**CUSTOMER RELATIONSHIP MANAGEMENT AND ITS IMPACT**

**by**

**Ayan Chattoraj**

**Assistant professor, NSHM Knowledge Campus, Durgapur**

**Abstract**

CRM is an essential tool for businesses to manage customer communications and interactions. It enables direct communication, billing help, maintenance, marketing planning, and collaboration with other companies and partners by allowing staff from many departments to access and enter data about current and potential clients. To create focused marketing efforts, create business plans, and evaluate the success of CRM activities, key CRM data can be analysed. Front and back office functions are made possible by the external network, and analytical CRM analyses customer data for focused marketing campaigns, client acquisition, cross-selling, and upselling. Collaborative CRM makes use of data from many departments to raise the calibre of services provided by the company, while operational CRM supplies customer data for a variety of uses. Convenience sampling was employed in a study of the hotel business. a sample size of 150 participants, with descriptive statistics and main data collection carried out utilising questionnaires and structural equation modelling (SEM). The findings demonstrated that CRM strongly affects customer loyalty and satisfaction, with satisfaction serving as a lone mediator between CRM and loyalty. CRM makes use of department-specific data to raise the calibre of services the company provides.

**Keywords:** Customer Satisfaction, Customer Loyalty, Collaborative CRM, Hotel industry, SEM

**INTRODUCTION**

The study focuses on low customer satisfaction in the hotel industry, possibly due to a lack of concern for building mutual relationships through customer relationship management (CRM). CRM focuses on customer value rather than products or services. Companies aim to establish communication and good relationships with customers through CRM. The authors aim to conduct an empirical study on the impact of CRM on customer loyalty in the hotel industry.

**STATEMENT OF THE PROBLEM**

Customer relationship management (CRM) is a management strategy that helps businesses to find, entice, and keep more profitable consumers by strengthening existing bonds. But effective customer relationship management places the customer's requirements and wishes at the centre of the company's operations by fusing them with its strategy, workforce, IT infrastructure, and operational procedures. The Indian hotel business occasionally has a significant growth tendency, however there is little emphasis on customer relationship management. and unless suitable steps are done as soon as possible, this causes the client to be unsatisfied with the company. The question then becomes how we can foster and enable the sector to have a close link and empathetic engagement with customers.

**OBJECTIVE OF THE STUDY**

The study investigates the impact of Customer Relationship Management (CRM) on hotel industry satisfaction and loyalty, as well as its indirect effect through customer satisfaction. It identifies CRM components, Relationship Quality and Organizational Capital, and examines whether organizational capital is an antecedent to CRM applications. The investigation also investigates the effect of CRM applications on relationship quality and overall customer satisfaction.

**CONCEPTUAL FRAMEWORK**

After studying the literature on IT, CRM, and relationship marketing, a conceptual framework was created. The paradigm contends that CRM Applications (CRMA) directly enhance relationship results and relationship quality. The relationship between a business and its distributors is represented by Relationship Quality (RQ) in the framework of CRM Applications (CRMA), the CRM technology. CRM Applications are predicted by organisational capital, which provide motivation for a successful rollout. Relationship Quality is the primary dependent variable, and the framework relates the influence of Relationship Quality to Relationship Outcomes, making Relationship Outcome a secondary dependent variable. The purpose of the CRM Applications (CRMA)-Relationship Quality (RQ) conceptual framework is to investigate how CRM Applications enable businesses to establish, preserve, and improve customer relationships.

**HYPOTHESIS**

H1: Direct Effect CRM initiatives have a favourable and considerable impact on hotel business patron satisfaction.

H2: Customer relationship management programmes have a favourable and considerable impact on hotel sector patron loyalty.

H3: Customer satisfaction has a favourable and considerable impact on hotel business client loyalty.

H4: The indirect effect of customer relationship management programmes is good and considerable, and it is mediated through hotel industry customer satisfaction.

**RESEARCH METHOD**

In the hotel sector, this research was done. Customer happiness, loyalty, and relationship management with regard to customers make up the research's factors. Lack of responses from hotel guests is the study's main drawback.

Number of people and Sample All guests of the hotels operating in India make up the research population. For this investigation, convenience random sampling was used. There have been 250 respondents to the study's sample.

**QUESTIONNAIRE DESIGN**

Questionnaire designed for measuring client relationship, customer satisfaction, customer loyalty & their interdepartmental relationship.

**FINDINGS AND DISCUSSIONS**

The validity and reliability of the questionnaire for the "Pilot Project" were tested using 150 respondents. Results showed that all items, including customer relationship management and satisfaction and customer loyalty, were valid for all variables in the hotel industry. The correlation value was greater than 0.2012, indicating that the items were valid for all variables.

**Reliability**

The test results of the research instrument in terms of reliability of the item-total statistics of the 150 respondents as indicated in the following table:

**Output of Reliability Testing**

Table1

|  |  |  |
| --- | --- | --- |
| **Variable/sub variable** | **Cronbach alpha** | **Reliability** |
| X Customer Relationship Management | 0.933 | Reliable |
|  Y Customer Satisfaction | 0.956 | Reliable |
| Z Customer Loyalty | 0.880 | Reliable |

**Output of SPSS**

Table2: Analysis of Measurement Model

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| X2 | X2/df | GFI | TLI | CFI | RMSEA |
| 94.833 | 2.313 | .936 | .966 | .975 | .073 |

Table 3: Fit indices of Structured Equation modelling

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Fit indices | X2 | X2/df | GFI | TLI | CFI | RMSEA |
|  | 94.833 | 2.313 | .936 | .966 | .975 | .073 |
|  |  |  |  |  |  |  |

**Testing Hypothesis of Direct Effect**

A structural equation model, which analyses the direct impact of customer relationship management, satisfaction, and loyalty, defines the goal of the study. The effects of both directions are considerable, supporting hypotheses 1, 2, and 3.

