A STUDY OF E-CRM FEATURES OF HOTEL WEBSITES IN MUMBAI

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Abstract
Background: The environment in which companies function in India today is highly competitive. Customer retention is crucial to survival and the hotel industry is no exception. Customer loyalty depends on building uyp a relationship with customers so CRM becomes important. With the increasing use of web technology today hotels are using websites for building customer relationships.
Aims: This study aims at investigating differences between hotel websites in terms of their Customer Relationship Management features as a function of their category.
Methodology: The study compared 110 websites of hotels located in Mumbai divided into four categories. The number of hotels in each category were as follows two star (N=39), three star (N=45), four star (N=14) and five star (N=12).The study tested the five step progressive relationship model.
Results: Findings indicated that hotels differed in terms of customer relationship management features at all the five levels of the model. Hotels in the five star category should the maximum sophistication and had greatest focus on Customer Relationship Management. Hotels in this category stood apart from all the other categories in E-CRM features.
Conclusions: Results lend support to the idea that majority of the hotels in India especially those in categories other than five star lag behind with respect to Customer Relationship Management.

Key words: E-CRM, Hotel Industry, Progressive Relationship Model .

Introduction
In the modern competitive scenario it is not only important to attract new customers it is equally important to retain and win over the loyalty of existing customers. In order to retain and win the loyalty of existing customers it is necessary to build relationships with them hence customer relationship management becomes extremely important when a business operates in a competitive volatile environment. Corporations have always practiced it, but in recent years the World Wide Web has changed the way in which customer relationships are handled. Today the net is increasingly used to market products and services and this is called web marketing or internet marketing. A crucial component of this is E-CRM or the use of the online medium to build a relationship with ones customers.

Review of Literature
Kotler and Armstrong (2004) argue that marketing management's crucial task is to create profitable relationships with customers. Shani and Chalasani (1992) have defined relationship marketing as "an integrated effort to identify, maintain, and build up a network with individual consumers and to continuously strengthen the network for the mutual benefit of both sides, through interactive, individualized and value added contacts over a long period of time" (p. 44). According to Chang (2005) Electronic Customer Relationship Management (E-CRM) emerges from the Internet and Web technology to facilitate the implementation of CRM. It focuses on Internet- or Web-based interaction between companies and their customers. E-CRM enables companies especially those offering services to provide services to the satisfaction of customers so as to keep them loyal (Chang, 2005). According to Dowling (2002) it is based on the belief that establishing a sustainable relationship with customers is the cornerstone for obtaining loyal customers who are much more profitable than non -loyal ones. This gains even greater prominence in the service sector when it is not a tangible good that is marketed rather it is an experience.

Just like other businesses in the service sector the hotel industry too is increasingly using the internet to reach out to customers. The hotel industry is using technology to effectively handle consumer relationships can increase customer satisfaction and loyalty thus resulting in customer retention. Chung and Law (2003) considered a hotel website as an electronic platform of profitability as well as online channel for spreading information about services and products. E-relationship marketing (e-RM) through the Internet has also been introduced to maintain a close relationship between companies and customers, with research results showing that the adoption of e-RM is positively associated with the size of hotel companies (Bai, Hu, & Jang, 2006). Baloglu and Pekcan (2006) examined the design and use of marketing elements on the Internet and showed that hotels in Turkey were neither using e-marketing effectively nor utilizing the Internet to its full potential. According to Peppers and Rogers (1996),it costs the industry five times as much to acquire a new consumer than to retain an existing one so it makes a lot of sense to invest on E-CRM . Ab Hamid and McGrath(2005) reported 12

dimensions of E-CRM program namely: information quality, ease of navigation, consumer service quality, fulfillment, integrated marketing channels, online community, rewards, personalization level, site security, value-added services, perceived trust and price attractiveness.

Among the many models to study the use of the web in Customer Relationship Management one is that proposed by Kotler *et al.* (2003).According to this model there are five progressive levels of relationships with regard to the operational perspective of relationship marketing: basic, reactive, accountable, proactive and partnership. At the basic level the company provides information on the products and services offered by them as well as the information of the company itself to its potential online customers. However there is no attempt at follow up. At the reactive level the customer can make online transactions and communicate with the company about queries related to the products or services. At the accountable level the company takes responsibility for its performance. At the proactive level the company makes an attempt to interact more with the customers. The customers can give suggestions which help the company to improve .At the partnership level the customers are considered partners and an attempt is made to generate loyalty. Bai *et al* . (2003) proposed and tested an e-relationship marketing model for major hotel companies based on the five levels of relationship marketing model from Kotler *et al* (2003). He found that hotel companies had focused on the basic and reactive levels of e-relationship marketing.

However, not much research work has been done on this model in the Indian context especially with reference to the hotel industry. This study attempts to bridge this gap .This study is relevant because India is marketing itself as a tourist destination for not only domestic tourists but also International tourists .Today prospective customers check out websites as they search for information .Needless to say website sophistication is crucial to success. This study makes a comparison between hotel websites of four categories of hotels namely two star, three star, four star and five star using Kotler's (2003) model as the base.

Methodology
Hypothesis: It was hypothesized that
1. Hotel websites in India differ in terms of their E-CRM features.
2. Most hotels in India would have most of the features present at the basic level however as we progress to higher level the number of features would decline.
3. E-CRM features of hotel websites in India would increase according to the category of hotels from two star hotels to five star hotels.

