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Customer Loyalty in Hotel Industry from International Tourist Perspective: The Impact of E-CRM and Service Quality

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Abstract:
Customer relationship management is now the tools and strategies for airlines 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 analyse the effect of electronic customer relationship management (e-CRM) on customer's loyalty in hotel industry. Research methodologies use in this paper are qualitative which is qualified by a survey given to 397 customers randomly selected. 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.

Keywords: E-CRM, service quality, customer satisfaction, loyalty, hotel industry

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 (Starkey & Woodcok, 2002; Xu &Walton, 2005; Payne& F row, 2004). From a strategic perspective, e-CRM is a business strategy that builds and develops long-term relationships with customers (Chen, L., & Sukpani, N. , 1998). In terms of philosophy, e-CRM is a customer-centric business philosophy, whereby CRM allows businesses to process customer information in a variety of ways to meet customer needs (Xevelonaki, 2005). Therefore, e-CRM is considered as a system containing of human resoursces, processes, strategies and technologies to increase service quality and gain customer loyalty.

Hotel business has really become a business in Vietnam in the early years of the 90s. Since then, the hotel industry of Vietnam has developed very quickly. Along with the increasing life, the demand for tourism, leisure and entertainment services also increased sharply. In addition, the positive impact of the world and regional economic integration process has made Vietnam an attractive destination for international tourism activities, seminars, and event organization. Therefore, it has contributed to promoting the growth of the tourism industry, in which hotel business plays a very important role. Currently, Vietnamese hotels face many difficulties and are under competitive pressure from large hotel groups in the world. Therefore, customer research and customer loyalty on the basis of CRM to hotel services become essential. 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. The objectives of this research are to examine the factors affecting customer loyalty and to find the impact of factors affecting customer loyalty.

2. Literature Review

2.1. E-CRM features

Anton and Postmus (1999) 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 (Anton, J. and Postmus, R., 1999). In 2000, e-CRM features were added 17 features by Feinberg et al. (2002).

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 (Feinberg and Kadam, 2002; Anton and Postmus, 1999; Feinberg et.al, 2002; Kim et.al, 2003; Mithas et. Al., 2005). Many researchers believed that E-CRM/e-CRM features has

positively impact on customer loyalty (Feinberg and Kadam, 2002; Jih and Lee, 2010; Kimilogle and Zarali, 2009; Harrigan et.al., 2009). Moreover, e-CRM/e-CRM features also effected on service quality (Wang and Mei-Ling, 2013, Baksi and Parida, 2012; Valmohammadi and Beladpas, 2014). Therefore, we have hypothesis:

- H1: e-CRM has impact on service quality
- H2: e-CRM has impact on customer satisfaction
- H3: e-CRM has impact on loyalty

2.2. Service Quality

Service quality has been defined in services marketing literature as an overall assessment of service by the customers (Ganguli, S. and Roy, S.K., 2011). According to Parasuraman et al. (1985), service quality is the differences between customer expectations and perceptions of service. Parasuramna et al. introduced a formal service quality model including 5 dimensions: tangibles, reliability, responsiveness, assurance, empathy. Groonroos (1984) 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 (Cronin and Taylor, 1992; Dabholkar et al., 2000; Spreng and Mackoy, 1996). Research in different industries have investigated the relationship between service quality (its dimensions) and customer satisfaction – telecommunications (Woo and Fock, 1999); restaurants (Gilbert et al., 2004); hospitals (Andaleeb, 1998); hotel services (Voss et al., 1998); travel agencies (Bitner, 1990); internet services (Kim and Lim, 2001; Van Riel et al., 2001); multiple industries (Bitner et al., 2000). Besides, the effects of different service quality dimensions on loyalty has also been tested in different service contexts of package tour operators (Andreassen and Lindestad, 1998), call centers (Dean, 2002), and multi-service scenario (Zeithaml et al., 1996) and internet services (Parasuraman et al., 2005). Besides that, customer satisfaction also affects customer loyalty (Aydin and Ozer, 2005; Kim et al., 2004). Therefore, we hypothesize:

- H4: Service quality has impact on customer satisfaction
- H5: Service quality has impact on loyalty

2.3. Customer Satisfaction

Satisfaction was considered to be transaction-specific construct which resulted from immediate post purchase judgment or affective reaction (Oliver, 1993). 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 (Johnson et al., 2001; Krepapa et al., 2003). Tse and Wilton (1988, pp.204) defined customer satisfaction as a "consumer response to the evaluation of the perceived difference between expectations and final result after consumption." Fornel (1992) defined satisfaction as an overall evaluation after purchase. All the definitions of customer satisfaction have described satisfaction as a process and they recognized that satisfaction is the final step of a psychological process (Abhisek, 2014). Many researchers studied that service quality influences customer loyalty indirectly through customer satisfaction (Anderson and Sullivian, 1993; Caruana, 2002; Beerli et al., 2004; Lewis and Soureli, 2006). Thus, the hypothesis is

