

The effect of customer relationship management (CRM) dimensions on hotel customer's satisfaction in Kashmir

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Abstract

Purpose – *The study aims to investigate the effect of four customer relationship management (CRM) dimensions, namely, customer orientation, customer relationship management organization, managing knowledge and CRM based technology, on customer satisfaction in the hospitality sector of Kashmir.*

Design/methodology/approach – *A survey instrument with a slight modification is adapted from literature and is exercised on the customers of three- and four-star hotels operating in Kashmir. A total of 176 responses received using systematic random sampling were subjected to exploratory factor and regression analyses to uncover the underlying relationships among dependent and independent variables.*

Findings – *The results revealed a significant and positive relationship between CRM dimensions, namely, customer orientation, managing knowledge and CRM organization on customer satisfaction. Though the results also indicate a significant positive effect of CRM-based technology on customer satisfaction, the magnitude of this effect is very weak. This suggests that hotel organizations use technology as a mere tool to store customer information only. Thus, CRM-based technology should be used by the hotels to analyze customer information and, subsequently, design customized products. This will unravel the full potential of the technology and lead to better customer satisfaction.*

Practical implications – *The findings of this study provide significant insights to the practitioners to understand the role of successfully implementing a CRM strategy. It reflects that establishing an effective CRM strategy helps managers in improving customer satisfaction and in maintaining a long-term relationship with customers to achieve the organizational goals. Thus, establishing an efficient and effective CRM strategy should be (one of) the key objectives for all hotel managers. Moreover, the hotels that successfully implement CRM strategy and manage customer knowledge properly will reap the rewards in terms of better customer loyalty and long-term sustainable profitability.*

Originality/value – *This study approaches the implementation of CRM strategy from a customer perspective with a specific focus on investigating the effect of four CRM dimensions on customer satisfaction in the hospitality sector. This will provide a novel impetus to the hotel managers to devise and manage a CRM strategy that leads to (better) customer satisfaction.*

Keywords *Customer relationship management, Customer satisfaction, Customer orientation, Managing knowledge, CRM-based technology, CRM organization*

Paper type *Research paper*

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1. Introduction

The ever-increasing hotel inventory and reduced occupancy rates have emerged as one of the most difficult challenges for the hotel industry in Kashmir. The political instability and conflict in a tourist area are believed to be the major obstacles in the tourist influx and thereby being responsible for the fierce competition in the hotel industry (Sigala and Connolly, 2004; Sigala, 2005; Yi-Wen and Edward, 2010; Wu and Li, 2011). In the move to

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increase occupancy rates and combat the competition, the hotels are posed with increasing costs, growing pressure to provide quality service at narrow margins and meeting the changing preferences and needs of the customers. The hotel managers, therefore, are turning to the different marketing strategies to enhance customer satisfaction and loyalty and are striving to increase organizational performance and profitability. One such strategy, which has rightly gained due importance in due course of time, is implementing customer relationship management (CRM).

The CRM strategy aims to seek, gather and store the right information, share it through the entire organization and then use it at all organizational levels to create a personalized and unique customer experience (Sigala and Connolly, 2004; Wu and Li, 2011). The successful implementation of CRM enables hotels to improve their performance and ultimately ensures their long-term business survival (Wu and Li, 2011; Rahimi, 2017). CRM is mainly based on the belief that establishing a sustainable relationship with customers is the cornerstone of achieving not only customer satisfaction but also customer loyalty (Dowling, 2002). The implementation of CRM brings lasting benefits to any organization. For instance, through CRM, some organization achieve increased profits compared to their peers (Mohammed and Rashid, 2012; Rahimi, 2017; Law *et al.*, 2018). On the other hand, CRM accrues comparatively more benefits to those organizations that collect and process information about customers which can be transformed into useful customer knowledge and intelligence (Mguyen *et al.*, 2007; Dev and Olsen, 2000). Thus, using CRM initiatives has become necessary for hotels to get closer to customers, to build long-lasting relationships with them and to maximize the customers' lifetime value (Samanta, 2009). Moreover, hotel services are characterized by a high degree of involvement and frequency of purchase, and this has, as a consequence, accentuated the need for an efficient and effective implementation of CRM in the hotel industry. As services are often perceived as high-risk products because of the intangibility factor, customers prefer high involvement relationship with their service providers (Bennett and Durkin, 2002). Therefore, the emphasis must be on building mutually beneficial relationships between the organization and its customers (Fournier *et al.*, 1998).

In the past two decades, many Indian hotels have made enormous investments for implementing CRM to stimulate long-lasting and symbiotic relationships with their customers (Ahmad *et al.*, 2012; Wilayate and Deshmukh, 2014; Chadha, 2015; Leena *et al.*, 2015). The key focus of implementing CRM in hotels is to develop synergy between business processes and customer needs, thereby delivering greater value and enhancing competitive position. Nonetheless, many CRM initiatives appear to have been knocked down into irrelevance (Wu and Li, 2011). This could be because of the unrealistic expectation of the CRM potential *ab initio* or simply because of not having adequately used it as a strategic tool in the first place.