Sample: The sample for this study consisted of 110 hotel websites divided into four categories. The number of hotels in each category were as follows two star (N=39),three star (N=45),four star(N=14) and five star (N=12).These hotels were chosen on the basis of hotels listed on www.lonelyplanet.com.This website was chosen because it provided a location and category wise listing of hotels. This research was restricted to hotels listed in the various categories in Mumbai. The reason why Mumbai was chosen was because it is the commercial capital of India and a popular destination for tourists and business travellers alike.

Procedure: The researcher studied various websites offering hotel listings and decided to use the listings provided by www.lonelyplanet.com as it was the most suitable one for this research. Based on the five step relationship building model a list of features at each level was prepared. The researcher visited each and every website and checked for the presence of these features. When the specific feature was identified on the company's website the item was coded as 1 and 0 otherwise.

Data Analysis: Descriptive analysis and Analysis of Variance were employed to achieve the research objectives. There were five levels and 39 features in the proposed framework. At each level responses were summed up and divided by the total number of items for that level. The calculated percentage was used as an indication of hotel website sophistication. Analysis of Variance was performed on the percentages obtained at each of the five levels as well on the total. Post-hoc tests were also conducted in cases where the Analysis of Variance indicated a significant relationship.

Results and Discussion
The results provided significant support to the hypothesis proposed by the researcher. Analysis of the websites of 110 hotels clearly point to a difference with reference to the E-CRM features. At the basic level hotel companies displayed 85.23% of the features and at the reactive level they displayed 66.82% of the features. However at the accountable level they displayed only 14.89% of the features and at the proactive level they had only 14.69% of the features. And at the partnership level hotel

websites displayed only 12.50% of features. The partnership level is considered the highest level that a company website can attain .However companies seem to be lagging behind at this level.

The one-way ANOVA indicated a significant effect of hotel category on website sophistication F=3.686 p<0.01 at the basic level. The mean for hotels in the five star category was highest(M=97.92) and the mean was lowest for the four star hotel(M=76.79).Post hoc tests revealed that there was a significant difference between five star hotels and the other categories however the other categories did not differ significantly from each other. There was also a significant effect of hotel category F=12.84,p<0.000 at the reactive level. At the reactive level five star hotels had the highest mean (M=85.42) and two star hotels had the lowest mean (M=62.82).Post hoc tests again revealed that five star hotels stood out from the rest of the categories. A significant effect of hotel category F=35.19,p<0.000 was also found at the accountable level. At the reactive level five star hotels had the highest mean (M=47.92) and two star hotels had the lowest mean (M=5.77).Post hoc tests again revealed that five star hotels differ from all the others and two star differ from four star and five star. At the proactive level too there was a significant difference F=21.50,p<0.000five star hotels topped the list with the highest mean (M=44.67)and the two star hotels were at the bottom with the lowest mean(M=8.18).Post hoc tests revealed that two ,three and four star categories had similar characteristics whereas five star hotels showed significant difference from the rest of the categories.There was also a significant effect of hotel category F=62.17, p<0.000 at the partnership level. At the partnership level five star hotels had the highest mean (M=70.83) and two star hotels had the lowest mean (M=1.28).Post hoc tests again revealed that five star hotels differ from all the others and two star differ from four star and five star.

Almost all the hotel websites had the basic level features like product and company information, product preview and transportation directions. These features serve the purpose of introducing the company to the customers. They allow the company to introduce itself to its customers but do not allow the company to build a relationship with the customer and maintain loyalty. The number of hotels that had such relationship features was less. Features like annual reports and chat were hardly present on most of the websites. Hotels seemed focussed on marketing themselves and lacked transparency especially with reference to their financial position.

As we move up higher in the five step progressive relationship model there is a noticeable decline in the percentage of features present. This trend is noticed in all categories of hotels but is more striking in the case of two star, three star and four star hotels. In the case of five star hotels the trend is less striking .This indicates that such hotels are focussing on building relationships. Relationship building requires features like loyalty programs chat feedback and other such personalized services.

The three levels of the model which focus on relationship building are accountable, proactive and partnership and in all the three cases there is a progressive increase in mean values from two star to five star. Five star hotels stand unique in this respect .They seem to have understood the value of these features in terms of return for the company if adopted and utilized properly. They allow the company to interact with the customers on a personal level and constantly keep in touch with them. Retaining a customer is cheaper than finding a new one and these features allow the hotel to do that .This is of great value in today's globalized scenario with cut throat competition.

Conclusion
The results indicate that hotels in India are yet to fully utilize their websites to develop relationships with customers. The internet gives everyone a level playing field to compete on so websites should not be neglected. These websites help the company to know more about the company even before using its product or service. Hotels can use websites to track change in customer needs and demands. Based on this information can improve services and loyalty programs so as to match customer expectations. Making each customer feel special is the nucleus of relationship marketing. Hotels must make sure that products and services that they offer immediately connect with the customer. Services like chat and electronic bulletin board must be brought into practice so that customers can resolve their issues immediately with the website. India is growing at a fast pace and the tourism sector too is expanding. Websites must move beyond the basic level in order to build and maintain a continuing relationship with their customers. As competition in the sector increases and hotels try to outdo each other by offering unique services, customer retention will become more and more difficult .It is in this kind of scenario that customer loyalty becomes important .Hotel companies must utilize websites maximally to make customers feel and experience the true meaning of partnership. A customer who understands his gains from partnering with a particular hotel will remain a loyal to hotel. E-CRM is the need of the hour and the faster hotels realize this greater will be their gains.

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