

INFLUENCE OF CUSTOMER RELATIONSHIP MANAGEMENT ON THE PATRONAGE OF HOTELS IN AKWA IBOM STATE

BY

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ABSTRACT

The study investigated the influence of customer relationship management on the patronage of hotels in Akwa Ibom State. The population of this study comprised of all the hotel users in Akwa Ibom state who have at one time or the other made a choice of hotel reservation. The study adopted survey research approach. The main instrument used for the study was a research questionnaire titled “Customer Relationship Management in Hospitality Industry Questionnaire (CRMHIQ). The research instrument was subjected to validity test by the supervisor and other experts in the field of study. The data from this study was first assembled, edited and coded in preparation for analysis. The study required the use of multivariate analysis because it involves more than two variables. With this, the study employed the multiple regression model in analyzing the data. It was concluded that there is significant positive relationship between customer information management and patronage of hotels in Akwa Ibom State. There is significant positive relationship between hotel personnel characteristics and patronage of hotels in Akwa Ibom State. It was therefore recommended that workers should ensure that good and proper attention is given to their guests for continuous patronage.

Key words: Customer relationship management, information management, hotel personnel characteristic, patronage

Introduction

Marketing according to Kotler (2013) is about creating value for customers and building profitable customers’ relationships. Customers are the pivot upon which the success of any business is built, thus providing revenue and stability for the business. Every organization depends on the customers to achieve its desired goals. Organization exists to fulfill the needs of the customers while the customers make it possible for businesses to achieve their aims.

The creation of customer value and building profitable relationships entail understanding consumer needs and wants, deciding which target markets organization can serve best and developing a compelling value proposition by which organization can attract, keep and grow the business (Sigala, 2015). Organizations that do these things well will reap rewards in terms of market share, profit and customers loyalty. According to Kotler (2013), marketers must learn the art of creating customer values and managing customer’s relationships. Outstanding marketing companies understand the market place and customers needs, design value-creating marketing strategies, develop integrated marketing programs that deliver customers value and delight, and

build strong customer relationships. In return, they have value from customers in the form of sales, profits, and loyalty.

To ensure the creation of value, there is need for effective customer relationship management. Customers' service is a series of activities designed to enhance the level of customer satisfaction. The focus of every organization is to satisfy the needs and wants of its customers, if it must stay in business and meet its corporate goals. To achieve this, effective customer relationship management is necessary (Sigala, 2015).

The goal of Customer relationship management is to track, record, store in data bases and manage customer information in a way that increases customer relations. Hotels cannot be left out of Customer relationship management given the number of customers they interact with on daily basis and their importance to the economy. Hotel business is one of the fastest growing businesses in Akwa Ibom state.

Statement of the Problem

The interest in this study arose from personal observations over the years that there are several hotels in Akwa Ibom State that are no longer in business due to low patronage. These hotels sprang up very rapidly and were luxuriant. After a while the influx of customers dwindled and some of them eventually extinguished. One wonders why this happened even when the facilities seem superb. Enquiry into this scenario pushed the researcher to go into exploratory research to find out the possible causes of the loss of patronage of hotels in Akwa Ibom State. According to experts and researchers, several reasons including poor customer service, substandard service delivery, poor leadership and management, inability to manage growth, security and environmental hazards, account for this.

A search into literature revealed that not much has been done in the area of customer relationship management and patronage of hotels. Specifically no study has been found on Customer relationship management as it relates to patronage of hotels in Akwa Ibom State. Based on the statement above, the researcher decided to study the relationship between Customer relationship management and patronage of hotels in Akwa Ibom State in a bid to contribute to knowledge in this area. Therefore, this study examines the application of Customer Relationship Management and its effect on patronage of hotels in Akwa Ibom State.

Objective of the Study

The main objective of this study is to investigate the influence of customer relationship management on the patronage of hotels in Akwa Ibom State. The specific objectives are to:

1. Determine the impact of customer information management on patronage of hotels in Akwa Ibom State.
2. Examine the extent hotel personnel characteristics impact on patronage of Hotels in Akwa Ibom State.

Research Questions

This study sought to provide answers to the following research questions.

1. How does customer information management relate to patronage of hotels in Akwa Ibom State?

2. How do hotel personnel characteristics impact on patronage of hotels in Akwa Ibom State?

Hypotheses of the Study

The following hypotheses were formulated in their null (Ho) form to guide the conduct of the study.

(Ho₁): There is no significant positive relationship between customer information management and patronage of hotels in Akwa Ibom State.

(Ho₂): There is no significant positive relationship between hotel personnel characteristics and patronage of hotels in Akwa Ibom State.