The research on CRM seems to be very mature in which some studies have attempted to investigate the effects of CRM implementation on firms' performance (Wu and LU, 2012), a few others have explored the relationship between CRM and corporate image and service quality (Chen and Chen, 2014) and another stream of studies have unearthed CRM success factors (Padilla-Meléndez and Garrido-Moreno, 2014). Similarly, another branch of studies has examined the relationship between CRM and organizational culture (Rahimi, 2017) and few others have analyzed the link between CRM and organizational performance (Rafiki *et al.*, 2019; Mohammed *et al.*, 2013). Thus, the majority of the previous studies have focused on the effects of CRM on the firms; however, the customer side of the relationship has so far remained unexplored. Furthermore, the survey of extant literature reveals that research on CRM in the context of hotels in Kashmir is scant. Moreover, most of the published articles are in the area of travel and tourism, with a specific focus on airlines and restaurants (Whyte, 2003; Hyun, 2010).

Furthermore, while analyzing the CRM components, the technology part has received most of the attention, while the roles of people and process have been neglected (Rahim, 2017). Also, CRM effectiveness varies depending on cultural setting, relationship marketing strategy and exchange situation, etc. As a collectivist culture (Hofstede, 1984; Hofstede and Bond, 1998) with distinct relational perception and behavior, an Indian study on relationship marketing is expected to offer novel implications that marketers can use in designing effective customer engagement and perceptual orientation strategies. Thus, research focusing on underpinning the effectiveness of CRM from customer perspective in the context of hotels is, therefore, needed.

Therefore, the aim of the study is to investigate the effects of customer relationship management on customer satisfaction in hotel establishments of Kashmir valley. The remaining paper is structured as: Section 2 presents a brief overview of hotel industry in Kashmir. Section 3 describes literature on customer satisfaction, CRM and dimensions of CRM. Section 4 presents research methods and provides methodological justifications. Section 5 presents the results of the data analysis. Section 6 discusses the major findings of the study. Section 7 provides the theoretical and managerial implications of the research. Section 8 details limitations and future research agenda.

2. Overview of hotel industry in Kashmir

The hospitality industry, which includes food and beverage industry, travel industry, tourism industry and hotel industry, contributes significantly to the economic progress, industrial growth, employment as well as per capita income of Jammu and Kashmir (Dar, 2016). The Kashmir valley owing to its plentiful beauties in the shape of lush green meadows, snowcapped mountains, lakes and springs, sacred places and historical places has remained a constant attraction for the local and international visitors over the ages. The key tourist motivations for visiting Kashmir include religious pilgrimage (such as Amaranth Yatra, Kheer Bhawani, Hazratbal Shrine); sightseeing (for example: Gulmarg, Sonmarg, Mugal Gardens, Dal Lake, Phalgam, Dachigam, Wular Lake, Manasbal Lake, Doodpathri, Peer Ki Gali, etc.); adventuring (for instance, rock climbing, mountaineering, biking, rafting, skating); and winter sports (skiing, ice-hockeying). The hotel industry forms an integral part of the hospitality sector which earns a great amount of foreign exchange. The hotel industry in Kashmir is a mature industry comprising of star-category, non-star category hotels and budget accommodations such as houseboats, guest houses and lodges (Dar, 2016). There were 112 registered hotels in Kashmir, which are generally classified into commercial hotels, airport hotels, conference centers, economy hotels, suite or all-suite hotels, residential hotels, casino hotels and resort hotels. Around 50%–60% of the state population is directly or indirectly linked with tourism and it contributes around 15% of the state's domestic product (Aslam *et al.*, 2018). Attracting local and foreign tourists, therefore, is very critical for the success of the hotel industry which in turn contributes to the economic, social and cultural development of the Kashmir valley.

3. Review of literature

3.1 Customer satisfaction

Customer satisfaction is the assessment and comparison of the pre-purchase expectations from the product/service with that of the post-purchase experience felt by the customer from the same product/service (Lemon *et al.*, 2002; Beerli *et al.*, 2004). Therefore, customer satisfaction is a view of either similarities or dissimilarities between post-purchase and consumption behavior to that of expectations from a product/or service with regard to its potential of meeting customers' objectives adequately (Bergman and Klefsjö, 2010). Thus, higher the equivalence between customer expectations and post-purchase consumption, higher will be the level of customer satisfaction. Satisfied customers act as the promoters

and brand ambassadors of the organization as they spread positive word of mouth more often (Tsao and Hsieh, 2012; Abubakar and Mavondo, 2014; Kwun *et al.*, 2013). In other words, customer satisfaction is the easiest form of unpaid promotion (Kozinets *et al.*, 2010). Moreover, it has been observed that customer satisfaction is an important predictor of customer loyalty which leads to customer repurchase intention (Alshurideh *et al.*, 2012; Jacka and Keller, 2013; Serra-Cantalops *et al.*, 2018). Therefore, for a firm to be successful, it should ensure the implementation of a customer satisfaction measurement program (Naumann, 1995; Pizam *et al.*, 2016). It has also been observed that customer relationship management as a business strategy influences customers' behavior which leads to increased customer satisfaction (Rezghi *et al.*, 2014; Rahimi and Kozak, 2017; Iriqat and Daqar, 2017).

