THE ROLE OF E-CRM IN HOTEL INDUSTRY

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ABSTRACT

Customer relationship management is now the tools and strategies for hotel industry to increase service quality and customer satisfaction which in turn gain customer loyalty on the age of IT. The objective of the present study is to analyze the effect of electronic customer relationship management (e-CRM) on customer's loyalty in situation of Vietnamese hotel industry. Research methodology use in this paper is quantitative methods. Quantitative method is qualified by a survey given to 401 customers randomly selected. Data collected and examined by CFA and SEM through AMOS 20.0. The results of the study showed that loyalty is significantly and positively impact by the largest determinant Service quality, following by e-CRM features and Customer satisfaction. From these results, this paper not only contributes implications to hotel industry in improving customer satisfaction, but also to retail industry in Vietnam in building e-logistics system to support outsource for hotel industry.

Keywords - E-CRM, customer satisfaction, hotel industry, retail industry, e-logistics

1. Introduction

E-CRM is Electronic Customer Relationship Management and is defined in different ways by many scholars, administrators and researchers to help businesses attract more customers and attend customer loyalty. From a technology perspective, e-CRM is a technology that is used to create value when defining, deploying, integrating, and concentrating on the business capabilities, based on customer's need. The aim of e-CRM is to create customer value in the long run to segment existing customers and improve customer profitability through the use of software and the internet [1]. From a strategic perspective, e-CRM is a business strategy that builds and develops long-term relationships with customers [2].

The biggest benefit of e-CRM is to help enterprises provide good services/products at levels above customer expectations in order to attract more customers, retain existing customers, improve customer profitability, increase customer advocacy and engagement, gain customer insight, increase customer lifetime value and interaction. In return, customers will be loyal to the enterprises for longer periods of time. Therefore, e-CRM application has become the great contribution to the constant hotel development and the most economic resource of Vietnam. The objectives of this research are (a) to examine the factors affecting customer

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loyalty, (b) to find the impact of factors affecting customer loyalty, (c) to recommend Vietnamese hotels' solutions for improving customer loyalty.

2. Literature review

2.1 E-CRM features

Anton and Postmus (1999) [1] defined e-CRM features and identified 25 features in their analysis and study of e-CRM in retailing. E-CRM features are described as a site customization, alternative channels, local search engine, membership, mailing list, site tour, site map, introduction for first-time users, chat, electronic bulletin board, online purchasing, product information online, customization possibilities, purchase condition, preview product, external links, problem solving, complaining ability, spare parts, customer service page [1]. In 2000, e-CRM features were added 17 features [3]. Several studies have attempted to determine both empirical and conceptual relationship between e-CRM features and customer satisfaction, and e-CRM features and customer loyalty. There was a statically significant positive relationship between the number of e-CRM features and customer satisfaction [1][3].

2.2 Service quality

Service quality has been defined in services marketing literature as an overall assessment of service by the customers [4]. According to Parasuraman et al. (1985), service quality is the differences between customer expectations and perceptions of service. Parasuraman et al. introduced a formal service quality model including 5 dimensions: tangibles, reliability, responsiveness, assurance, empathy. Gronroos (1984) [5] offered a service quality model with dimensions of technical quality, functional quality and corporate image. Service quality is found to be a strong predictor of customer satisfaction.

2.3 Customer satisfaction

Satisfaction was considered to be transaction-specific construct which resulted from immediate post purchase judgment or affective reaction. Customer satisfaction is also considered from a cumulative satisfaction perspective and is defined as customer's overall experience to date with a product or service provider [6]. Many researchers studied that service quality influences customer loyalty indirectly through customer satisfaction [7][8][9][10].

2.4 Loyalty

According to Kandampully and Suhartanto (2000), loyal customer is a customer who intends to repurchase from the same service provider, to keep a positive attitude towards the service firm, and willing to refer the service to others. Customer loyalty is defined as a deeply held commitment to rebuy or patronize a preferred product or service

consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behaviour.

