# CHAPTER NUMBER THREE

## REVIEW OF LITERATURE

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**EXECUTIVE CHAPTER SUMMARY:**

In chapter number three of the thesis, a detailed review of literature and a comprehensive view of the previous researches on the topic in consideration is characterized in this chapter by a successive flow of ideas & work, presented with consistency in appropriate referencing style & proper use of terminology. This chapter is an outcome of browsing, classification, compilation and critical examination of Theses; Dissertations as well as scholarly published articles; research papers; empirical studies; research reports, results of empirical surveys, reference books, and publication of the proceedings of the seminars, conferences and workshops relating to chosen area of the research study.

The researcher has sub-divided this chapter into three parts called as follows.

PART-I: General Review of Literature

PART-II: Relevant Review of Literature, and

PART-III: Specific Review of Literature

The part –I called as 'General Review of Literature' has undertaken review of literature on origin and development of hotel industry. An attempt was made by the researcher to discuss in brief about hotel industry of India including current and emerging trends of hotel industry of India as well as State of Gujarat. The other areas that were considered under review included viz., Hotel Attributes; Productivity of Hotels; Employee in Hotels; pricing in the Hotels; Information Technology in Hotels; Brand, and Yield Management in Hotel Industry.

The second part called as 'Relevant Review of Literature' has included review of selected research studies that have been undertaken by various researchers on selected areas viz., Marketing of Services, Service Quality, and Customers' Satisfaction respectively.

The third part called as 'Specific Review of Literature' has offered a brief sketch with its implications on selected conceptual aspects viz., CRM; Customer Loyalty; Retention and Complain Management, which are really very important in the study of Customer Relationship Management [CRM].

# REVIEW OF LITERATURE

**The researcher has sub-divided this chapter into three parts as follows.**

**PART-I: General Review of Literature;**

**PART-II: Relevant Review of Literature, and**

**PART-III: Specific Review of Literature**

**It has been presented as follows.**

**3.0: PROLOGUE:**

**An attempt has been made by the researcher to put forward a bird eye-view on organization of this chapter entitled as "Review of Literature" as follows.**

A well-structured review of literature is characterized by a logical flow of ideas; current and relevant references with consistent, appropriate referencing style; proper use of terminology; and an unbiased and comprehensive view of the previous research on the topic (Cooper, H. 2010)[1].

This chapter is an outcome of browsing, classification, compilation and critical examination of theses; dissertations as well as scholarly published articles; research papers; empirical studies; research reports, results of empirical surveys, reference books, and publication of the proceedings of the seminars, conferences and workshops relating to chosen area of the research study.

## PART-I: GENERAL REVIEW OF LITERATURE

**It has mainly included following.**

**3. I: 1:  ORIGIN AND DEVELOPMENT OF HOTEL INDUSTRY:**

One can find close connections of the history hotels with civilizations. Offering guest's hospitality had been in evidence since early biblical times. The Greeks developed thermal baths in villages designed for rest and recuperation. Later, the Romans built mansions and provided accommodation for travelers on Government business. The Romans were the first to develop thermal baths in England, Switzerland and the Middle East. Later caravanserais appeared, providing a resting place for caravans along Middle Eastern routes (www.wikipedia.com)[1].

In France, at the time of starting of the 15th Century, as notified by English law, the hotels were required to maintain register. Early travelers were warriors, traders or people in search of knowledge even before the arrival of hotels who pitched their tents for accommodation. Traders for business whereas others were used to travel for knowledge. Inn-keeping or hotel has been called as the first commercial enterprise, and service of hospitality against money was the very first exchange. Inns of biblical times offered only a cot or a bench in a corner. Guests stayed in large communal rooms' having reasonable rates but without any sanitation facility and lack of privacy. They shared the same quarters with their horses and animals.

In the third Century AD, the Roman Empire developed an extensive network of Brick-paved roads throughout Europe and Asia Minor, and a chain of roadside lodges was constructed along the major thorough fare from Spain to Turkey. Till the industrial revolution of the 1700s, no significant improvement was made in the inns and taverns, and some were highly unsuitable for Aristocrats. To accommodate wealthy travelers, luxurious structures were constructed with private rooms, individual sanitation and the comforts of a European castle. These elegant new establishments adopted the French word for mansion. Hotels rates too were beyond the reach of an ordinary person. In America, early inns were modeled after European taverns with sleeping quarters shared by two or more guests. Early history of accommodation for travelers can be traced back to the Greek word 'xenia' which not only meant hospitality, but also the protection given to a traveler from discomforts. Travelers mainly included viz., diplomats, philosophers, intellectuals and researchers respectively (Ibid).

Motel, described as 20th century version of the old Coach Inn had emerged as another form of hotel for those who travelled through car, and made overnight stay and looked for refreshment for themselves and safe parking of their cars. Post houses were developed by the Trust houses Forte Group, were in fact the modern version of the old coaching inns (Ibid).

Great Britain has been regarded as the 'Motherland of Hotel Industry' (www.wikipedia.com)[1]. The industrial revolution that begun in the 1760s, led to building up of hotels in mainland Europe in England and in America. In the beginning of the 1800s, the Royal Hotel was built in London. Holiday resorts began to flourish along the French and Italian rivieras. In Japan, Ryokan guest houses sprang up. In India, the Government-run Dak bungalows provided reliable accommodation for travelers. The Tremont House in Boston was the first deluxe hotel in a city centre. It offered inside toilets, locks on the doors and menu. The Holt Hotel in New York City was the first to provide its guests with a lift for their luggage (www.expresshospitality.com)[2]. The early 1990s witnessed recession coupled with crisis in Gulf wherein the multinationals' had reduced their budgetary allocations for the hotel business.

The early years of the twentieth century were rich in new hotels which rapidly became prestigious. Edouard Niiermans, the Architect of palaces, transformed the Villa Eugenie, the summer residence of the Emperor Napoléon III and his wife Eugenie de Montijo, in 1900. In 1905, he built 'Hôtel du Palais in Biarritz. In 1913 his "Négresco" was opened in Nice, in the presence of seven kings (Ibid).

The other hotels built in the same period, the Ritz and Savoy in London, the Beau Rivage Palace in Lausanne, and le Négresco in Nice, the Plaza in New York, and the Métropole in Brussels, the Plaza-Athenée and l'Hôtel de Crillon in Paris, the Taj Mahal in Bombay and so on. The Taj Mahal hotel was renovated in 1972 by the Inter-Continental chain (www.expresshospitality.com)[2].

The prosperous nineteen-twenties saw an absolute upsurge in the hotel industry. To illustrate, construction of hotels for traders begun supported by several factors. First, there was the will of the Airline Companies to extend their efforts in the domain of hotels. Second, there was the sudden prosperity due to black gold of Middle Eastern Countries which attracted business people from the entire world.

This engendered an important business travel trend not limited to this region alone which initiated the development of hotels primarily designed for business people in Middle-Eastern cities like Dubai, Abu Dhabi, Riyadh and Jeddah, to mention only the most important. Hotel chains, attentive to their customers' wishes, started to offer an increasingly varied range of services. The third boom in the hotel industry began in 1980, marked by more inventive marketing and the development of hotels increasingly adapted to a particular type of clientele. It led the construction of hotels near to Airports, Hotels for Conferences, Health Hotels, Ski Holiday Hotels, Holiday Villages and Marina Hotels respectively (Ibid).