3.2 Customer relationship management

CRM is a multidimensional construct and is viewed from multiple perspectives (such as technology, strategy and philosophy) depending on the context and situation (Zablah *et al.*, 2004; Dimitriadis and Stevens, 2008; Piskar and Faganel, 2009; Rahimi, 2014; Rahimi and Gunlu, 2016). The origin of relational marketing is deep-rooted within the field of services marketing and industrial marketing (Berry, 1983; Jackson, 1985). This relational approach has evolved as a new paradigm distinctive from the marketing management perspective and has received considerable interest amongst practitioners and scholars across different business settings (Padmavathy *et al.*, 2012). CRM refers to a set of relational practices that firms adopt to attract, maintain and enhance customer relationships (Berry, 1983).

For most of the organizations, across different sectors, CRM has evolved as a potential framework for achieving long-lasting competitive advantage (Soltani and Navimipour, 2016; Reicher and Szeghegyi, 2015; Lipiäinen, 2015; González-Benito *et al.*, 2017). Because of the heightened competition lately, the creation of a positive customer relationship is not only a necessity, but it is a key for differentiation as well. CRM is a key strategic tool used to manage customers, and it focuses on understanding customers as individuals rather than a bundled (out) group (Lambert, 2010). The application of CRM aims to identify and retain the most profitable customers, and it helps organizations to improve the profitability of less profitable customers (Wang and Feng, 2012). CRM framework benefits organizations by enabling them to generate more information about their customers (Mguyen *et al.*, 2007). The data that is gathered from the customers is being transformed into useful customer knowledge which in turn is used for business intelligence. This helps organizations to tailor their products and services to the needs of the customers and offer more personalized services (Nasution and Mavondo, 2008; Wongsansukcharoen *et al.*, 2015; Soltani and Navimipour, 2016).

The recent developments in information and communication technology [(ICT) such as e-mail, text-messaging, and social media] have boosted information sharing between and within the consumer groups (Knuz *et al.*, 2017; Acker *et al.*, 2011; Gombeski *et al.*, 2011). This has led to over reliance on both the traditional and the electronic word-of-mouth (WOM) for purchase considerations of consumers (Serra-Cantalops *et al.*, 2018). The power of WOM becomes more critical with the fact that negative WOM tends to spread more rapidly than positive WOM (Berezan *et al.*, 2015). In this age of micromedia, where there is wide use of the internet and smart phones, electronic WOM has gained popularity for determining the success of marketing activities of a firm. The changing consumer preference and lifestyles have aided the interaction among customers, and has, therefore, a huge impact on their decision-making process. It has been observed that the influence of WOM on consumer decision-making is ever increasing because of the advancements in ICT that further guides the organizations to remold CRM (Sigala, 2011; Trainor, 2012; Malthouse *et al.*, 2013; Bowen and McCain, 2015; Küpper *et al.*, 2015). CRM is an effective strategy in this context to generate positive WOM and limits the adverse effect of negative

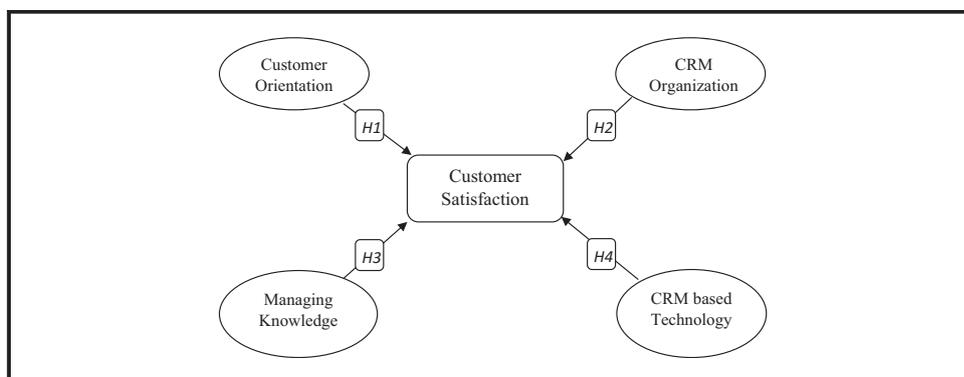
WOM by successfully addressing the customer concerns. Thus, CRM helps organizations to build long-lasting relations with customers that translate into customer delight, loyalty and spread of positive WOM (Knuz *et al.*, 2017; Berezan *et al.*, 2015; Heriyati and Seik, 2011).