**Hypothesis Testing of Indirect Effect**

By include satisfaction as a mediating variable, as recommended by Kelloway (1995), the hypothesis will be tested and the indirect impact, which is shown in the following table, will be explained.

The indirect effect of structural equation modelling. Standardised Indirect Effect Output as Source It appears that there is a direct correlation between significant and positive customer relationship management and customer loyalty, according to the previous results, which show a direct impact of the significant predictors (customer relationship management) on customer satisfaction (p> 0.05).

Table 4: Relationship among Constructs

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Estimate | SE | CRM | P | Level |
| Customer satisfaction-CRM | .811 | .061 | 13.898 | 0 | Par\_9 |
| Customer Loyalty-CRM | .646 | .124 | 5.290 | 0 | Par\_10 |
| Customer Loyalty- Customer Satisfaction |  | .126 | 1.990 | .046 | Par\_11 |

Table 5: Indirect Effect of Structured Equation Modelling

|  |  |
| --- | --- |
| Constructs  | CRM |
| Customer Satisfaction | .000 |
| Customer Loyalty | .181 |

**FUTURE RESEARCH PLANNING**

According to this study's empirical findings, the hotel industry's customer satisfaction and loyalty are both impacted by the aspect of customer relationship management that is integrated into the research model. Additionally, this aspect has been shown to have a considerable impact on both customer loyalty and customer satisfaction. client relationship management and client loyalty are partially mediated by the customer satisfaction component.

**FUTURE RESEARCH PLANNING**

There are also some recommendations that might be made, particularly for organising future research because the study had a number of limitations. So that a better model may be created, research must be repeated while creating new factors.

**CONCLUSIONS**

By gaining greater understanding of the requirements for a successful CRM deployment and its effects on business relationships, this study is said to have helped academics and business practitioners alike. The suggested theoretical CRM-RQ framework was verified in the context of the present-day nation and industry. This study has sought to explore the whole process by which CRM technology pave the way for higher company performance and has recognised the enabling function of CRM technology in relationship marketing process via the development and validation of the CRM-RQ framework. Structural Equation Modelling and factor analysis results, both exploratory and confirmatory, supported the empirical validity of the framework and hence supported the findings of prior research.

**LIMITATIONS OF THE STUDY**

Despite offering some helpful insights into the main research issues, this study must be seen in light of some limitations, just like any other scientific research study. Every scientific survey research naturally has limits relating to general research principles, such as research design, data collecting techniques, common method variance, etc. However, some of these constraints are especially relevant to the setting of this study. The fact that the survey data was gathered from the most important respondents in the hotel sectors that operate in India is one of the study's possible weaknesses. The final analysis was conducted using the self-reported data. The

information gathered from distributor-company data might produce even more precise outcomes.

**RECOMMENDATION FOR FUTURE RESEARCH**

This study demonstrates how organizations can enhance customer relationships in the Indian hotel industry by using CRM applications. It validates the CRM-Relationship Marketing framework in developing economies like India, suggesting that CRM technology as a marketing tool will provide an advantage in the coming times, as CRM technology is still in its pioneering stage in developing countries. Managers should improve relationship management to boost client loyalty in the hotel business.

**REFERENCES**

Agrawal, M. L., 2004. Customer Relationship Management (CRM) & Corporate Renaissance. Journal of Service Research, 3(2), 149-167.

Anderson, J.C., & Gerbing, D.W., 1988. Structural Equation Modelling in practice: a review and recommended two-step approach. Psychological Bulletin, Vol. 103 (3), pp. 411-423.

Ardiyhanto, D, 2011. Analisis Pengaruh Customer Relationship terhadap Loyalitas Pelanggan dalam Pembelian Sepeda Motor Yamaha pada PT. Megatama Motor di Makasar. Unpublished Undergraduate Thesis,

Makasar. Cheng, E.W.L., 2007. SEM being more effective than multiple regression in parsimonious development research, Journal of Management Development, Vol. 20 (7/8), pp.650-667.

Garver, M.S., & Mentzer, J.T., 1999. Logistic research method: employing structural modelling to test for construct validity, Journal of Business Logistics, Vol. 20 (1), pp. 33-57. Gordon, I., 2002. Best practices: Customer relationship management, Ivey Business Journal, No.67, Vol.1, p.1– 5.

Hair, J. F., Anderson, R., E., Tatham, R.L., & Black, W.C., 2013. Multivariate data analysis, 7/E, Prentice Hall, Pearson Educational International.

Indah & Devi., 2013. Analisa Pengaruh Customer Relationship Management terhadap Keunggulan Bersaing dan Kinerja Perusahaan, Business Accounting Review, Vol. 1, No. 2, pp. 50-60.

Kalakota, R. dan Robinson, M., 2010. E-Business 2.0 Roadmap for Success, Massachusetts: Addsion Wesley Longman Inc, Kelloway, E.K., 1995. Structural Equation Modelling in perspective. Journal of Organizational Behavior, Vol.16, p. 215-224

Kotler, P., & Armstrong, G., 2011. Principles of Marketing (14th ed.). New Jersey: Prentice Hall.

1. How do you measure the success or effectiveness of your
2. What challenges did your organization face during the implementation of the CRM system, if any?
3. What challenges did your organization face during the implementation of the CRM system, if any?
4. What challenges did your organization face during the implementation of the CRM system, if any?