3. Methodology

3.1. Mesurement

This study also examined more two factors (service quality and customer satisfaction) outside e-CRM features affecting customer loyalty. An empirical research model is developed in Figure 1. There are four constructs such as e-CRM features (EC), Service quality (SQ), Customer satisfaction (CS) and Loyalty (LO).
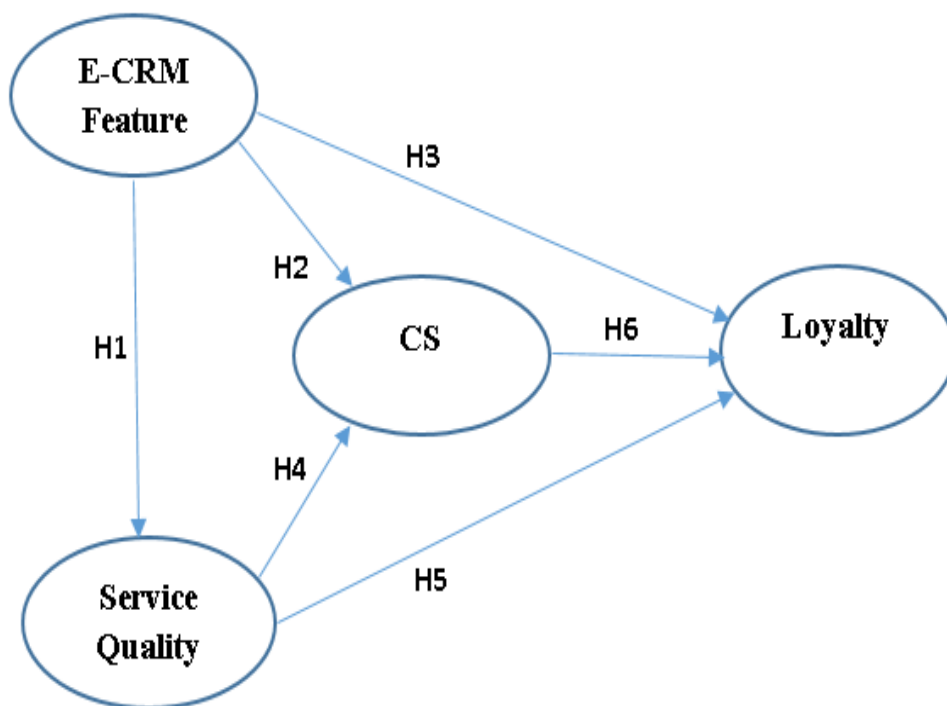
Figure 1: *The empirical research model*

The questionnaire was designed in two parts. The first part was designed to identify demographic attributes of the respondents and consisted of 4 questions such as gender, age group, nationality and occupation. The second part contained 19 questions about e-CRM features, Service quality, Customer satisfaction and Loyalty. The total questions were 23. The form of survey was set online by using Google document. The languages of questionnaires were set in two languages (English and Vietnamese).

Table 1: *Measurement scale of research*

Construct	Item code	Item description	Sourcee-
e-CRM features (EC)	EC1 EC2 EC3 EC4 EC5	- Hotel email advertising can provide its latest services information - Hotel website has online purchasing effectively - Hotel postal address is easy to accessed - Hotel provide a lot of activities and information online - I always receive the girt or lucky draw campaign promotion provided by hotel online channel	[1]
Service quality (SQ)	SQ1 SQ2 SQ3 SQ4 SQ5 SQ6 SQ7	- I can get concrete information through hotel website and email - Hotel performs service correctly at the first time - Hotel always carry out what they have committed - I feel safe in my online transaction - Hotel always are available to assist customers - Hotel always take care of customer - Online transaction is suitable and convenient	[10]
Customer satisfaction (CS)		- I am satisfied with hotel customer support service - I am satisfied with hotel service quality - I am satisfied with hotel website and email	[11]
Loyalty (LO)		- I will continue to choose hotel service - I agree that I am a loyalty customer of hotel	[11]

The questions in Part 1 were set as fixed-alternative which were designed as multiple-choice answers. Questions in Part 2 were structured which were designed as Likert with 05 scale from "1" to "5" where "1" Strong Disagree, "2" Disagree, "3" No Comment, "4" Agree, "5" Strongly Agree.

3.2 Sample size

The population of research consists of foreign tourists travelling to Vietnam. According to Vietnamese National administration of tourism, there are 1.024.899 international arrivals estimated in October 2017, and 57 thousand domestic trippers. In order to collect data, a random sample was conducted in this research. The Simple random sampling method allows choosing any member randomly from a list of customers who have similar opportunities of selection. The customer list was obtained from Vietnam National Administration of Tourism. It is almost impossible to collect all tourists because there are a large number of tourists in Viet Nam and over the world. Therefore, with this method, it was necessary to select a small group from the list of all tourists. The sample size is 600 including international and domestic customers. The questionnaire was sent to both Vietnamese and Foreigner customers. The questionnaires were sent to 600 customers and the respondents were 401, the return rate was at 66.83%.