In 1995, construction of Extravaganza began in Dubai of one of the most ambitious and prestigious tourist complexes in the region, the Jumeirah Beach Hotels. In 2004, another Emirate, Abu Dhabi, welcomed the delegates of the Gulf Council Countries in the new Conference Palace Hotel (CPH). This superior construction has been specified to offer the most outstanding services with a challenging 9 Star definition (www.expresshospitality.com)[2].

## 3. I: 2:  HOTEL INDUSTRY OF INDIA:

**An attempt has been made by the researcher to outline in brief on hotel industry of India as follows.**

The hotel industry in India is expected to invest US$10.3 Billion by the year 2015. It shall add another 60,000 rooms and shall also generate 2,000 new jobs (www.moneycontrol.com)[3]. The Statistics revealed that the hotel industry looked over US$ 10 Billion worth of investment in India. It has created over 80,000 jobs and 60,000 rooms. The international brands showed interest in India. The Starwood and Marriott had planned huge expansions whereas Starwood had decided to open 50 hotels by the year 2012, and it has also planned to double the number of rooms by the year 2015. They wanted to open a new brand altogether because their presence was not felt under four-star category. It was found that India had a huge potential in the three-star or under three-star category as well. Marriott doubled its hotel properties in India. It was emphasized that the Indian market, was the second fastest growing market after China (Ibid). HVS estimated that major cities across India witnessed a growth of 11 percent in hotel room supply in 2012-2013, while demand exhibited a strong increase of 9.2 percent during the period of 2012-2013 (www.hotelnewsresource.com)[4].

The hotels had started to put in lot of efforts to woo women business travelers, and thus businesswomen are one of the fastest-growing traveler segments in India. Thus, hotel chains had left no stone unturned to attract and retain the loyalty of female business travelers who moved up the career ladder and travel more often.

It was found that luxury chain ITC Hotels was the first to conceptualize Eva rooms exclusively for women travelers in the 1990s, the concept had evolved from being just a room category at ITC Maurya in New Delhi to a dedicated wing and floor in ITC Hotels across India. It was found that ITC Maratha in Mumbai revamped the women-only floor which incorporated new design elements and introduced workout options such as Steppers within these rooms.

The hotel chain's upcoming property, ITC Grand Bharat at Manesar near Gurgaon has special packages on golf, yoga, spa, beauty treatments and culinary classes crafted for women travelers. The luxury hotel had crafted a new package for single lady travelers that included an array of services such as dedicated female housekeepers, butlers, concierges and personal shopping assistants, and tour guides along with access to a personal chef who curates personalized menus during their stay. The Business of hotels is growing by 50 percent from women travelers every year, and thus this segment cannot be ignored. Some hotels are designing areas specifically for women travelers. As, the Hyatt Regency in Chennai had started a women-only bar in its lobby called 'Escape Bar'. Move n pick Hotel & Spa Bangalore is planning a women-centric area in its 'Club Lounge' on the executive floor which will offer wines, juices, health food and magazines preferred by women. The hotels are becoming more dependent on this segment as women travelers are more liberal with their purse strings and indulge in quality lifestyle amenities including spas, beauty, health and wellness.

According to Shri Vinesh Gupta (GM, Move n pick Hotel in Bangalore), the net revenue realization per room was found higher of women travelers vis-a-vis men which gets about 15 percent of its business from single lady travelers. It was also found that the hotel gets about 80 percent of its salon revenue and 60 percent of its spa revenue from women guests (www.articles.economictimes.indiatimes.com)[5].

**3. I: 2: 1. : The Current and Emerging Trends of Indian Hotel Industry:**

The continuous revolution in the Indian hotel industry has led to its worldwide acceptance considering its standards of facilities and services that have been offered making smart use of technology, environment-friendly services, pricing, market segmentation, and regional preferences. It has experienced a noteworthy growth in room inventory across diverse categories comprising of boutique as well as budget hotels resultant in to improved occupancy and the room rates with positive support from both that is domestic and overseas tourists respectively in the business as well as relaxation segment (www.expresshospitality.com)[2].

As per Foreign Direct Investment (FDI) Policy of the Government of India, it has allowed 100 per cent foreign investment in the hotel and tourism industry (Ibid). It has notified a scheme of granting Tourist Visas on arrival (T-VoA) for the citizens of Finland, Japan, Luxembourg, New Zealand and Singapore.

The Government of India has also initiated various reforms to positively support the growth of the hotel industry of India. Its liberal regulatory framework is aimed at offering investment friendly schemes for building up world class infrastructure. It also has aim of improving air and road connectivity.

It has incentivized regional set-up in Class III and IV Cities for exploring and promoting hotel and tourism business. It has launched 29 Mega tourism projects across 22 States of India. It has initiated Public Private Partnership (PPP) mode for strengthening infrastructure and hotel business in India.

It has put efforts to promote diverse forms of innovative tourism such as viz., medical tourism, sports and adventure tourism, religious circuit, wildlife safaris, rural tourism, eco tourism, cruise tourism and wellness tourism respectively. It has taken solid measures such as viz., uniformity of State and Municipal taxes, single window clearances, improvising lower bureaucracy in effective planning and execution, and safe and secure environment that are critical to the to the growth of the  hotel industry of India. The World Travel & Tourism Council has estimated US$ 109.3 Billion which is likely to be around 7.7 per cent of total investment by the year 2020(Ibid).

According to the Federation of Hotel and Restaurant Associations of India (FHRAI), India shall be having more than 200,000 hotel rooms across different hotel categories and guest-houses. Although, there still remains a shortfall of more than 100,000 rooms. A leading hotel brand has planned its investments in Metro as well as Non- Metro Cities such as viz., Hyderabad, Pune, Jaipur and Chandigarh respectively. The rise of Secondary and Tertiary Cities has also positively influenced growth of the hotel business of India. India has also witnessed rapidly growing micro-markets in the larger cities such as viz., Delhi, Mumbai, Chennai, etc, where travel time has moved up significantly (Ibid).

The Indian hotel industry has witnessed big increase in foreign investment with entry of international hotel brands that includes viz., Starwood, Hilton, Marriott, Hyatt and Accor respectively. To illustrate, Marriott International operates in 11 properties across India and has planned to expand its network. The ITC Hotels have planned to build 25 new hotels under the Fortune brand.

The emergence of branded budget and economy segment hotels too offers fabulous opportunities. To illustrate, Keys Hotels has planned to open 40 hotels by the year 2016. Ginger Hotel is to open 60 to 70 budget hotels in 23 locations across India (Ibid).

Besides, Capsule stay, or day concept has also begun to fast catch up in India which is a win-win for all hotels which has substantially increased its revenue by selling their inventory twice over in a day, while customers can enjoy discounts of up to 50 per cent on short stays. Faced with a slow market and a rising inventory, five-star and budget hotels have started offering these transit rooms for 2 to 8 hours. To illustrate, JW Marriott, Carlson-owned Radisson Hotels, Hilton, The Lalit and the Westin as well as business hotel chains such as viz., Ginger, Pride and The Lemon Tree and Keys have been offering day use packages and kind of services that are basically used by celebrities, business travelers and lawyers who wishes to  stay for a  few hours.

The hotels are keen to provide facility to this category of customers who pass through a city for under a day. To illustrate, Hilton Hotels that operates 13 properties in India has started discounts between 35 per cent and 50 per cent on day use rates.