3.3 Customer relationship management dimensions

According to Sin *et al.* (2005), CRM is conceptualized as a multidimensional construct composed of four main behavioral components. These components include; key customer focus, CRM organization, knowledge management and technology-based CRM. Their findings are also in accordance with the notion that CRM is dependent on people, technology, strategy and processes (Fox and Stead, 2001). Many studies have validated the positive impact of CRM dimensions on the organizational performance (Elkordy, 2014). The positive relationship between CRM dimensions (customer orientation, CRM organization, knowledge management and technology-based CRM) and organizational performance is further clarified in the study conducted by Mohammed and Rashid (2012) in the hotel industry. Customer orientation has been found to be a more critical dimension of CRM in the hospitality sector to enhance relationship of guests with hotel organizations (Wang and Feng, 2012; Wu and Lu, 2012). Moreover, customer orientation is positively associated with organizational performances such as financial, customer, internal, learning and growth performances (Mohammed *et al.*, 2013). According to Dowling (1993), enhanced focus on customer orientation in a specific organization will hold the key to the success of marketing activities, delighting customers and achieving high-organizational performance. Hence, in accordance with the existing literature, customer orientation, in addition to CRM organization, managing knowledge and CRM-based technology as dimensions of CRM have been adopted in this study to gauge their influence on customer service satisfaction as shown in Figure 1. These dimensions are firmly connected to people, technology, strategy and processes which form the principal components of CRM (Mohammed *et al.*, 2013).

3.3.1 *Customer orientation.* Customer orientation is a vital element for the successful adoption of CRM, the focus of which is to ensure incremental organizational performances (Yilmaz *et al.*, 2005; Kim, 2008; King and Burgess, 2008). Improved organizational performances can be witnessed only when the organization determines, understands and satisfies the various needs of the (potential) customers better than the competitors (Pelham, 2009; Pelham and Kravitz, 2008). This can be achieved through continuous interactions with the customers which enable organization to develop a customer-oriented problem-solving mechanism. The customer-oriented culture of businesses is reported to have positive effects on business activities, as employees in these types of organizations are more motivated and committed to provide better

Figure 1 Research model



customer experience (Donavan *et al.*, 2004; Zhu and Nakata, 2007). This customer-centric approach of employees translates into improved service image of the hospitality (hotel) organizations (Fan and Ku, 2010), thereby enhancing their performance and creating a sustainable competitive advantage (Tajeddini, 2010; Asikhia, 2010). Thus, customer orientation enables organizations to maintain continuous interactions with the customers and fosters and fortifies customer satisfaction. In accordance with the literature reviewed, the following hypotheses are propounded:

H1. Customer orientation has positive effect on customer satisfaction.

3.3.2 Customer relationship management organization. Organizations across industry sectors need to be customer-centric and need to be implementing CRM at all levels in the organizations. For the proper working environment, modern tools and equipment, compliant tracking system, etc., are the prerequisites for business establishments (Mechinda and Patterson, 2011). It is observed that CRM often fails in the organizations that lack a culture that is not focused on long-term customer relationships (Dutu and Halmajan, 2011). Further, the employees of such business organizations need to have cordial relations with their customers whenever they come to interact with them (Boulding, Staelin, Ehret, and Johnston, 2005; Payne, 2006; Tamilarasan, 2011). Sigala (2005) argues that CRM framework depends on the attitude, commitment and performance of the employees in hospitality organizations. Therefore, the role of the employees is increasingly critical to CRM organization and is vital in the successful implementation of CRM (Tamilarasan, 2011). The effect of CRM organization as a CRM dimension is found to have significant and positive influence on customer satisfaction, retention, marketing as well as financial capabilities of the organizations, brand differentiation, price, etc. (Akroush *et al.*, 2011; Sin *et al.*, 2005). Thus, customer information is critical in determining the accurate preferences of clients (Sin *et al.*, 2005) and this enables hospitality organizations to customize their price and services to satisfy the specific needs of the customers (Nunes and Drèze, 2006). Hence it is hypothesized that:

H2. CRM organization has positive effect on customer satisfaction.

3.3.3 Managing knowledge. Better relations with customers commit business organizations to assemble information from customers on their service patterns, history of their purchases, their attitude, perception and intention, etc. This enables them to disseminate the information to the specific service points where such knowledge can be used to serve customers in an improved manner (Plessis and Boon, 2004; Stringfellow *et al.*, 2004) to achieve competitiveness (Croteau and Li, 2003; Shi and Yip, 2007). Halljin and Marnburg (2008) argued that hospitality organizations can enhance their competitive advantage by exploring and updating the customer knowledge by the use of sophisticated IT-enabled tools and broadcasting of this customer knowledge to the employees. The knowledge or the information of the customers has been helping organizations to develop mutual relationships and is affecting organizational performance positively (Mohammed, *et al.*, 2013; Abdullateef *et al.*, 2010; Akroush *et al.*, 2011). Further, organizations personalize their offerings based on customer information (Sigala, 2005), and it also improves mutual relationships (Fan and Ku, 2010). Thus, it can be deduced that matching the service offerings to the client needs will lead to more delighted and loyal customers that eventually become a sustainable profit center for the organization. Therefore following hypothesis is formulated:

H3. Managing knowledge has positive effect on customer satisfaction.