Literature Review

The Concept of Customer Relationship Management

Customer Relationship Management entails all aspects of interaction a company has with its customers, whether it is sales or service related. Customer relationship management is the core business strategy that integrates internal processes and functions and external networks to create and deliver value to targeted customers at a profit. It is grounded on high quality customer data and enabled by Information Technology (Buttle, 2004). Customer relationship management is a business strategy that is used to identify, cultivate, and maintain long-term profitable customer relationship. It requires developing a method to select the most profitable customer relationships (or those with the highest potential) and working to provide those customers with quality service that exceeds their expectations (Roshnee, 2007).

Bose (2002) states that at the core, customer relationship management involves the integration of technology and business processes which is used to satisfy the needs of customers. He continues by giving an explanation in Information Technology terms, where customer relationship management is defined as an enterprise wide integration of technologies and functions such as data warehouse, websites and internet/extranet, telephone support system, websites, accounting, sales, marketing and production. Bose (2002) also gives several definitions of customer relationship management, where the definitions both focus on customer relationship management as an all embracing approach, and customer relationship management; as an Information Technology term. He states that basically, customer relationship management is an idea regarding how a company can keep their most profitable customers by increasing the value of interaction. The value is maximized through differentiation of the management of customer relationship. Bose (2002) further defined a notion regarding how an organization can keep their most important customers and at the same time reduce costs and increase the values of interaction to consequently maximize the profits.

Property Management System (PMS)

Many hotel enterprises use a third party system or service as the heart of their customer relationship management initiative. Some of these systems are specific to the hospitality industry such as guest ware. Others are modules of horizontal customer relationship management platforms from well known vendors such as group 1, Siebel systems, pivoted or others. This approach makes sense. Property management systems are built to drive the operation. Not perform detailed analyses or manage personalized communications. However, in the hotel environment the measure of excellence in service almost always comes down to a face to face interaction in the hotel with the guest. The property management system is a crucial part of servicing that interaction. Getting what we know about the guest and their preferences in front of the employee is a required element in supporting them through that moment of truth interaction. All the profiling and preference capture in the world won't help if service delivery fails due to faulty or missing information.

Brief Profile of Hotel Industry in Akwa Ibom State, Nigeria

The history of hotel industry Nigeria can be traced back to Nigerian Caterers under the management of Mr. Roberts Forth who operated catering services on Nigerian railway cabins consisting basically of restaurant and bar.

In 1962, the Operation of Nigerian Hotels expanded when Mr. Roberts took over the management of the guest house from the Federal government of Nigeria. The guest house grew to become Ikoyi Hotel Lagos and soon business started to flourish in Lagos. Currently, the country can boast of various hotels spread across the 36 states having realized the importance of the hotel industry to the economic development of the nation Akwa Ibom State several private hotels.

2.1.13 Hotel Class Rating

Minimum standard for the classification of three (3) star hotels according to Nigeria Tourism Development Corporation Decree (1992 No. 81) is as follows: -

(1) **Location and Building:**

- (a) The locality and environment including the approach shall be clean, well maintained and suitable for a good hotel.
- (b) The building shall be well designed, well constructed, durable and structurally safe. All new buildings shall be designed by qualified architects.
- (c) The exterior and interior of the building and its furniture, fixtures, bedrooms, bathrooms, toilets, kitchens, public rooms shall be maintained at high standard and kept in a clean hygienic condition.
- (d) There shall be separate and independent entrances to the hotel and restaurant.
- (e) There shall be proper cooling and heating arrangements according to the local conditions and weather.

(f) A lawn or roof garden shall be maintained

(2) **Capacity:** There shall be at least 30 bedrooms.

(3) **Bedrooms:**

- (a) Each bedroom shall have separate access from a corridor, verandas, gallery and be separated from other bedrooms by walls.
- (b) Each bedroom shall be properly ventilated and lighted with at least one or more windows with glass panes measuring at least one-fourth of the floor space and provided with curtains of highly quality.

- (c) Each bedroom shall have comfortable beds with spring or foam mattresses not less than 6½ x 3” (single) and 6½ x 4½ (double). There must be provision of blankets, quilts, bed sheets, pillow covers.
- (d) There shall be a locking system outside and a bolting or locking system inside the door of the bedroom opening into a passage. All lock must operate on master key system.
- (e) All double beds shall have bedside light or bed head light (twin beds may share a bedside light). There shall be light controlled for the door.
- (f) All bedrooms shall have attached bathrooms.
- (g) All bedrooms shall be provided with package or unit air-conditioning except in cool regions where heating arrangements for the cold weather shall be provided.
- (h) There shall be a table lamp for every bed.
- (i) Instructions on how to behave in case of fire and all relevant local and hotel information including room service and the meal hours shall be kept in each bedroom.
- (j) Each bedroom shall have a reasonable free space, a wardrobe with space for storage of luggage containing coat and dress hangers, a luggage stand, a coffee table, two upholstered chairs, a bedside table, a dressing cum-wring table with a large mirror, a waste paper basket, an ash tray, vacuum flask for drinking water and a clean glass for each guest and a free supply of stationery bearing the name and address of the hotel.