The budget chain Ginger Hotels which also operates the Taj Hotels, has also introduced the initiative that is said to be attracting 10 per cent occupancy of the rooms in the range between Rs 1,599 to 2,999 in mature markets of Delhi and Mumbai (www.economictimes.indiatimes.com)[6].

## 3. I: 2: 2. : The Hotel Industry of Gujarat:

The hotel industry anticipated increased occupancy during festive season in Gujarat that focused more on domestic visitors than foreigners. The occupancy ratio at star-category hotels was expected to see sharp rise from 60 to 62 per cent at present to about 70 to75 per cent during the four months of festivities during October-January (www.businessstandard.com)[7]. The Hotels did well and were expected 10 to15 per cent growth in business compared to 2013. Domestic visitors was expected more in number than foreigners as US and Europe seemed to be in a bad shape. Gujarat has higher industrial activities clubbed with good tourism promotion, which is believed to attract more tourists in season to come. Gujarat Government's promotional campaign under, 'Khushboo Gujarati Ki', is believed to attract good number of tourists from other parts of India (Ibid).

Nearly, 5 to 7 per cent of an additional growth in tourist arrivals is expected mainly due to the state Government's promotional campaign. It is expected that domestic tourists would visit places like pilgrims and other tourist spots in the festive season to come, and increased tourist inflow is believed to raise room occupancy ratio in the State thereby generating more business for hotels (Ibid).

The room occupancy ratio at the star-category hotels have witnessed saw sharp increase from 60 per cent to more than 75 per cent during festive months (Ibid).

The availability of hotel infrastructure in State was found to pushing pressure on the room tariffs thereby making the competition fiercer. Newer capacity addition in the star-category hotels created tariff-war between hotels. The room tariffs had already fallen by about 10 per cent in 2014. It was found that more pressure on tariffs with new capacities was operational within a year, Cities like Ahmedabad, Surat and Vadodara is found to get large number of new room capacities during current fiscal. Therefore, festive season saw an opportunity to generate maximum possible business in 2014 onwards; the occupancy ratio is believed to fall due to increased room capacities (www.businessstandard.com)[7].

## 3. I.3: HOTEL ATTRIBUTES:

**An attempt has been made by the researcher to outline various studies on hotel attributes as follows.**

The selection of the hotel criteria largely focus on selected criteria viz., intangibility, inseparability, variability, and perishability of services.

The customers' perception of satisfaction criteria included contextual cues that they use to evaluate the selection of hotel and to make decisions about future patronage, whether or not they experienced the hotel's products and services before (Bitner, 1990[2]; Parasuraman et.al., 1985[3]).

Consumers' perceive and foresee products and services as a bundle of attributes or features, and benefits that straightway influences consumers' choice that has been identified as determinant attributes that are different from those of competitors' offerings which can act as a strategic factor in determining consumers' intentions regarding future purchases (Alpert, 1971) [4].

The travelers' perceptions of hotel attributes as the degree to which they find various services and facilities as important in promoting their satisfaction with hotel stay. Earlier studies have provided that most travelers considers various hotel attributes while making a hotel choice decision includes such as viz., cleanliness, location, room rate, security, service quality and the reputation of the hotel or chain (Wuest et al. 1996) [5]. The cleanliness of accommodation is followed by safety and security, accommodation, value for money, courtesy as well as helpfulness of staff have been identified as the key attributes in the choice of the hotel by the travelers (Atkinson ,1988) [6].

Sherrie Wei, Hein Ruys, Thomas E. Muller(1999) had revealed on the perceptions' of attributes that seniors and marketing managers both considered regarding hotel facilities as the most important attribute ones, followed by room furnishings (Sherrie Wei, Hein Ruys, Thomas E. Muller, 1999) [7]. Viktor Pekar and Shiyan Ou (2008) had evaluated customers' opinions on the web and Customer Relationship Management [CRM].Attempt was made to identify opinion of customers for specific product attributes, service quality and location of a hotel. The researcher had examined a method to diagnose the relationships between subjective expressions and references to product attributes. Based on method concerning use of customer hotel reviews carries potential application in several tasks where material statements needed to be extracted on selected criteria such as viz., posts in forums, comments on blogs, or utterances in a chat room (Viktor Pekar and Shiyan Ou, 2007) [8.]

Sheryl E. Kimes and James, (1990) had discovered that selecting a good site plays a critical role in the success of a hotel considering rise in competition that has become increasingly important. The researcher had built a regression model for La Quinta Motor Inns, a mid-sized hotel chain headquartered in San Antonio, Texas which predicted profitability for sites under consideration. It was found that if, the predicted profitability was higher than the decision rule, the decision was to accept the site, while if the prediction was lower than the decision rule; the decision was to reject the site. The risks of rejecting a good site and accepting a bad site associated with the use of this rule were known (Sheryl E. Kimes and James, 1990) [9].

Rayka Presbury, Anneke Fitzgerald and Ross Chapman (2005) had revealed various reasons such as viz., the transaction of business, for meetings and conferences, and for recreation and entertainment that hotels provide facilities not only for stay, but also for .In addition, hotels make a vital contribution to overall visitor satisfaction at a particular destination (Rayka Presbury, Anneke Fitzgerald and Ross Chapman, 2005) [10].

As Cooper et al. (1996) had recommended that accommodation provides a vital support service to satisfy customers' needs. The hotels should therefore satisfy current customers and motivate new ones by delivering desired services. The accommodation sector depends to a great extent on return business and Word-of-Mouth recommendations which require satisfied customers.

The accommodation market is highly competitive competing for the consumers' disposable income, and competition often centres on issues of facilities, image, and service (Cooper et al. 1996)[11].

Jerry Wind, Paul E. Green, Douglas Shifflet, Marsha Scarbrough, (1989) had applied conjoint analysis in designing a new hotel chain Marriott which in turn called for change in its approach and processes concerning  new product development. It had successfully developed supplementary lodging and related products using similar procedures (Jerry Wind, Paul E. Green, Douglas Shifflet, Marsha Scarbrough, 1989)[12].

Cary C. Countryman & SooCheong Jang (2006) had examined the atmospheric elements viz., color, lighting, layout, style, and furnishings that make up the physical environment of a hotel lobby. It was found that atmospheric elements impact overall guest perceptions and impressions. These atmospheric elements viz., color, lighting, and style were significantly related with regard to overall impression of a hotel lobby, and color emerged  as the most significant atmospheric element (Cary C. Countryman, & SooCheong Jang, 2006)[13].

Paul Ingram and Joel A. C. Baum , (1997) had examined the benefits and drawbacks of affiliation with a chain which acted as  a source of operating knowledge and economies of scale for components, and also acted as a potential source of strategic constraint to improve the ambience of hotel. The study demonstrated the effects of chain affiliation on the failure of component organizations and competitive dynamics in the Manhattan hotel industry from year 1898 to 1980. It was found that under most of the circumstances, chain affiliation improved the survival chances of component hotels in Manhattan. It was found that all chain memberships were not equal, and the survival benefits to components vary systematically with the nature of the operating experience and the number and distribution of components of hotel chains. The study also revealed that how understanding the role of chains can inform both learning and ecological models of organization (Paul Ingram and Joel A. C. Baum, 1997)[14].