3.3.4 Customer relationship management-based technology. Majority of the organizations are harnessing the technology-based software to support the clientele interactions and information generation. However, the success of these technology-based tools is determined by their effective and efficient use (Dutu and Halmajan, 2011). Further, information gathered through these tools is used for business intelligence and decision-making to render services

accurately (Dev and Olsen, 2000). The added advantage of these technology-based information tools is that it not only lowers the internal costs but also improves profits (Moriarty et al., 2008). Owing to the changing customer preferences and fierce competition, hotels have resorted to technology-based tools to cater to their customers often (Sirirak et al., 2011). Therefore, a customer-oriented strategy, facilitated by technology-based service tools, is believed to achieve higher customer satisfaction and increased profit margins (Ramesh, 2013; Tian and Wang, 2017; Pozza et al., 2018). Hence, it is hypothesized that:

H4. CRM-based technology has positive effect on customer satisfaction.

4. Research methodology

4.1 Research instrument

A multi-item scale with slight modifications is adapted from Sin et al. (2005), Akroush et al. (2011) and Mohammed et al. (2013). The scale consists of 23 measurement items related to five constructs aimed to capture customers' beliefs about CRM dimensions and satisfaction. All these measurement items were measured using five-point Likert scale with anchors ranging from strongly disagree (1) to strongly agree (5). Moreover, a distinct section was included in the questionnaire to capture the respondents' demographic characteristics.

4.2 Data collection

A single cross-sectional survey method is used to collect data. The data was collected from customers staying in the three- and four-star hotels located in the famous tourist destinations of Kashmir such as; Gulmarg, Pahalgam and Srinagar. These three locations were chosen for data collection because three- and four-star hotels are located only in these three places. Further, only three- and four-star hotels were chosen for data collection because there were no five-star hotels in Kashmir at the time of data collection. Moreover, the choice emanates from the fact that these hotels have implemented CRM strategy in their operations. A total of 250 questionnaires were distributed among the hotel customers using systematic random sampling which resulted in the collection of 176 usable responses showing a response rate of 70.4%. Mann-Whitney *U* and Wilcoxon *W* tests were conducted to check non-response bias and the results show no significant differences between the first and the last quartile of the respondents. Further, common method bias was examined by conducting Harman's single factor test (Podsakoff et al., 2003). The results indicate that no single factor accounted for more than 50% of the covariance in the dependent and independent variables, thus indicating the absence of common method bias in the sample. Multiple regression analysis is used to test the underlying hypotheses.

4.3 Validity and reliability measures

To ensure content validity, the questionnaire was initially developed in English and then translated into Kashmiri, and the final version was independently translated back into English by a professional translator. Also, the questionnaire was presented to two independent marketing experts to ensure readability and clarity. Based on the suggestions of the two experts, some modifications were incorporated into the questionnaire. In the next stage, the questionnaire was pre-tested through a pilot study. The pilot study resulted in further refinement of the scale which was then administered personally in the main survey of the study.

The validity and reliability measures of the main survey are presented in Table 1. The study used Cronbach's alpha test to determine reliability as it is the most widely used and recommended method (Hair et al., 2016; Malhotra and Dash, 2011). The alpha coefficients

Table 1 Validity and reliability measures

	<i>CO</i>	<i>CRMO</i>	<i>MK</i>	<i>CRMT</i>	<i>CS</i>	<i>Cronbach's alpha</i>
<i>CO</i>	0.58 ^a					0.836
<i>CRMO</i>	0.12	0.64 ^a				0.844
<i>MK</i>	0.24	0.30	0.58 ^a			0.891
<i>CRMT</i>	0.10	0.22	0.26	0.45 ^a		0.910
<i>CS</i>	0.20	0.15	0.16	0.34	0.63 ^a	0.931

Note: ^aRepresents average variance extracted

as shown in Table 1 for each dimension were above the threshold limit of 0.7 as recommended by Nunnally (1978). Moreover, the item-total correlations were examined which showed that all correlations between items ranged from 0.41 to 0.69 which are above the critical limit of 0.32 as recommended by Saxe and Weitz (1982). This confirms internal consistency of the instrument. Furthermore, average variance extracted (AVE) as shown in Table 1 for each dimension was well above the critical level of 0.5 (Hair et al., 2010), and the value of AVE was greater than the construct correlations. This, therefore, indicates an adequate degree of discriminant validity. Moreover, exploratory factor analysis (EFA) using principal component analysis with varimax rotation was conducted to establish multivariate normality, convergent and nomological validity. The results of EFA show that the Kaiser–Meyer–Olkin measure (KMO = 0.849) and the Bartlett test of sphericity (chi-square $\chi^2 = 487.95$, $df = 181$, $p < 0.01$) displayed normal distribution of the data set. Therefore, it reflects that data showed sample adequacy and appropriateness for factor analysis. The rotated component matrix as shown in Table 2 was inspected for factor loading of measurement items. The results show that factor loading ranged from 0.564 to 0.846 and each measurement item loaded strongly to its own factor. This indicates adequate convergent validity.