Customer Relationship Management Implementation

Customer relationship management implementations have often proved problematical. Customers complain that more than 50% of their customer relationship management projects have failed and the majority will underestimate costs by between 40% and 75%, according to (Ekinici and Sirakaya, 2014). There are two main challenges for implementing customer relationship management in hospitality industry. A lack of standardization and IT system integration within each brand or even hotel. This requires heavy focus on interfacing possibilities of the customer relationship management software and the analysis of different processes within each local system. There may be up to three parties holding a stake in an individual property: The owner, the local management company and the brand. The difficulty is the financial responsibility of the implementation, data ownership and availability (Reginald, Sarah and Rob, 2013).

Methods

Research Design

This study made use of survey design. This design helped the researcher obtain data directly from the respondents.

The Study Area

Akwa Ibom State was adopted as the study area. The proximity of the study area to the researcher facilitated the collection of needed data within the time frame for the study. The State is made of 31 local government areas with Uyo as the State capital. There are three senatorial districts namely, Uyo, Eket and Ikot Ekpene.

Population of the study

The Population for this study consisted of all the hotel users in Akwa Ibom state who have at one time or the other made a choice of hotel reservation. This is irrespective of the demographic variables or social status. The population of the hotels is made up of all registered three (3) star categories of hotels in the three senatorial districts. A pilot survey revealed that there are twenty one registered three (3) star categories of hotels across the three senatorial districts.

Sample Size

Given the largeness of the population, it was practically impossible to use the whole population for the study. To this end, a sample of the population was selected to represent the population. The sample size of 39 represents the number of respondents from each hotel. In all the senatorial district a total number of 819 respondents were contacted from the 21 hotels in the three senatorial districts.

Sampling Technique

The sample procedure for selecting the respondents was the Convenience sample method. Convenience sampling technique was used to select the respondents because of their accessibility and proximity to the researcher for the interview.

Research Instrument

The main instrument used for the study is a research questionnaire titled “Customer Relationship Management in Hospitality Industry Questionnaire (CRMHIQ). The instrument was constructed by the researcher under the guidance of the supervisor and other senior members of the Faculty of Business Administration.

Validity Test of the Research Instrument

The research instrument was subjected to validity test by the supervisor and other experts in the field of study. The relevance of each item in relation to the purpose of the study and the formulated hypotheses were assessed independently by the supervisor and the expert. Then the researcher used all the observations made by the supervisor in preparing the final copy of the questionnaire.

Reliability Test of the Instrument

The Cronbach’s alpha (coefficient alpha) was used in testing the reliability of the instrument. This was done using Statistical Package for Social Science (SPSS) to calculate the coefficient alpha. Alpha levels of 0.80 to 0.89 were considered good.

Data Processing/Analysis

The data from this study was first assembled, edited and coded in preparation for analysis. The study required the use of multivariate analysis because it involves more than two variables. With this, the study employed the multiple regression model in analyzing the data.

Results and Discussion

Data Presentation

Table 1: Questionnaire Administration

Number of Questionnaire Administered	Copies of Questionnaire	Number of Copies of Questionnaire Returned	Percentage Returned
819		800	97.7

Source: Field Survey, 2017

Table 1 shows that out of 819 copies of questionnaire that were administered, 800 copies representing 97.7% were completed and returned.

Table 2: Respondents’ Profile

S/N	Sample Characteristics	Number of Respondents	Percentages
1	Sex		
	Male	574	71.8
	Female	226	28.2
2	Age		
	Less than 31	114	14.3
	31-40	400	50
	41-50	200	25
	Above 50	86	10.7
3	Education		
	School Certificate	93	11.6
	Diploma/NCE	85	10.6
	HND/B.Sc.	206	25.8
	Masters Degree	302	37.7
	Doctorate Degree	114	14.3

Source: Field Survey, 2017

Tables 2 shows percentage analysis of the respondents’ profile. From the result, male and female respondents were 71.8% and 28.2% respectively; 14.3% were aged between less than 31 years, 50% of the respondents were aged between 31 and 40 years, while 25% were aged between 41 and 50. Those that were above 50 years of age were 10.7%. Also, 11.6% of the respondents were holders of School Certificate, holders of Diploma/NCE and HND/B.Sc. were 10.6% and 25.8% respectively. Holders of Masters Degree were 37.7% while holders of doctorate degrees were 14.3%.