John H. Dunning and Matthew McQueen, (1981) had presented a comprehensive data on the growth, structure and forms of involvement of multi-national enterprises in the hotel industry. The researcher had highlighted understanding of the international hotel industry that the ownership of a hotel often has the characteristics of portfolio investment, and the owners may have little knowledge of hotel operations. The researcher had analyzed and distinguished between 'equity-based control' and 'contract-based control' of the multinational enterprise to point out its implications. It revealed that an important element in maintaining the knowledge and trade mark of the MNE for consolidating and improving market share was in investing in training, which was found to be important in the areas of manufacturing.

Knowledge acquired by first servicing the home market combined with meeting the needs of foreign business tourists explained the correlation between the country distribution of foreign hotels and foreign direct investment, and the nature of the ownership advantages explained the predominance of MNE hotels in developing compared to developed countries (John H. Dunning and Matthew McQueen, 1981)[15].

## 3. I.4: PERFORMANCE & PROCESS OF HOTELS:

**An attempt has been made to outline brief review of literature on performance and process of hotels as follows.**

Wilbur Chung and Arthurs Kalnins, (2001) had provided an understanding that when competition decreases rents for firms; the presence of competitors may create benefits. Competitors that agglomerate, that are physically proximate may create externalities, production efficiencies or heightened demand that increases rents. It revealed that chain hotels and larger hotels positively contribute to externalities. They could not find gain while expecting hotels alike to such establishments in creating these externalities. Independent hotels and smaller hotels had gained the most (Wilbur Chung and Arturs Kalnins, 2001)[16].

Paul A. Phillips (1999) had drawn attention to how a Performance Measurement System has the potential to deliver competitive advantage, and also speculated that competitive advantage can be achieved if inputs, processes, outputs, markets, environmental characteristics were congruent with business objectives. The study reinforced the view that there was no one perfect performance measurement system to fit the various strategic typologies adopted by hotels as they attempt to obtain competitive advantage (Paul A. Phillips, 1999)[17].

Mine Haktanir, & Peter Harris (2005) analyzed measurement of the performance practices of a hotel in Northern Cyprus for a period of 09 week using different methods of data collection methods supported with interviews comprising of respondents such as viz., employees, managers, and regional executive that provided 6 major themes that were formed inclusive of viz., business dynamics, overall performance, employee performance, customer satisfaction, financial performance, and innovative activities for developing an insight on the type of the communication process. The study had revealed that performance measurement practice in the case of hotel as identified by the guest satisfaction measures shall be the key indicator at the operational levels and financial measures at the senior management levels respectively (Mine Haktanir, & Peter Harris, 2005)[18].

The relationship between CRM strategy and performance to determine whether the use of customer performance measures plays a mediating role in the relationship between CRM strategy and performance or not? It was found that only the Information Technology [IT] dimension of CRM strategy had a significant and positive effect on performance.

Sultan Mahmoud Alshourah, (2012)[20] had found that CRM performance has a positive influence on organizational performance. The four major factors having significant influence on CRM performance viz., top management, customer data, customer information processing, and CRM functionality respectively. The researcher had also disclosed that factors such as viz., customer orientation, training orientation, and data integration that were not significantly related to CRM performance.

Abdul Alem Mohammed et al. (2012)[21] had argued that CRM is critical and has become a niche for firms' performance. It has offered a value conceptual model which elaborated on the theoretical linkages between CRM dimensions and performance of the hotel.

Gagandeep Banga et al. (2013)[22] had attempted to study CRM practices in hotel industry based on a sample of 10 hotels that were randomly selected from the list obtained from Restaurant and Hotel Association of Ludhiana. It revealed that most of the managers had a positive attitude towards CRM practices and the most common activities undertaken were studying the existing database of the customers and personal counseling. It was also found that the benefits of CRM has increased customer satisfaction and customer loyalty respectively

Tanvi Beniwal and Leelaram, (2013)[23] had identified the marketing practices and business performance in hotel industry in Chandigarh (India).It was found that interaction with individual customer, association with tour operator, travel agencies and airlines, image of business partners and stakeholders' loyalty and reward program were important. The study also revealed that major benefits were growth in revenues; maintenance of customer relationship and growth in potential customers.

Tamer Bolat and O ¨ zgu¨ r Yılmaz (2009) had found strong support in evaluation of influence of between the outsourcing process and organizational performance in hotels. It reveled substantial improvement in organizational effectiveness, productivity, profitability, quality, continuous improvement, quality of work life, and social responsibility levels respectively (Tamer Bolat and O ¨ zgu¨ r Yılmaz, 2009)[24].

Douglas Jeffrey, Robin R.D. Barden (2000) had used time series analysis of daily room occupancy rates in 91 hotels in England from January 1992 to December 1994 to analyze within-week occupancy performance in the English hotel industry that identified two key temporal patterns. First, one featured a midweek peak and Saturday sub peak. Second, it featured a broader weekend peak and midweek trough. Both, were represented in the occupancy profiles of most of the hotels. The researcher had revealed that analysis of daily occupancy performance resultant into effective hotel marketing (Douglas Jeffrey, Robin R.D. Barden, 2000)[25].

Byeong Yong Kim, Haemoon Oh and Mary Gregoire, (2006) had developed a conceptual framework for understanding both supplier and customer relationship-oriented behaviours to examine how a firm's supplier and customer relationship-oriented behaviours affects its financial performance through three relationship performance outcomes viz., supplier relationship performance, product and service quality performance, and customer relationship performance respectively.

The study suggested that building relationships with suppliers and customers played an important role in providing values to restaurant firms and stakeholders such as suppliers and customers leading to high financial performance of the restaurant firms (Byeong Yong Kim, Haemoon Oh and Mary Gregoire, 2006)[26].

Joseph P. Cannon and Christian Homburg (2001) had offered an understanding that business practices were directing increased attention to the importance of creating value in buyer-supplier relationships. One method for creating value was to reduce costs in commercial exchange. The authors had developed a model that explained how supplier behaviours and the management of suppliers affects a customer firm's direct product, acquisition, and operations costs. The model proposed that the costs mediated the relationship between Buyer-Supplier relationship behaviours, and the customer firm's intentions to expand future purchases from the supplier that was tested using primary data that were collected from almost 500 buying organizations in the United States and Germany. It was found that increased communication frequency, different forms of supplier accommodation, product quality, and the geographic closeness of the supplier's facilities to the customer's buying location reduces customer firm costs. It was found that customer firms intend to increase purchases from suppliers that provide value by lowering each of these costs (Joseph P. Cannon and Christian Homburg, 2001)[27].

Hokey Min, et al (2008) had measured comparative efficiency of six luxury hotel chains in Korea by setting the benchmark of performance standards with the help of development of a Balanced Score card using Data Envelopment Analysis (DEA). It was found that its declining efficiency had coincided with increasingly aggressive Government restrictions on bad bank loans, and the slower hotel industry restructuring. It was found that lowering hotel rates may not improve room occupancy. The researchers could not find significant correlation concerning profitability of Korean luxury hotels (Hokey Min, et al, 2008)[28].

Panos Louvieris, John Driver and Jan Powell-Perry, (2003) had assessed impact of Internet multi-channel access on the customers' decision-making process. It was found that delivering interactive customer web services across multiple channels had coincided with customers' decision-loyalty type, and choice of e-channel device type that was found to be a key success factor in maximizing hotels' relationship capital (Panos Louvieris, John Driver and Jan Powell-Perry, 2003)[29].