3.3 Statistical procedures

Data is collected by questionnaires and took place over 56 days. The data was recorded firstly in Excel program from 401 online answers from automatic excel in Google document. SPSS 20.0 was conducted secondly for analyzing Cronbach' Alpha and EFA. The results of EFA analyzing was used for CFA and structural equation modelling analysis (SEM) in AMOS 20.0 program in order to test hypotheses

4. Findings

The results show that out of 401 respondents, 214 was male (53.3%) and 187 was female (46.7%). The respondents concentrated on the age group of 23 to 45 with the total number of 240 (69.8%) which was under the working age while the other is lower (<23 is only 8% and >45 is 22.2%). Regarding to occupation, the respondents were mainly officer, which could make the result more applicable towards the officer sample. The officer is 212 (52.9%), senior officer is 112 (27.9%), other is 52 (13%) and retire/housework is only 25 (6.2%). For nationality, there are a number of nationalities such as Vietnamese, Hong Kong, French, Australian, Korean, Taiwanese, Japanese and Singapore in which most of them are Vietnamese.

Using the Cronbach' Alpha coefficient to measure the reliability of data with 4 constructs and 19 observed variables, the Cronbach' Alpha values of EC, SQ, CS and LO are 0.867, 0.850, 0.805 and 0.801 respectively (>0.6) and the Corrected items (Total Correlation coefficient) of 19 observed variables are higher than 0.3. It can be concluded that there are 19 good reliability variables from 4 constructs.

By conducting an EFA with the principal axis factoring of component method and the Promax with Kaiser Normalization method, the first result has not reached convergence value even though KMO is high at 0.900 and sig is 0.000. Continuously removing fours

inappropriate variables from the model (EC7, SQ3, SQ7, CS3), the model has conducted secondly and the results get convergence factor at four group components (EC, SQ, CS and LO) with KMO is 0.879 and sig is 0.000. In the extraction sums of squared loadings, the percentage of cumulative is 59.620% and the total of initial eigenvalues is 1.005.

Confirmatory factor analysis (CFA) was conducted to identify the relationship between 4 constructs and 19 observed variables and was examined two times. The results for the first running CFA show that Chi-square/df was 4.317, GFI was 0.893, TLI was 0.883, CFI was 0.907 and RMSE was 0.091. Meanwhile CFI and GFI values greater than 0.90 indicate good model fit. GFI values greater than 0.70 indicate good model fit. RMSEA (root mean squared error) values less than 0.06 also indicate a good model fit while values ranging from 0.08 to 0.10 indicate mediocre model fit and those

greater than 0.10 indicate poor fit [2]. Therefore, model fit of the first CFA running is not good, but the covariance of M.I (modification indices) between two exogenous variables (e1 and e2) was highest at 61.240, following by the covariance of e5 and e6 at 24.534. Thus, CFA was conducted the second time to adjust the absolute value by linking e1with e2 and e5 with e6. Consequently, the GFI (goodness-of-fit index), TLA, CFI (comparative fit index) were higher value than the first one.

Structural Equation Modelling (SEM) procedures were used to determine the impact of e-CRM features (EC), service quality (SQ) and customer satisfaction (CS) on loyalty (LO) and were also used to determine the relationship between EC and SQ (H1); EC and CS (H2); EC and LO (H3); SQ and CS (H4); SQ and LO (H5); CS and LO (H6); the interrelationship among EC and SQ on CS (H7); EC, CS, SQ on LO (H8).
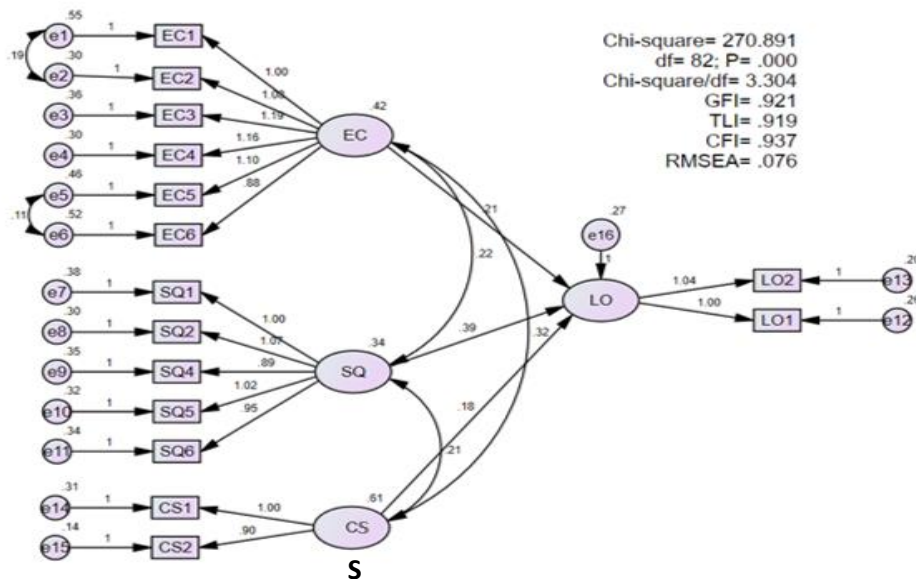

Figure 2: *The SEM analysis result*

26

The SEM showed the total effect between CS and LO (0.204), SQ and LO (0.343), EC and LO (0.208) whereas SQ has strongest impact on LO. However, the result of SEM analysis did not show an indirect effect link from EC and CS to LO, an indirect effect link from SQ and CS to LO. It can be concluded that e-CRM features, customer satisfaction and service quality have direct impact on loyalty.