- H6: Customer satisfaction (CS) has impact on loyalty

2.4. Customer 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 (Oliver, 1997).
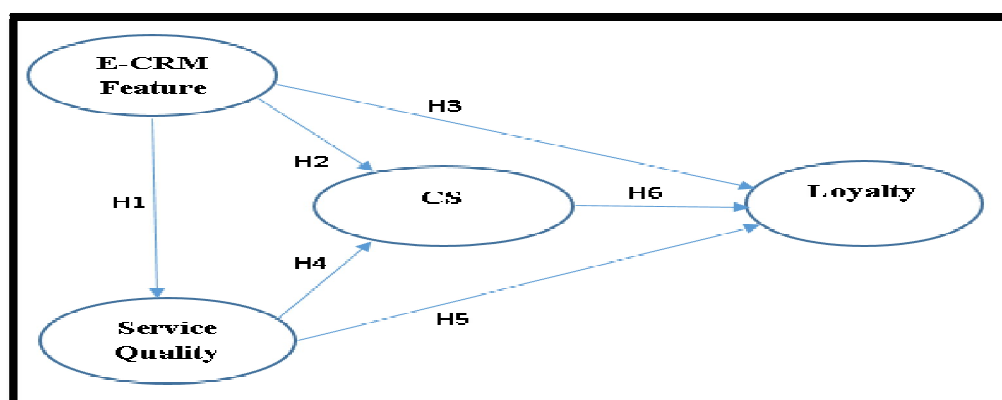

Figure 1

3. Methodology

The population of research consists of international tourists travelling to Vietnam.The sample size is 600.The questionnaire was sent to Foreigner customers. The questionnaires were sent to 600 customers and the respondents were

397, the return rate was at 66.16%. 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 analysing Cronbach' Alpha and EFA. The results of EFA analysing was used for CFA and structural equation modelling analysis (SEM) in AMOS 20.0 program in order to test hypotheses.

4. Findings

Using the Cronbach' Alpha coefficient to measure the reliability of data with 4 constructs and 19 observed variables, the Cronbach' Alpha values of e-CRM features, service quality, customer satisfaction and loyalty 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 eigen values 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 (Hu, L.T. & Bentler, P.M. , 1999). GFI values greater than 0.70 indicate good model fit (Schumacker, R.E. & Lomax, R. G., 2004). RMSEA (root mean squared error) values less than 0.06 also indicate a good model fit (Hu, L.T. & Bentler, P.M. , 1999) while values ranging from 0.08 to 0.10 indicate mediocre model fit and those greater than 0.10 indicate poor fit (Byrne, 2001). 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 e1 with 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, service quality and customer satisfaction on loyalty and were also used to determine the relationship H1, H2, H3, H4, H5 and H6. The SEM showed the total effect between customer satisfaction and loyalty (0.204), service quality and loyalty (0.343), e-CRM feature and loyalty (0.208) whereas service quality has strongest impact on loyalty. However, the result of SEM analysis did not show an indirect effect link from e-CRM features and customer satisfaction to loyalty, an indirect effect link from service quality and customer satisfaction to loyalty. It can be concluded that e-CRM features, customer satisfaction and service quality have direct impact on loyalty.

The findings in table below indicates that e-CRM features, service quality and customer satisfaction have significantly and positively influence on loyalty with Beta at 0.215, 0.391 and 0.175, p value <0.05. Thus, H3, H5 and H6 are asserted. Besides, e-CRM features and service quality, service quality and customer satisfaction, e-CRM features and customer satisfaction 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 is predicted positively by e-CRM features and Service quality. Additionally, Loyalty is positively influenced by e-CRM features, service quality and customer satisfaction, hence, H8 is asserted.

Hypothesized Path	Parameter Estimates	Regression Weights		Result of Hypotheses
		C.R	P-value	
EC-<>SQ (H1)	0.224	7.276	0.000	Supported
EC<->CS (H2)	0.321	7.712	0.000	Supported
EC->LO (H3)	0.215	2.496	0.013	Supported
SQ<->CS (H4)	0.321	6.130	0.000	Supported
SQ->LO (H5)	0.391	4.821	0.000	Supported
CS-> LO (H6)	0.175	2.687	0.007	Supported

Table 1: Parameter Estimates, P-Value, and Results of Hypothesis

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 hotel industry.

5. Conclusion

The results showed that e-CRM features, service quality and customer satisfaction are factors affecting international tourists' loyalty using hotel service in Vietnam in which e-CRM features have large impact on service quality and customer satisfaction and in turn, service quality and customer satisfaction impact loyalty. Service quality has a large influence on customer loyalty. The results of this study have important implications to hotels in Vietnam for obtaining customer loyalty in the long time. In all empirical research, this study has limitations that need to be identified. First, the sample is limited to international 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 international customers.

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