John Connell (1997) had offered an insight into the nature of relationships between UK hotel Franchisees, and their International Franchisors which showed how operating systems and service provision were adapted to take into account local management views. The author had identified the process between the principals termed as attunement that involved three core variables. The first involved the franchisee rejecting on the basis of culture and industry convention in the host country. The second consisted of the franchisee selecting managerial techniques, concepts and operating systems; while the third one comprised of the franchisee aligning because of contractual and customer insistence factors.

It revealed that managerial and cultural perspectives differed from one international agreement to another, and the attunement model provided a more fundamental conceptualization of core variables (John Connell, 1997)[30].

Manuel Rodrı́guez-Dı́az and Tomaś F. Espino-Rodrı́guez (2006)[31] had recognized that social capabilities are important for the competitiveness of hotels. The study was undertaken with an objective to bring out and scrutinize aimed at creating and fortifying social competences for providing a model based on three dimensions which collectively inspected the phenomenon in relation to the outsourcing of activities, and the collateral relationships that were there in between different hotels. The author had formed a method to reexamine the association between the hotels, its suppliers and other hotels in the alike tourist destination. The formation of social competences forced hotel to study and analyze various stages such as viz., internal scrutiny of resources and capabilities; social analysis of activities; and process integration respectively. It revealed that the development of social capabilities in outsourcing was built on the level of competence of the service companies and strategic contribution of the activities. It manly included analysis of 4 cases viz., high competence and low strategic contribution; low competence and high strategic contribution; low competence and low strategic value; and relational and internal capabilities respectively. The analysis of the results of combined analysis revealed outsourcing relationships and collateral relationships among hotels that added a third dimension of process integration with 4 possibilities such as viz., non-core activities and low collateral processes integration; core activities and low collateral processes integration; non-core activities, and high collateral process integration; and core activities and high collateral processes integration respectively (Manuel Rodrı́guez-Dı́az and Tomaś F. Espino-Rodrı́guez, 2006).

Hilary C. Murphy and Damien Rottet (2009) had reviewed the determinants that influence adoption of Bio-Metric technologies with particular emphasis on both devices and hotel processes. The study showed that 87.3 per cent of hotel customers were willing to use bio-metric devices, and that correlation between the different processes as well as the different biometric technologies was found. It had also revealed opportunities for hotels to profit from emerging biometric technologies (Hilary C. Murphy and Damien Rottet, 2009)[32].

Ram Herstein, et al, (2007) had documented the design and implementation of new corporate identity communication process in their study which suggested that corporate identity communication occurred at four levels viz., internal and external, formal and informal, and provided a strategic framework for any hotel chain management in implementing a new corporate identity. The study also added a new element to the process of communicating image and or identity to internal and external stakeholders in the hospitality industry (Ram Herstein, et al, 2007)[33].

## 3. I.5: PRODUCTIVITY OF HOTELS:

**An attempt has been made by the researcher to outline in brief on productivity of hotels as follows.**

Arthur Ingram & Stefan Fraenkel (2006) explored managers' perceptions of labour productivity with a sample of deluxe hotels located in Switzerland. The researcher provided an understanding about the exploratory, qualitative fieldwork of managers' perceptions of labor productivity. It was found that managers perceived productivity as a vague concept (Arthur Ingram, & Stefan Fraenkel, 2006)[34].

Hasan Kilic, Fevzi Okumus (2005)[35] had undertook empirical investigation concerning factors influencing productivity in hotels in Northern Cyprus. It was found that staff recruitment, staff training, meeting guest expectations, and service quality were the main productivity factors in hotels, while technology, marketing, and forecasting were ranked relatively low. It also revealed that hotel managers had a narrower view of productivity and followed a more input-oriented approach to managing productivity. It calls for an increased emphasis on training of middle and senior managers (Hasan Kilic, Fevzi Okumus, 2005)[35].

Baker and Riley (1994) had reviewed the findings of National Economic Development Office Report, to suggest that management should be able to forecast demand and assess actual performance for increasing and improving productivity (Baker and Riley, 1994)[36].

Christine A. Witt and Stephen F. Witt (1989) had evaluated the productivity of the hotel sector in the hospitality industry to argue that increase in productivity permit improvements in the standard of living having a favourable impact on the Balance of Payments (Christine A. Witt and Stephen F. Witt, 1989)[37].

## 3. I.6: EMPLOYEES IN HOTELS:

**An attempt has been made by the researcher to outline in brief review on employee in hotels as follows.**

Ruth Taylor and Doug Davies (2004)[38] had recognized that working staff training and compensation in an organization provide an exclusive and differentiating standard of service in industry, which results to the increase in profits to service providers. The research study examined the strategies to train staff. The degree and role of training and compensation was studied in autonomous lodging providers, and then compared to the big providers. The research study revealed that quantitative results were approved with qualitative research conducted with the help of interviews with Human Resource (HR) managers selected from various international hotels from Perth and Singapore. It was found that the mixed technique of analysis method was used to find the degree of affiliation between local lodging providers and international chains. The Human Resource (HR) practices in the Singapore industry were observed as being very old-fashioned in both the multi-chain hotels, which were unable to compete with new practices and technology, and concentrating on administrative rather than planned goals (Ruth Taylor and Doug Davies, 2004)[38].

Enrique Claver, et al (2008) had analyzed that how Total Quality Management (TQM) is associated with factors like viz., training, Information and Communication Technologies and Information Systems (ICT/IS), and Environmental Management and to verify whether more TQM committed hotels achieved higher performance. It was noted that managerial factors were significantly further developed in hotels with a stronger TQM commitment, which also had higher performances. TQM did not seem to influence all the performance variables measured.

The link between TQM and managerial factors, along with the relationship between TQM and performance, has been expanded in the literature on TQM in the hotel industry (Enrique Claver, et al, 2008)[39].

Tom Baum, (1991) had explored one aspect of cultural variation within the international hospitality industry that the perceptions that senior managers had and expected of junior recruits to executive posts within their hotels.

It was a time when the industry itself was becoming increasingly international in its perspectives, through multinational and transnational ownership combined with the effects of the mobility of both guest and employee on expectations and standards. It was found that the expectations that senior managers within larger corporately-oriented hotels hold of their management trainee recruits in terms of a battery of key competences was presented. The study revealed that a detailed comparison of the responses of American and British Managers that was undertaken and tentative conclusions were drawn which explored the cultural variation and its implications for employment within the respective hotel industries. It was found that the study reflected on the perceptions' of hoteliers in two countries as one of the major limitations, and there exists a need to extend this or an equivalent analysis within a larger international context, and to include it in a wider range of hotel industries worldwide to undertake parallel studies in complementary service sectors as well as to consider industry perceptions and priorities alongside those of educators and trainers (Tom Baum, 1991)[40].

Mario Castellanos-Verdugo & Nadine Veerapermal (2009) had provided wide assortment of procedures to hotel managers for building and sustaining quality relationships between employees and customers respectively (Mario Castellanos-Verdugo & Nadine Veerapermal, 2009)[41].

Ronan Carbery et al. (2003) had provided a model to envisage the turnover perceptions of hotel managers identifying several dimensions such as viz., by perceived psychological contract breach and felt violation; organizational commitment; career expectations; perceived managerial competencies; job satisfaction, career identity and career satisfaction; demographic and human capital characteristics; and organizational characteristics respectively (Ronan Carbery et al., 2003)[42].