The finding indicates that e-CRM features (EC), service quality (SQ) and customer satisfaction (CS) have significantly and positively influence on Loyalty (LO) with Beta at 0.215, 0.391 and 0.175, p value <0.05. Thus, H3, H5 and H6 are asserted. Besides, EC and SQ, SQ and CS, EC and CS have interaction at 0.224, 0.206 and 0.321 respectively whereby e-CRM features and customer satisfaction have largest impact (Beta at 0.321). Thus, H1, H2, H4 are supported. Moreover, H7 is also asserted because Customer satisfaction (CS) is predicted positively by e-CRM features (EC) and Service quality (SQ). Additionally, Loyalty (LO) is positively influenced by EC, SQ and CS, hence, H8 is asserted.

Consequently, eight hypotheses are examined by confirming the presence of a statistically significant relationship in the predicted direction. Loyalty is significantly and positively impact by the largest determinant Service quality, following by e-CRM features and Customer satisfaction in case of Vietnamese hotel industry.

5. Conclusion

The results showed that e-CRM features, service quality and customer satisfaction are factors affecting customer loyalty in which e-CRM features have large impact on service quality and customer satisfaction and in turn, service quality and customer satisfaction impact loyalty. This means that tourists like to use hotel service if they have good feelings about the usefulness of e-CRM features in getting better journey.

First of all, hotel enterprises should provide full content in their website, specialized portals, electronic brochures, audio travel guides, real-time images or videos, and travel diaries through web 2.0 (youtube.com, facebook.com, pinterest.com).

Secondly, online booking services must comply with the legal requirements which have their source in the regulations that refer to Internet services in general, and the e-commerce and distance contracting, in particular as online bookings are mostly used in hotel area, airline and resorts.

Thirdly, the web of hotel enterprises should be secured strongly and provide full method of payment such as credit cards, electronic checks, digital cash. The effectiveness of e-CRM can be determined pretty fast and accurate by providing statistics,

obtained through online technologies, which helps to create the profile and actions of the tourists, finally leading to a better knowledge and adaptation to the target's necessities.

Last but not least, the web services like content, online booking and e-payment should be integrate into an information system. Thus, Vietnamese hotel enterprises have to research the suitable framework to their information system in order to highly satisfy their customers and attract more tourists. Service quality has a large influence on customer loyalty. The results of this study have important implications to Vietnamese hotels for obtaining customer loyalty in the long

time. From these results, this paper not only contributes implications to hotel industry in improving customer satisfaction, but also to retail industry in Vietnam in building e-logistics system to support outsource for hotel industry.

In all empirical research, this study has limitations that need to be identified. First, the sample is limited to customers. Although the results from this research are useful for describing the characteristics of a large population of passengers, the generalizations of the results are limited to all customers. In future work, research try to examine new variables in context of applying e-CRM at hotel industry in Vietnam.

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VAI TRÒ CỦA E-CRM TRONG NGÀNH KHÁCH SẠN
TÓM TẮT

Quản trị quan hệ khách hàng hiện là công cụ và chiến lược cho ngành khách sạn nhằm tăng chất lượng dịch vụ và sự hài lòng của khách hàng, từ đó đạt được sự trung thành của khách hàng trong kỷ nguyên công nghệ số. Mục tiêu của nghiên cứu này là phân tích ảnh hưởng của quản lý quan hệ khách hàng điện tử (e-CRM) đến lòng trung thành của khách hàng trong tình hình của ngành khách sạn Việt Nam. Phương pháp nghiên cứu sử dụng trong bài báo này là phương pháp định lượng. Dữ liệu được thu thập và phân tích bằng CFA và SEM thông qua AMOS 20.0. Kết quả nghiên cứu cho thấy lòng trung thành bị ảnh hưởng chủ yếu bởi chất lượng dịch vụ, tiếp theo là e-CRM và sự hài lòng của khách hàng.

Từ khóa: e-CRM, chất lượng dịch vụ, sự hài lòng của khách hàng, lòng trung thành, ngành khách sạn