Further, as shown in Table 3, Pearson bivariate correlations across variables are calculated, and the results show that correlations between variables do not exceed the threshold limit of

Table 2 Exploratory factor analysis

<i>Constructs</i>	<i>Items</i>	<i>CO</i>	<i>CRMO</i>	<i>MK</i>	<i>CRMBT</i>	<i>CS</i>
Customer orientation	CO1	0.846				
	CO2	0.838				
	CO3	0.833				
	CO4	0.790				
CRM organization	CRMO1		0.819			
	CRMO2		0.810			
	CRMO3		0.799			
	CRMO5		0.782			
Managing knowledge	MK1			0.782		
	MK2			0.782		
	MK3			0.685		
	MK4			0.808		
CRM-based technology	CRMBT1				0.773	
	CRMBT2				0.753	
	CRMBT3				0.661	
	CRMBT4				0.606	
	CRMBT5				0.564	
Customer satisfaction	CS1					0.811
	CS2					0.793
	CS3					0.749
	CS4					0.801
	CS5					0.841

Table 3 Pearson bivariate correlation

CO	1				
CRMO	0.36	1			
MK	0.49	0.55	1		
CRMT	0.33	0.47	0.51	1	
CS	0.45	0.39	0.41	0.59	1

0.70 and correlations between each factor were statistically significant with $p < 0.01$ (two-tailed) as posited by the theory. Moreover, each factor related more strongly on its own factor and demonstrated distinctiveness from other factors. Therefore, it reflects that variables are interrelated and yet demonstrate the discriminant validity.

5. Data analysis and results

5.1 Demographic characteristics of respondents

As presented in Table 4, the major portion of the sample constituted of males (57.95%) and remaining 42.05% were females. With respect to the level of education, around half of the respondents were graduates (51.13%) and remaining were postgraduates or above. Age wise 90% respondents were below 50 years of age in which around 38% were between 36 and 50 years of age and the remaining 50% were between 19 and 35 years of age. Moreover, with respect to nationality, the majority of the respondents were Indian (around 81%). The sample constituted of around equal portion of respondents from three- and four-star hotels, 53% and 47%, respectively.

5.2 Hypotheses testing

Multiple regression analysis using SPSS (version 22.0) is conducted for the hypotheses testing. The regression model is run with customer satisfaction as a dependent variable and CRM dimensions (customer orientation, managing knowledge, CRM organization and CRM-based technology) as independent variables. The adjusted *R-square* for the model is 0.41, thus, indicating a good fit between data and the theory. The relationships among the

Table 4 Demographic profile

Measure	Value	Frequency	(%)
Hotel type	3 star	99	56.25
	4 star	77	43.75
Nationality	Indian	143	81.25
	Foreigners	33	18.75
Sex	Male	102	57.95
	Female	74	42.04
Marital status	Married	119	67.61
	Unmarried	57	32.38
Age	18–25	35	19.88
	26–35	56	31.82
	36–50	67	38.08
Education	Above 50	18	10.22
	Graduates	90	51.13
	Postgraduates	69	39.20
Occupation	Doctorates	17	01.76
	Professional	44	25.00
	Business	49	27.84
	Service	83	47.15

dependent and the independent variables are analyzed based on the standardized regression coefficient (β -value) and the level of significance (p -value). The results of hypotheses testing are displayed in Table 5. The standardized regression weight and significance level provide empirical support to all the four hypotheses thereby indicating positive relationship between CRM dimensions and customer satisfaction.

With reference to *H1*, which stated that customer orientation has positive effect on customer satisfaction, the results show that customer orientation ($\beta = 0.464, p < 0.01$) exert significant positive effect on customer satisfaction. This, therefore, supports *H1*. The higher positive value of standardized regression weight indicates that customer orientation exerts the strongest effect on customer satisfaction as compared to the other three CRM dimensions. This higher magnitude of β -value is also indicative of the notion that customer orientation is (one of) the key CRM dimension(s) influencing customer satisfaction. Therefore, it reflects that customer orientation is a prerequisite in achieving customer satisfaction.

The data also supported *H2* which stated that CRM organization has a positive effect on customer satisfaction. The results indicate a significant positive relationship between CRM organization ($\beta = 0.18, p < 0.01$) and customer satisfaction. Thus, indicating that integration within organization developed through CRM strategy is critical for achieving customer satisfaction. Higher the levels of CRM integration between different departments in the organization, higher will be the commitment of the employee to meet the customer expectation. This leads to (higher) customer satisfaction.

With respect to the hypothesis that managing knowledge has a positive effect on customer satisfaction, the results reveal that managing knowledge exerts moderate positive effect ($\beta = 0.10, p < 0.05$) on customer satisfaction thus confirming *H3*. Though results indicate a positive relationship between CRM-based technology ($\beta = 0.03, p < 0.05$) and customer satisfaction, yet the magnitude of this relationship is very weak. Thus, *H4* is also supported. The possible reason for this weak relationship is poor IT infrastructure of the hotels that might have been inhibiting them to serve the customers promptly.