### 3. I.7: PRICING IN THE HOTELS:

**An attempt has been made by the researcher to outline brief on pricing in the hotels as follows.**

Sunmee Choi and Anna S. Mattila, (2005)[43] had argued that customers' perceptions of fairness towards hotels can be improved by providing information on a hotel's pricing practices to them. Based on survey of 120 travelers, it was found that giving complete information about hotel's Revenue Management (RM) policies increases guests' perception on fairness on the hotel's rates resultant into their improved and favourable perceptions. The study had revealed significantly relationship concerning customers' perception towards a hotel's fair RM and or pricing practices (Sunmee Choi and Anna S. Mattila, 2005)[43].

Rama Yelkur, Eau Claire, Maria Manuela, (2001) had argued that hotels could be segmented on basis of those customers' who are online in order to differentiate between their target markets. They had attempted to study differential pricing in Business-to-Consumer Electronic Commerce in particular differential pricing for hotel services sold on the Internet which revealed that such segmenting should be done immediately after the customer accesses the hotel's Website to better identify such customer segments instantly (Rama Yelkur, Eau Claire, Maria Manuela, 2001)[44].

### 3. I.8: ACCOUNTING, RENOVATION, RESERVATION ASPECTS OF HOTELS:

**An attempt has been made by the researcher to carry out a brief review on accounting, renovation and reservation aspects of hotels as follows.**

Odysseas Pavlatos and Ioannis Paggios, (2009) had examined the adoption level and the profits obtained from old & new management accounting practices in the Greek hospitality industry. Overall, old management accounting techniques such as viz.,budgeting practices, profitability measures, product profitability analysis, customer profitability analysis, absorption costing, and nonfinancial measures for evaluation of performance were found to be broadly adopted than newly developed tools. Still it was concluded that old management accounting is very much alive.

Many hotels were having emphasis on activity based costing techniques viz., activity based costing, activity based budgeting, and activity based management as well as balanced scorecard and benchmarking. It also provided a unique detailed examination of the management accounting practices, and an indication of future trends (Odysseas Pavlatos and Ioannis Paggios, 2009)[45].

Wilco Chan and Kevin Wong (2007) had attempted to enhance the level, scope, and detail of management information under the current accounting format in hotels in China.

It also provided informative details on the existing financial performance reporting in Mainland hotels from a managerial perspective, and pointed out boundaries of adopting the Uniform System of Accounts for the Lodging Industry in China (Wilco Chan and Kevin Wong, 2007)[46].

Ahmed Hassanien (2006) had used renovation of the hotel as a product development tool in the hospitality industry that had indicated that renovation was used as an active property management tool by Egyptian five star hotels rather than proactive property management tool.

Those hotels having clear renovation strategies serves as a good relationship between the managing and owning companies, sufficient funds, and greater customer involvement respectively (Ahmed Hassanien, 2006)[47].

Ahmed Hassanien (2007) undertook an empirical investigation for developing an insight into the practice and perception of architects, interior designers and building contractors who made the external parties involved in the hotel renovation process. It was identified that lack of money and limits by owners was perceived by external companies to be the main obstacles to renovation in all hotel categories (Ahmed Hassanien, 2007)[48].

Lisa Pfueller Davidson (2005) had attempted to study traditionally Business-oriented Structures by the 1920s commercial hotels evolved to accommodate a new assortment of guests and this was taken care by renovation. Far from being a smooth and automated process implied by the phrase service machine, complicated and sometimes contradictory socioeconomic forces reshaped the hotel building type during the early era of modern mass consumption. Salesmen and conventioneers travel mainly for business and auto tourists, and unescorted women traveling mainly for leisure needed a new, multi-functional type of commercial hotel. As these guests used the hotel and made new demands, hotel designers and management tried to anticipate and responded to the desires of a changing market by combining the basic hotel features of a lobby, dining room, and bed- rooms with a variety of new services and spaces and considerably renovation was made.( Lisa Pfueller Davidson,2005)[49].

Johye Hwang, Li Wen (2009) had examined the effect of hotel over booking and payment practices on perceptions of customers' on fairness and loyalty. The study revealed that customers who had perceived a hotel's over booking and compensation practices to be unfair were found as less likely to be loyal to the hotel in the future. Women in higher proportion were found who perceived the practice of hotel overbooking as unfair as men (Johye Hwang, Li Wen, 2009)[50].

Gabriel R. Bitra, Stephen m. Gilbert, (1996)[51] had presented a realistic model for the hotel reservation problem. The model in the study did not assume that all customers arrive simultaneously on the targeted booking date. The authors had explained why this assumption may not be appropriate for the hotel industry and developed a model of reservation booking which explicitly included the room allocation decisions which were made on the targeted booking date. The analysis gave an insight of how the problem was solved in practice as well as the, researcher developed a simple heuristic procedures for accepting reservations. The results demonstrated that heuristics model perform well relative to an upper bound that was based on perfect information about reservations requests and customer arrivals (Gabriel r. Bitra, Stephen m. Gilbert, 996).

**3. I.9: IT, BRAND, YIELD MANAGEMENT IN HOTEL INDUSTRY:**
**An attempt has been made by the researcher to review on IT, Brand, and Yield Management in hotel industry as follows.**

Carey K.L. Goh, Rob Law (2007) had attempted to pinpoint prevailing practices of security and privacy in the hospitality industry for developing a new scientific theory. It had provided insights to hotel operators on possible future applications, and how it could help lessen the limitations concerning to the continuing security and privacy measures (Carey K.L. Goh, Rob Law, 2007)[52].

David C. Gilbert, Jan Powell-Perry and Sianandar Widijoso (1999) argued that hotels required a basis that can fill the gap between simply connecting to the web and relating its power for competitive advantage (David C. Gilbert, Jan Powell-Perry and Sianandar Widijoso, 1999)[53].

Ersem Karadag, et al (2009) had examined and compared the most utilized Information Technology (IT) Investment Decision Methods between hotels with Centrally Managed IT, and hotels with Locally Managed IT. It was found that the hotels with Centrally Managed IT tend to use more financial and non-financial evaluation methods since all investments are expected to show a positive return on investment (Ersem Karadag, et al, 2009)[54].

Rob Law, et al (2007) had examined room rates in hotels at Hong Kong. They compared and contrasted room rates available to customers. It was found that rates were lowest on the web sites of local travel agents and local reservation agents, and indirect distribution channels offered lower room rates than direct distribution channels. It also provided visions for hoteliers to refine their online room rate strategy (Rob Law, et al., 2007)[55].

Swati Dabas and Kamal Manaktola (2007) measured current room inventory distribution strategies of middle-segment hotels of India to suggest that managers lack sufficient knowledge about electronic distribution (Swati Dabas and Kamal Manaktola, 2007)[56].

Sunil Sahadev and Nazrul Islam (2005) had examined ICT adoption tendency of 95 hotels at seven locations in Thailand to brought out those factors that had influenced a hotel's predisposition for adopt ICTs adoption, and finally classified it as location-related and firm-related factors concerning adoption of ICT-based facilities by hotels (Sunil Sahadev and Nazrul Islam, 2005)[57].

Ram Herstein and Yoram Mitki (2008) had found that many hotel management firms had changed its corporate identities that were based primarily on one of the three approaches such as viz., Monolithic, Endorsed and Branded. It had aimed at offering an understanding about the course of designing a corporate identity for a hotel chain management firm based on the transition from a branded corporate identity to an endorsement corporate identity. It revealed that differences between the various strategies adopted by the company during its identity change from one extreme approach to another had added a new element to the process of creating and assimilating corporate image in the hotel (Ram Herstein and Yoram Mitki, 2008)[58].

