal research design should be considered in future investigations. Triangulation regarding data information sources, data collection methods and analytical techniques is advised to future researchers.

The hypotheses of the study are as follows:

- H1: There is a significant relationship between Customer Orientation and Customer Loyalty.
- H2: There is a significant relationship between CRM Organization and customer loyalty.
- H3: There is a significant relationship between Knowledge Management and customer loyalty.
- H4: There is a significant relationship between technology-based CRM and customer loyalty.
- H5: Customer Orientation has a significant effect on Customer Loyalty.
- H6: CRM Organization has significant effect on Customer Loyalty.
- H7: Knowledge Management has significant effect on Customer Loyalty.
- H8: Technology based CRM has significant effect on Customer Loyalty.

## Research Methodology

### Research Design

In this study, the chosen research designs are Descriptive research and Causal-Comparative research. Descriptive research, according to Cooper and Schindler (2003), involves depicting or describing a subject by creating a profile through data collection, presenting frequencies associated with research variables or their interactions. This approach is deemed appropriate as it allows the existing situation to be presented without altering any factors. Furthermore, a causal-comparative design, as outlined by Kerlinger (1986), establishes relationships between independent and dependent variables following a specific action or occurrence, using ex post facto research to retrospectively analyze variables (Kerlinger, 1986; Pant, 2012).

### Population, Sample and Sampling method

The target population for this research comprises visitors to three-star and five-star hotels in the Rupandehi district. Different genders and age groups are included to determine which demographics frequently visit these hotels. The study involves four hotels: Tiger Palace Resort, Lumbini Palace Resort, Hidden Palace Hotel, and Hotel Da Flamingo. Some questionnaires were distributed in person at various times. Roscoe (1975) recommends a sample size between 30 and 500 to maintain acceptable sample error levels when the population size is unknown.

Calculation of sample size:

Necessary Sample Size =  $(Z\text{-score})^2 * Std\ Dev^2 / (\text{margin of error})^2$   
 By taking 95% confidence level, 0.5 standard deviation, and a margin of error (confidence interval) of ±5%.  
 $((1.96)^2 * 0.5^2) / (0.05)^2$   
 $= (3.8416 * 0.25) / 0.0025$   
 $= 0.9604 / 0.0025$   
 $= 384.16$

In this research, 384 questionnaires were distributed in hotels of Rupandehi district, with 378 responses collected. Six questionnaires were eliminated as they were not returned. The questionnaire targeted customers in selected five-star and three-star hotels. Convenience sampling, a non-probability sampling method, was used, where participants were selected based on their accessibility to researchers.

**Sources of Data and Research Instrument**

Quantitative data for the study were collected through a primary source. A self-structured questionnaire was prepared based on conceptual knowledge obtained from previous literature. The questionnaire employs a five-point Likert scale (5=Strongly Agree, 4=Agree, 3=Neutral, 2=Disagree, and 1=Strongly Disagree) to gather responses from the participants.

In the initial phase, detailed practices and constructs related to the chosen variable were identified. Subsequently, sets of questions were designed for each independent and

dependent variable. Lastly, a pilot test of the questionnaire was conducted by distributing it to a sample of 30 respondents to mitigate errors and ambiguities.

**Tools for Data Analysis**

The study employed various statistical tools based on data appropriateness. Descriptive statistics, including mean and standard deviation (SD), were computed to analyze customer responses. A reliability test assessed the research instrument's reliability. The K-S test was used to check data normality. Based on normality assessment, parametric and non-parametric tests were used in inferential statistics. Additionally, a Correlation tool measured relationships between variables, while a Regression tool examined the effect of independent variables on the dependent variable. This comprehensive approach ensured robust data analysis and reliable findings.

**Research Model**

$$Y = a + b_1 X_1 + b_2 X_2 + b_3 X_3 + b_4 X_4$$

Where,

Y= Customer loyalty

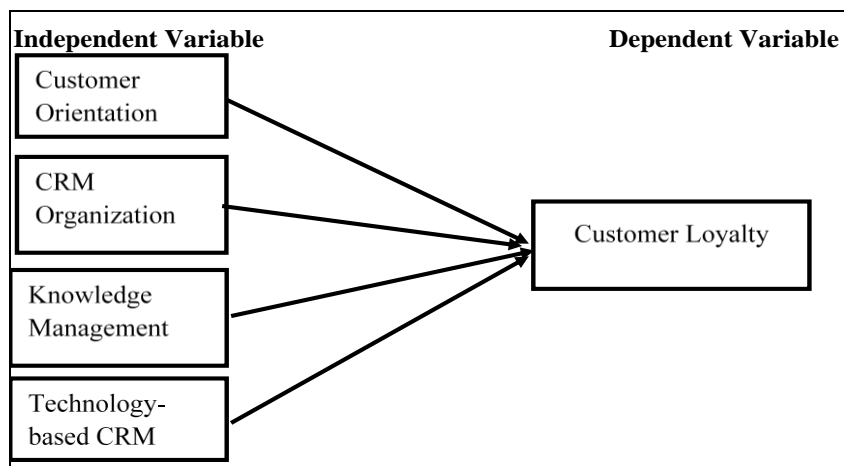
X1= Customer Orientation

X2= CRM Organization

X3= Knowledge Management

X4= Technology based CRM

**Theoretical Framework**



Note. Adapted from Neil (2010)