6. Discussion

The focus of this research is to determine the influence of the four CRM dimensions (namely customer orientation, CRM organization, managing knowledge and CRM-based technology) on customer satisfaction in the hospitality sector. The results of multiple regression indicate an adjusted *R-square* of 0.41 indicating that 41% of the variance in customer satisfaction is explained by these four dimensions of CRM. The hypotheses testing reveals that all the four dimensions of CRM exert a significant positive effect on customer satisfaction. Among the four dimensions of CRM investigated, customer orientation exerts the highest impact on the satisfaction of customers followed by CRM organization and managing knowledge. Though CRM technology exerted significant influence on customer satisfaction, yet the magnitude of this effect is very weak. These

Table 5 Multiple regression statistics coefficients^a

	Unstandardized coefficients		Standardized coefficients	t-value	Result
	Beta	Std. error	Beta		
(Constant)	0.642	0.127		6.637**	0.000
CO → CS (<i>H1</i>)	0.431	0.060	0.464	7.221**	Supported
CRMO → CS (<i>H2</i>)	0.170	0.054	0.182	3.172**	Supported
MK → CS (<i>H3</i>)	0.136	0.051	0.105	1.978*	Supported
CRMT → CS (<i>H4</i>)	0.194	0.043	0.039	1.990*	Supported

results are in line with some of the established research works that demonstrate that CRM implementation leads to a long-lasting relationship with customers which results in achieving customer satisfaction (Buttle, 2004; Pai and Tu, 2011; Dutu and Halmajan, 2011; Akroush *et al.*, 2011; Elkordy, 2014; Sayani, 2015; Abbas and Sana, 2017, Rahimi and Kozak, 2017; Sigala, 2018).

The results confirmed that customer orientation has a significant positive effect on customer satisfaction. This strong association between customer orientation and customer satisfaction observed is consistent with the results reported by Yeung *et al.* (2004), Mohammed *et al.* (2013) and Tseng (2018). Moreover, this finding is confirmed by Rahimi (2017) who found that CRM has a significant influence on the customer preferences and on the customer satisfaction in the hotel sector. Furthermore, Wu and Li (2011) also found that positive customer relation is a key driver of customer satisfaction. Therefore, it reflects that customer satisfaction, which is one of the key parameters of organizational performance, can be achieved only when the organization determines, understands and satisfies the various needs of the (potential) customers better than their competitors. Thus, a customer-oriented culture aiming at maintaining continuous interactions with the customers is a pre-requisite for achieving customer satisfaction. Unlike other industries, hospitality sector has a high contact setting, and satisfying customers is only possible by developing customer-centric approach. The ultimate success of the hotel sector is determined by the level of customer satisfaction, and a satisfied customer becomes a re-visitor and hotel advocate propagating a positive WOM to others.

The results indicate that managing knowledge has a significant effect on customer satisfaction. This finding is in line with the results of Kim *et al.* (2003) who posited that organizations integrate and utilize all relevant information on each customer to facilitate effective service delivery. Similarly, Mohammed *et al.* (2013) found a positive relationship between managing knowledge and customer service performance. Moreover, many other studies have provided empirical support to the positive relationship between customer knowledge and customer satisfaction. Thus, it reflects that better customer interactions enable organizations to collect relevant information in a timely manner to cater to the personalized needs of the customers. Consequently, value-added activities are performed thereby creating customer satisfaction and customer loyalty. The better management of customer knowledge by the hotel managers will enable them to cultivate a better relationship with customers and hence will lead to improved customer satisfaction. This constant and timely flow of customer information in hotels can be used in improving and enhancing the overall business performance.

Though the results support that CRM-based technology has a positive effect on customer satisfaction, yet the magnitude of this relation is very weak. Thus, confirming only directional support to the hypothesis. This finding contradicts the results of Mohammed *et al.* (2013) and Sin *et al.* (2005) who found that technology-based CRM exerts a strong positive effect on customer satisfaction (performance). The possible reason for this anomaly could be that hotels in Kashmir view CRM-based technology merely as a tool for storing customer information. This argument is further supported by Osarenkhoe and Bennai (2007) and Payne and Frow (2005) who posited that technology is not viewed as a system for processing customer information but is only considered as a solution for storing information. Moreover, this deviation could be attributed to the fact that hotels in Kashmir have so far not witnessed much development in technology as compared to the hotels in the other parts of India and the rest of the world.

The results show that CRM organization exerts a significant positive impact on customer satisfaction. This result is similar to the findings reported by Rahimi and Kozak, 2017; Rahimi and Gunlu, 2016 and Conze *et al.* (2010). Further, Akroush *et al.*, 2011 and Sin *et al.*, 2005 have empirically validated the notion that CRM organization influences the customer performances (satisfaction). Thus, it reflects that having an organization-wide commitment

is critical for the success of CRM effort undertaken by the organization. Moreover, CRM organization also entails properly allocating the required resources and aligning the essential capabilities necessary to transform customers (Akroush *et al.*, 2011). Thus, having a customer-oriented focus alone does not guarantee concrete financial results unless there is an organization-wide commitment to the CRM strategy.