Krishnan and Hartline (2001) had argued that a basic understanding of the nature of brand equity for services has yet to emerge, and most of the known brand equity for services is either based on theoretical or anecdotal evidences (Krishnan and Hartline, 2001)[59]. Simoes and Dibb (2001) had argued that branding plays a distinct role in service companies because strong brands increases customers' trust of the invisible, enabling them to better visualize and understand the intangible and reduces customers' perceived financial, social or safety risk respectively (Simoes and Dibb,2001)[60].

Blank son and Kalafatis (1999)[61] had suggested that service brands and service characteristics are dissimilar to physical goods. It depends on employees' actions and attitudes. Services are found to be conceptually different from products and possesses distinctive features such as viz intangibility, inseparability and simultaneous production as well as consumption, heterogeneity in terms of quality and perishability respectively that are similar in case of hotel services..

Berry (2000)[62]; Bhardwaj et al., (1993)[63] had argued that, If marketers could design and offer a robust brand, it could better handle some of the problems concerning customer's tangible characteristics of an actual product and services of the hotel. Strong brands can help customers to better visualize and understand tangibility of the products and services respectively. Brand can lessen the customer's perceived risk, monetary risk as well as social and safety risk in availing services to improve their cognitive processing abilities.

Prasad and Dev (2000) had designed a Brand Equity Index (BEI) for hotels using customers' rating pertaining to brand indicators, brand performance, and brand awareness considering the fact that the hotel's brand equity can be expressed in terms of favourable or unfavourable attitudes and perceptions formed by the customers which also influences their decision on selection of a given hotel. They have based on customer's rating of the brand by means of indicators, A strong favourable perception and attitude towards the hotel brand shall necessarily reflect strong brand equity (Prasad and Dev, 2000)[64].

According to Bailey and Ball (2006)[65], hotel brand equity is the value that customers and hotel property owners relates with a given hotel brand that influences hotel guests' behaviour.

Kim and Kim (2005) had empirically investigated examined the customer based brand equity, and its effects on performance with regard to luxury hotels and chain restaurants considering four criteria such as viz., brand loyalty, brand awareness, perceived quality and brand image respectively. It revealed that strong brand equity increases profitability but weak brand equity can adversely influence cash outflows of a given hotel (Kim and Kim, 2005)[66].

Ruçhan Kayaman and Huseyin Arasli (2007) were desirous of conceptualizing and improving customer-based hotel brand equity for which they had had concentrated on the inter-relations among the four constituents of brand equity such as viz., brand awareness, brand loyalty, perceived quality, and brand image in hotel industry. Their study revealed hotel managers and executives should put efforts to influence brand equity (Ruçhan Kayaman and Huseyin Arasli, 2007)[67].

Kevin Kam Fung So and Ceridwyn King (2010) had conducted the study to provide hotel brand managers with a robust measure to evaluate brand equity as an outcome of brand strategies as well as to gain insight into what contributes to hotel brand equity. It was found that for experienced hotel customers, service experience was most influential in determining brand meaning that is the customer's dominant perceptions and impression of the brand.

The brand meaning served as the primary contributor to brand equity. The effect of brand awareness on brand equity was not found to be insignificant. It also provided with a robust service brand measure to assess brand equity as an outcome of brand strategies (Kevin Kam Fung So and Ceridwyn King, 2010)[68].

Sonja Holverson, & Fre´de´ric Revaz (2006) had examined the success of branding through franchising and hotel membership associations in Europe where the chain penetration rate was moderately low. The study revealed that affiliations through branding had been a successful strategy in North America for decades. It was found that hoteliers had perceived that they had improved their overall market position without sacrificing a large part of their uniqueness, independence and management control. Some of the hoteliers were not satisfied with their brand selection, and it was concluded that their success shall be highly depending on careful selection of the right branding tool for each situation. They had identified the main problems for hoteliers while selecting a brand association as well as the key components for the branding companies to include in their offers (Sonja Holverson, & Frederic Revaz, 2006)[69].

S. E. Kimes, (1999) had offered an understanding that Yield Management helps hotels to more profitably manage the capacity of their rooms based on forecast data that was taken from around 90 hotels of a large North-American hotel chain to determine the accuracy and also for identifying factors associated with accurate forecasts. It had considered the group forecast from the two types of business such as viz., transient and group. It revealed a positive bias and had shown a Mean Absolute Percentage Error (MAPE) of 40 percent at two months before arrival; 30 percent at one month before arrival, and 10 to15 percent on the day of arrival. It also reported that  superior hotels with advanced dependence on business in group, and hotels that updated its  forecasts commonly during the month before arrival had relatively more accurate forecasts (S. E. Kimes, 1999)[70].

P. Jones, (1999) undertook a study to develop a Yield Management System (YMS) in the hotel industry that was sub-divided into two main groups. First, those that relate to the planning, design and configuration of hotel YMS, and second, the right thing to do and those relating to implementation issues doing things right.  The YMS is usually get networked with Global Distribution Systems, Property Management Systems and Front Office Systems. It was found that little operational research or systems analysis was undertaken in the hotel sector.

In hospitality research journals, yield management was found as  the most researched aspect of hotel operations, but such research was  largely conceptual with limited examples of empirical or systems analysis. It was suggested that some YMS issues can differ widely in its design (P. Jones, 1999)[71].

Gabriel R. Bitran and Susana V. Mondschein (1995) had provided an optimal strategy for renting hotel rooms when there was a stochastic and dynamic arrival of customers from different market segments. The researchers had focused on the problem as a Stochastic and Dynamic Programming Model and characterize the optimal policies as functions of the capacity considering the time left till the end of the planning horizon. The researcher had considered the three features that have enriched the problem and no assumptions concerning the particular order between the arrivals of different classes of customers were made. Therefore, heuristics based on the properties of the optimal solutions were developed to find good solutions for the general problem (Gabriel R. Bitran and Susana V. Mondschein, 1995)[72].

Paul Ingram and Peter W. Roberts, (2000) had decided to examine the performance implications of the friendship-network structure within the Sydney hotel industry considering that with performance being the yield that is revenue per available room of a given hotel can improve the performance of organizations through the mechanisms of enhanced collaboration, mitigated competition, and better information exchange. It also emphasized that friendship with competitors can lead to intense improvements in hotel yields (Paul Ingram and Peter W. Roberts, 2000)[73].

## PART-II: RELEVANT REVIEW OF LITERATURE:

### 3. II: 0: RELEVANT REVIEW OF LITERATURE:

The researcher has made an attempt to review few research studies that have been undertaken by various researchers on marketing of services, service quality, and customers' satisfaction summarized in brief as follows:

### 3. II: 1: MARKETING OF SERVICES:

One can describe a service as any act or performance that can be offered by one party to another. It is essentially an intangible one, and shall not result in the transfer of title and or ownership of anything. Marketing is the foundation of business operations for Businesses and Non-profit Organizations. Understanding the various marketing services and their functions helps the profit or non-profits organizations to reach its goals. Marketing is the process of persuading potential customers' to buy the organization's product or service (www.paisacontrol.com)[8].