**Results and Discussion**

**Descriptive Statistics**

The mean value of Customer Orientation and Customer loyalty is 4 (labeled strongly agree in measurement scale) by 4.8426, 4.6713 and 4.7413 respectively. Likewise the means value of Knowledge Management and Technology based CRM is near to 4 (labeled agree in measurement scale).

**Reliability Test of Scale Measurements**

According to Malhotra (2002), an alpha coefficient below 0.6 indicates weak reliability, while coefficients between 0.6 and 0.8 are considered moderately strong. Coefficients between 0.8 and 1.0 indicate very strong reliability. The reliability of five variables was illustrated using Cronbach's alpha to examine the internal reliability of the items and measure the five constructs. As per Table 4.9, the Cronbach's alpha values for Customer Orientation, CRM Organization, Knowledge Management, Technology-based

CRM, and Customer Loyalty are 0.732, 0.856, 0.748, 0.745, and 0.770 respectively. This indicates that the questions for all variables in the questionnaire are reliable and acceptable. The overall internal reliability is 0.790, considered moderately strong.

**Inferential Analysis**

Table 1: Independent t test for Gender

Statements	Mean	Df	F	Sig.	
Male	18.3744	376	3.057	0.81	
Female	19.1635	330.846			
<i>One-way ANOVA test For Occupation</i>					
Statements	Mean	Df	Mean Square	F	Sig.
Employee	17.0096	3	284.350	27.815	.000
Farmer	22.6316	374	10.223		
Business person	19.8462	377			
Others	17.9394				

According to this table 1 independent t tests is used for analyzing the effect of Gender on Customer loyalty towards hotel industry. Since the p value of this test is greater than 0.05 by 0.81 at 5% level of significance. It means we accept null hypothesis. So, it can be concluded that there is no significant effect of Gender on Customer loyalty towards hotel industry.

**One-way ANOVA for Occupation**

According to Table 1 one-way Anova test is used in order to find the effect of Occupation on Customer loyalty towards hotel industry. Since the (P<0.05) p value of this test is 0.00 at 5% level of significance it means we reject null hypothesis. From this result we came to conclusion that occupation and Customer loyalty towards hotel industry has significant relationship. It means Occupation is one important factor that is affecting on the Customer loyalty towards hotel industry.

**One-way ANOVA for Education**

**Table 2:** One-way ANOVA for Education

Statements	Mean	Df	Mean Square	F	Sig.
See and below	16.5000	3	44.827	3.691	.012
Intermediate	17.8974	374	12.144		
Bachelors	19.2402	377			
Masters and Above	18.5391				

According to Table 2 one-way Anova test is used in order to find the effect of Education on Customer loyalty towards hotel industry. Since the (P>0.05) p value of this test is 0.012 at 5% level of significance it means we accept null hypothesis. From this result we came to conclusion that Education and Customer loyalty has no any significant relationship. It means education is one important factor that does not effect on the Customer loyalty towards hotel industry.

**Correlations**

**Table 3:** Pearson Correlations Analysis

	Customer Orientation	CRM Organization	Knowledge Management	Technology based CRM	Customer Loyalty
Customer Orientation	1	.043**	.417**	.067**	.331**
CRM Organization		1	.224**	.218**	.291**
Knowledge Management			1	.517**	.592**
Technology based CRM				1	.361**
Customer Loyalty					1

\*\* . Correlation is significant at the 0.01 level (2-tailed).

<i>Model Summary</i>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.750a	.563	.558	2.34183

a. Predictors: (Constant), Customer Orientation, CRM Organization, Knowledge Management, Technology based CRM  
 b. Dependent Variable: Customer loyalty  
 c. Predictors: (Constant), Customer Orientation, CRM Organization, Knowledge Management, Technology based CRM  
 Dependent Variable: Customer loyalty

Based on Table 3, the correlation matrix for the five examined variables—Customer Loyalty, Customer Orientation, CRM Organization, Knowledge Management, and Technology-based CRM—revealed that none of the constructs, except CRM Organization, exceeded the value of 0.75. This indicates that the constructs are distinct and do not overlap. The study showed a positive relationship, with r = 1 at the 0.05 level of significance. Customer Orientation, CRM Organization, Knowledge Management, and Technology-based CRM exhibited positive relationships with r values of 0.331, 0.291, 0.592, and 0.361, respectively, at the 0.05 significance level. Thus, there is a significant relationship between the independent variables (Customer Orientation, Knowledge Management) and the dependent

variable (Customer Loyalty). However, the P-values for CRM Organization (0.203) and Technology-based CRM (0.96) are greater than 0.05, indicating no significant relationship with Customer Loyalty.