7. Implications

7.1 Theoretical contribution

The current study offers a significant contribution to the CRM implementation literature in some perspectives. First, this study has tested and validated an established and reliable scale of CRM implementation of Sin *et al.*, with a slight modification in an emerging market. Second, the study addressed the perceived gaps in CRM literature by providing empirical support to the CRM components and their effect on customer satisfaction especially in a developing country. Third, the CRM implementation scale of Sin *et al.* (2005) is empirically validated in the hotels in Kashmir with a slight modification. Moreover, this research builds on the previous studies that link CRM dimension and customer satisfaction to contribute to the cumulative knowledge in this stream of literature (Rahimi and Gunlu, 2016; Conze *et al.*, 2010; Yim *et al.*, 2004). Furthermore, this study is a nascent attempt in Kashmir to investigate CRM implementation of hotels and its effects on customer satisfaction. The study has highlighted four key CRM components such as customer orientation, CRM organization, CRM-based technology and managing knowledge having a significant impact on customer satisfaction and thereby influencing business performance.

7.2 Managerial implications

The results of this study provide significant insights to the practitioners to understand the role of successfully implementing a CRM strategy. Moreover, Kashmir is globally a famous tourist destination, and, therefore, understanding hotel customers' characteristics, preferences and obtaining other critical information will help in devising effective marketing strategies to attract tourists to visit the key destinations in Kashmir. Moreover, a successful management of CRM framework will help in enhancing customer satisfaction and maintaining a long-term relationship with customers leading to tourist revisits to the region. Therefore, establishing a CRM strategy should be the key objective for all hotel managers. The findings of the study have revealed that customer knowledge is a key component of CRM practices and exerts a strong effect on customer satisfaction. Thus, the hotels that successfully implement CRM strategy and manage customer knowledge properly will reap the rewards in terms of customer loyalty and long-term profitability.

The results imply that firms with greater internal integration within the different departments are more likely to benefit from CRM strategy: timely sharing of customer knowledge across different departments will ultimately lead to long-lasting relationship with customers. Moreover, as findings depict, the importance of customer knowledge as a key dimension for achieving customer satisfaction is validated. It reflects that hotel managers should ensure that customer knowledge is disseminated across customer touch-points to benefit in terms of customer satisfaction. Also, it implies that managers need to establish evaluation system to gauge the gains in customer knowledge following the implementation of CRM strategy. This will ultimately determine the success and effectiveness in using customer knowledge for achieving customer satisfaction. On the other hand, the efficient use of customer knowledge could induce the re-purchase intention of the customers that may result in increased profits. This will prompt the hotels to serve their customers in an effective and efficient manner on a sustained basis.

For achieving increased customer satisfaction, hotel managers need to ensure that the frontline employees develop a deep relationship with customers through enhanced

communication as suggested by [Williams and Attaway \(1996\)](#). As these employees act as direct agents between organization and customers, they become the carriers of customer information and delivery agents at the same time. The frontline executives are required to fully understand the various aspects of CRM strategy ([Ahmed and Rafiq, 2003](#)). Thus, managers need to impart specific training to the frontline employees so that they become capable of properly using CRM strategy. Managers need to devise training program on CRM strategy benefits, its implementation and customer satisfaction. Moreover, the focus of these training programs should be on enhancing the skills of the employees to collect and effectively process the customer information. Also, managers need to ensure that the frontline employees who achieve customer satisfaction are rewarded for the improved performance.

For the successful implementation of CRM strategy, the relationship should be experienced by the internal customers (employees) before it is experienced by the external customers which will motivate the internal customers to reap the benefits of a successful CRM strategy. Therefore, it is imperative for the management of the hotel establishments to involve their employees in the decision-making process. This will enhance and improve customer satisfaction because the employees will be empowered to take timely decisions of their own to address the customer grievances. Moreover, the employees are the main sources of innovative ideas which help the organizations to sustain a meaningful relationship with the customers ([Zeithaml et al., 2006](#)).

8. Limitations and future research directions

This study, like many other studies, has certain limitations. First, the study sample included only 3- and 4-star hotels of a specific region in a developing economy. Therefore, generalization of results beyond the population studied should be vigilant. Second, the present study focused only on four dimensions of CRM; various other CRM dimensions can be studied. Third, the study did not acknowledge the influence of temporal changes between CRM and customer satisfaction, as the buyer-seller relationship undergoes through varied phases. Thus, future research can focus on the longitudinal research approach to underpin the effect of temporal changes. Fourth, this research investigated the influence of CRM on customer satisfaction, and future research can examine the aspects of employee loyalty. Also, future research can further investigate the effect of CRM on such outcomes as brand loyalty, profitability, sales growth and customer loyalty .

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