Table 3: Percentage analysis of responses to the customer information management questions

Responses	No. of Respondents	Percentage (%)
SA	257	32.1
A	457	57.1
D	57	7.1

SD	29	3.7
Total	800	100

Source: Field Survey, 2017

Table 3 shows that, 32.1% of the sampled respondents strongly agreed to the customer information management questions, 57.1% agreed, 7.1% disagreed while 3.7% of the respondents strongly disagreed with the customer information management questions.

Table 4: Percentage analysis of responses to the hotel personnel characteristics questions

Responses	No. of Respondents	Percentage (%)
SA	315	39.4
A	371	46.4
D	57	7.1
SD	57	7.1
Total	800	100

Source: Field Survey, 2017

Table 4 shows that, 39.4% of the sampled respondents strongly agreed to the hotel personnel characteristics questions, 46.4% agreed, 7.1% of the respondents disagreed and strongly disagreed respectively with the hotel personnel characteristics questions.

Test of Hypotheses

The following null hypotheses are tested at .05 alpha level.

Test of Hypothesis 1

Ho₁: There is no significant relationship between customer information management and patronage of hotels in Akwa Ibom State.

Table 5 Regression analysis outputs for customer information management and patronage of hotels

MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.772 ^a	.596	.595	.61825

a. Predictors: (Constant), customer information management

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
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1	Regression	449.784	1	449.784	1176.571	.000 ^b
	Residual	305.025	798	.382		
Total		754.810	799			

a. Dependent Variable: patronage

b. Predictors: (Constant), customer information management

COEFFICIENTS^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.020	.092		11.121	.000
	cus_info_mgt	.760	.022	.772	34.303	.000

a. Dependent Variable: patronage

Source: SPSS Output, 2017

The result in Table 5 shows that 59.5% of the total variability in patronage of hotels in Akwa Ibom State is explained by customer information management. The remaining 40.5% is explained by other factors that were not captured by this model. The f-ratio value of 1176.571 was significant at 5% level of significance. Therefore, the null hypothesis H_{01} is rejected. This implies that there is a significant relationship between customer information management and patronage of hotels in Akwa Ibom State. Also, the unstandardized coefficient for customer information management is 0.760, this means that a unit increase in customer information management by hotels in Akwa Ibom State will yield 0.760 response in terms of patronage.

Test of Hypothesis 2

H_{02} : There is no relationship between hotel personnel characteristics and patronage of hotels in Akwa Ibom State.

Table 6 Regression analysis outputs for hotel personnel characteristics and patronage of hotels

MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
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1	.741 ^a	.550	.549	.65266
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b. Predictors: (Constant), hotel personnel characteristics

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	414.887	1	414.887	973.988	.000 ^b
	Residual	339.922	798	.426		
Total		754.810	799			

a. Dependent Variable: patronage

b. Predictors: (Constant), hotel personnel characteristics

COEFFICIENTS^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error			
1	(Constant)	1.150	.097		11.916	.000
	hotel_pers_xter	.722	.023	.741	34.209	.000

a. Dependent Variable: patronage

Source: SPSS Output, 2017

The result in Table 6 shows that 54.9% of the total variability in patronage of hotels in Akwa Ibom State is explained by hotel personnel characteristics. The remaining 45.1% is explained by other factors that were not captured by this model. The F-ratio value of 973.988 was significant at 5% level of significance. Therefore, the null hypothesis H_{o2} is rejected. This implies that there is a significant relationship between hotel personnel characteristics and patronage of hotels in Akwa Ibom State. Also, the unstandardized coefficient for hotel personnel characteristics is 0.722, this means that a unit increase in hotel personnel characteristics by hotels in Akwa Ibom State will yield 0.722 response in terms of patronage.

Discussion of the Findings

The result of this study reveals significant relationship between the dependent variable (hotel patronage) and the independent variable (customer relationship management). The proxies for customer relationship management were customer information management and hotel personnel characteristics.

Taking the variable one after the other, customer relationship management accounted for 59.5% of the variation in hotel patronage in Akwa Ibom State, while hotel personnel characteristics accounted for 549% variation in hotel patronage in Akwa Ibom State. The

findings of this study are in line with what other authors had found out in other places. Teas (2004) and Xu (2002) are of the opinion that customer information management and hotel personnel characteristics have great influence on hotel patronage.

Conclusions

Based on the findings of the study, the following conclusions are deemed necessary: There is significant positive relationship between customer information management and patronage of hotels in Akwa Ibom State. There is significant positive relationship between hotel personnel characteristics and patronage of hotels in Akwa Ibom State.

Recommendation

The following recommendations are made based on the findings of the study.

1. The management of hotels should transform customer information into knowledge and then use the knowledge to build profitable customer relationship that creates loyalty and customer retention.
2. Workers should ensure that good and proper attention is given to their guests for continuous patronage.
3. All workers should be trained on ICT for effective service delivery.

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