**Multiple Regressions**

Based on the output of the Table 3, the value of Adjusted R Square is 0.558. Hence, the change of the Customer loyalty towards hotel industry was 55.8% which was influenced by the factors of Customer Orientation, CRM Organization, Knowledge Management, Technology based CRM. Furthermore, other 44.2% of the model is explained by other factors which are able to influence the Customer loyalty towards hotel industry.

**Table 4:** ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	2630.819	4	657.705	119.928	.000 <sup>b</sup>
Residual	2045.586	373	5.484		
Total	4676.405	377			

- a. Dependent Variable: Customer loyalty
- b. Predictors: (Constant), Customer Orientation, CRM Organization, Knowledge Management, Technology based CRM

Based on the ANOVA Table 8 the F value is proven to be significant at 119.928. The overall regression model with Customer Orientation, CRM Organization, Knowledge Management, Technology based CRM and Customer loyalty.

**Coefficient**

**Table 5:** Coefficient

Model	Unstandardized Coefficients		Standardized Coefficients		T	Sig.
	B	St. Error	Beta			
(Constant)	7.758	.959			8.091	.000
Customer Orientation	.139	.052	.702		2.669	.008
CRM Organization	.444	.034	.159		12.946	.000
Knowledge Management	.797	.063	.269		12.620	.000
Technology based CRM	.187	.048	.760		3.908	.000

**Customer Loyalty=**  
**7.758+0.139b1+0.444b2+0.797b3+0.187b4**

Here,  
 R- Squared=0.563 F statistic=119.928  
 Adjusted R-Squared=0.558 P value=0.000  
 Based on the output in table 4.17, the following equation is formed

Customer Loyalty = 7.758 + 0.139 (Customer Orientation) + 0.444 (CRM Organization) + 0.797 (Knowledge Management) + 0.187 (Technology based CRM)

The regression model is fit at a 5% level of significance, with an R-square value of 0.563, indicating that 56.3% of the variation in Customer Loyalty is explained by Customer Orientation, CRM Organization, Knowledge Management, and Technology-based CRM. The results suggest that Customer Loyalty is significantly influenced by these factors. The regression coefficient for Customer Orientation is 0.139, indicating that Customer Loyalty will increase by 0.139 units for each 1-unit increase in Customer Orientation, assuming other variables remain constant. The regression coefficient for CRM Organization is 0.444, suggesting a 0.444 unit increase in Customer Loyalty for each 1-unit increase in CRM Organization. For Knowledge Management, the coefficient is 0.797, meaning a 0.797 unit increase in Customer Loyalty for each 1-unit increase. The Technology-based CRM coefficient is 0.187, indicating a 0.187 unit increase in Customer Loyalty for each 1-unit increase. These results highlight a significant positive relationship between all these variables and Customer Loyalty in the hotel industry, as all p-values are less than 0.05.

**Discussion**

The findings of other researcher clearly show that CRM does have a positive relationship with Customer loyalty. The behavior of the employees and relationship development found to contribute most to customer loyalty (Ryals & Knox, 2001). The outcome of the findings implicate that store employee who has good relation with customer will increase customer satisfaction. Behavior of the employees is also play significant role in increasing customer loyalty (Brohman, 2003) [12]. Different researches have revealed that service firms, like hotels, require a better understanding of customer orientation and its great importance to such firms and their performance (Kim, 2008) [22]. As in the service oriented organization, the delivery of service in a hotel occurs when there is interaction between service providers and the service encounter (Lee *et al.*, 2006). Hence in order to enhance service experience, hoteliers need to focus on customer interaction. Customer oriented can be achieved through a positive relationship between customer and service provider. Research has supported that customer

orientation leads to increase organizational performance (Asikhia, 2010). The organization must put emphasis in the two elements which are behavior of employees and relationship development. Employees are expect not merely be polite and courteous towards their customer, but most importantly must have the product knowledge and communication skills that can create a relationship with the customers. Sin *et al.* (2008) further stress that positive employees' behavior is vital in sustaining customers' loyalty. Employees must be trained to response to the customers' needs in an appropriate speed. They must also able to show concern and care to the customers. Behavior change can only be done if management team is serious in investing in their human capital. This can only be done through series of training and developmental programs for the employees. Thus, the findings of this study is supported with different other study.

Vogt (2011) [49] argued that hotels that have the sales and marketing expertise and resources to succeed in CRM can easily achieve customer loyalty. Building CRM organization can be used in increasing relationship of the customers and thus loyalty can be achieved (Sin *et al.*, 2005). Furthermore, Sin *et al.* (2005) stress that Customer loyalty can be improved by a few methods such as: 1) Inform customers about promotions, discounts and other facilities of the organizations. 2) Encourage customers to purchase more by showing appreciation. 3) To convince customers that their feedback are taken seriously. Thus, the findings of this study is supported with different other study.

Verma and Chaudhary (2009) [48] said that knowledge management will help hotels to create new ideas and provide better service to achieve customer loyalty. We have to take into our account that the success of relationship management is heavily dependent on collecting and analyzing customers' information, as such information is used for developing highly personalized offerings (Sigala, 2005). As a matter of fact, it is necessary for organizations to remain competitive, and this aim cannot be achieved unless they enjoy wide knowledge about their market, explore and make use of their existing knowledge about their customers. Thus, the findings of this study is supported with different other study.

Zahay and Griffin (2004) [53] said that hotels that build customer database and other information-storing systems will achieve their customer loyalty successfully. Similarly, Roberts *et al.* (2005) said that marketing plan with technology will help organization to plan and implement successful marketing actions for retaining customers long-last and making them more profitable. Similarly, Yueh *et al.* (2010) [52] said that hotels that provide debit and credit card facilities can pull the attention of audience. Similarly, wang *et al.* (2010) [50] said that developing application for booking hotel and order placing will help in attracting more

customers. Thus, the findings of this study is supported with different other study.

## Conclusion and Implication

### Conclusion

The conclusion of the study states the results of the analysis performed on the data collected from the survey. The descriptive statistics of the five variables, namely Customer Orientation, CRM Organization, Knowledge Management, Technology-based CRM, and Customer Loyalty, were calculated. The results showed the means and standard deviations of each variable. Cronbach's alpha was used to test the reliability of the questions in each variable. The results of the t-test and ANOVA tests were used to analyze the effect of gender, occupation, and education on customer loyalty towards the hotel industry.

The mean values of Customer Orientation and Customer Loyalty were found to be close to 4, indicating a strong agreement. The mean values of Knowledge Management and Technology-based CRM were close to 4, indicating agreement. The value of Cronbach's alpha for each variable was found to be acceptable and reliable.

The t-test results showed that there is no significant effect of gender on customer loyalty towards the hotel industry. The ANOVA test results showed that occupation has a significant effect on customer loyalty, but education does not have any significant effect. The correlation matrix showed that the variables were different and did not overlap with each other, except for CRM Organization, which showed a positive relationship with a significance level of 0.05.

It is also found that gender has no significant effect on customer loyalty towards hotel industry. Likewise, occupation has significant effect on customer loyalty towards hotel industry but education has no significant effect on customer loyalty towards hotel industry. It is also found that there is a significant positive relationship between Customer Orientation, CRM Organization, Knowledge Management and Technology based CRM with customer loyalty towards hotel industry with positive correlation. The regression analysis revealed that customer orientation and technology-based CRM are the primary drivers of customer loyalty. Therefore, it can be inferred that hotels should prioritize these areas to enhance customer loyalty.

### Implication

The study has provided valuable insights into various aspects of customer satisfaction and loyalty in the hotel industry. The results of the study have implications for managers in the industry.

Firstly, the findings suggest that staff experience is a key factor that affects customer orientation, which is an important aspect of customer satisfaction. Therefore, managers should ensure that their staff are well-trained and experienced in their roles.

Secondly, the availability of round-the-clock room service is the most important aspect of CRM organization, which is a key driver of customer satisfaction. Therefore, managers should ensure that they have sufficient staff to provide this service at all times.

Thirdly, customers place a high value on reasonable room rates, which is an important aspect of knowledge management. Therefore, managers should ensure that they

price their rooms competitively in order to attract and retain customers.

Fourthly, the acceptance of credit and debit cards is an important aspect of technology-based CRM, which is a key driver of customer satisfaction. Therefore, managers should ensure that they have the necessary technology and infrastructure to accept these forms of payment.

Finally, the study found that occupation has a significant effect on customer loyalty, while education does not. Therefore, managers should focus on understanding the needs and preferences of customers based on their occupation and tailor their services accordingly in order to improve customer loyalty.

Overall, the study highlights the importance of understanding customer needs and preferences and tailoring services accordingly in order to improve customer satisfaction and loyalty in the hotel industry.

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