Marketing can be described as the set of activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings having value for customers, clients, partners, and society respectively (www.wikipedia.org)[9].Marketing of services are the methods used in the overall marketing plan of production, pricing, promotion and distribution. The main marketing services consist of market research, advertising, promotion and public relations (Ibid).

Jane Moriarty and Rosalind Jones, Jennifer Rowley, Beata Kupiec-Teahan (2008)[74] had applied a deductive-inductive approach based on interviews with 15 small hotel owner-managers supported by website analysis, and three in-depth case study interviews to understand marketing activities of small hotels in North Wales.

It suggested that an additional category would be useful in describing marketing activities (Jane Moriarty and Rosalind Jones, Jennifer Rowley, Beata Kupiec-Teahan, 2008). Cizmar and Weber (2000) had evaluated impact of marketing on business performance, and the contribution of relationship marketing strategies to marketing in hotels. It was found that marketing orientation or marketing effectiveness impacts business performance of hotels (Cizmar and Weber, 2000) [75]; Nichols and Roslow, (1999)[76]; Sin et al., (2005)[77]. Others had examined effect of relationship marketing on satisfying customers' demands considering the necessity for retention marketing (Shoemaker and Lewis, 1999)[78], and the importance of being able to measure and manage the antecedents and consequences of relationship quality (Kim and Cha, 2002)[79].

One can also find challenges being driven by issues pertaining to Customer Relationship Management [CRM] practices especially in case of small independent hotels. Imrie and Fyall (2000)[80] had argued that small hotels lacks in having sophisticated CRM systems supported with presence of strong branding and loyalty schemes, and therefore many times repurchase behaviour might not take place in case of small hotels. Small hotels therefore should pay due attention to customer acquisition and customer retention (Ibid).

Stokes and Lomax (2002)[81] had highlighted the prominence of management of WOM recommendations for customer acquisition. It should not be kept limited to face-to-face communication. It should also include informal communications directed at other consumers concerning to the ownership, usage, or characteristics of specific goods, services (Westbrook, 1987)[82]. WOM carries a substantial influence on customer purchase decision choice and buying behaviour respectively (Hennig-Thurau et al., 2004)[83], The influence of WOM could be relatively greater compared to other marketing methods such as viz., Individual Selling, Printed Advertisements, and Radio (Goldsmith and Horowitz, 2006)[84] which too can be useful in implementation of the marketing strategy implemented as consequence by companies (Ibid).

The rise of Information Technology and the online Social Network Websites has also led to a brand-new information communication method. It had transcended the traditional limitations of WOM (Laroche et al., 2005)[85], Customers increasingly gather vast information about hotels using Internet, They can browse other customers' remarks posted on webpage which can provide them an opportunity to take other consumers' advice as reference online information using Internet or checking WOM of a specific hotel.

Online WOM also known as Electronic Word-of-Mouth is related to any positive or negative statement made by potential, actual, or former customers about a product or company that is made available to a mass of people and institutions via Internet" (Hennig-Thurau et al., 2004)[83]. Online WOM might have higher credibility, empathy, and relevance to customers than marketer-created commercial sources of information on the Internet (Bickart and Schindler, 2001)[86] that influences perceived value for a company's products, and his or her loyalty intentions (Gruen, et al., 2006)[87].

The hotel industry which offers intangible services finds it difficult to evaluate the consumption behaviour of hotel guests showing it as a high-risk process. One also cannot undermine emotional risk of reference group evaluation in a customer's decision-making process. The hotel industry is truly competitive and therefore calls for making use of online interpersonal influence to help early adopters to gain advantages in their marketing competition. Besides, the hotel industry lags behind in the development of strategies for managing interpersonal influence in an electronic environment (S.W. Litvin et al., 2008)[88].

Oh and Parks, (1997)[89] had emphasized that service marketing need to be considered as the responsibility of everyone in an organization, and marketing should be encompassed as a corporate philosophy. The hospitality organizations therefore need to redefine its ways of marketing products to better meet the needs of a hotel industry (Oh and Parks, 1997).

Rajshekhar (Raj) G. Javalgi, Charles L. Martin, Robert B. Young (2006)[90] had advocated for the need to understand customers in faraway places. Marketing research was found to be key mechanism through which service companies can recognize its present as well as possible customers (Rajshekhar G. Javalgi, Charles L. Martin, Robert B. Young, 2006).

Barbara B. Stern (1997)[91] had suggested an intimacy theory which was considered as the basis of services relationships communicated by advertising. The researcher had provided an understanding that intimacy theory was more in a generalized form across services marketing situations than either exchange or seduction theory.  It offered that future research is required on intimacy skills and individual differences in intimacy needs (Barbara B. Stern, 1997).

Simon Crawford-Welch (1991)[92] had conducted a research study in the area of conventional marketing in hospitality industry in the 21st Century that is likely to witness four phenomena occurring in the area of distribution channels. First, there would be a growing emphasis on horizontal economic concentration. It means that the control of an increasingly large percentage of industry room capacity would be controlled by an increasingly small number of hotel operators.

Second, there would be increasing amounts of vertical economic integration. It refers to the fact that many previously unconnected entities such as hotels and travel agents, or hotels and airlines, were joining forces to reap the benefits of large-scale, fully integrated, synergistic systems. Third, there would be increasing competition among the separate vertical marketing systems. Finally, there would be some cause for concern, owners and operators in the hospitality industry would relinquish ever-increasing amounts of their total capacity to outside organizations such as representative firms.

It was concluded that hospitality organizations would have less and less control over the markets they attract and the mix of those markets (Simon Crawford-Welch, 1991).

David Gilbert, Jenny Tsao (2000)[93] had argued that marketing need to be recognized as an economic activity involving the exchange of goods and services, and socio-cultural influences directly affects buying behaviour. The cultural aspect of marketing has been found as a weak and subsidiary element in the theoretical realm of hospitality management (David Gilbert, Jenny Tsao, 2000).

## 3. II.2: SERVICE QUALITY:

The term service quality is a focused evaluation that reflects the customer's perception of explicit dimensions of services such as viz., reliability, responsiveness, assurance, empathy and tangibles respectively. Satisfaction is more inclusive and is influenced by customers' perceptions of service quality, product quality, and price as well as situational factors and personal factors respectively (www.bussiness.blogspot)[10.] Although, it has been argued that service quality is the great differentiator among service providers (Parasuraman et al., (1985)[3]; Kandampully et al., (2002)[94], there has been no agreed definition of service quality. Gronroos (1984)[95] has offered division of three components of service quality viz., technical, functional, and image respectively.

Juran (1988)[96] had stated that the quality of a product or service is determined by its fitness for use by external and internal customers. The service quality literature published in the 1970s and 1980s have offered four key attributes of the service quality such as viz., intangibility, heterogeneity, perishability and inseparability respectively. Intangibility is an attribute without tangible quality. It implies that customers' can neither evaluate nor store a service prior to, during and after consumption (Zeithaml, (1981)[97]; Shostack, 1984)[98]. The heterogeneity refers to the potential variability in the actual performance of services. According to Booms and Bitner (1981)[99], perishability concerns with those services that cannot be saved and stored for future use. Inseparability of producer and consumer reveals that at the time when services are offered to customers, both production and consumption occurs simultaneously.

The service quality is dependent on customers' needs and expectations, and whether the level of service met those needs and expectations or not? The service quality reveals a gap between customers' expectations and the performance actually received by them (Parasuraman et al., 1985)[03]. Asher (1996)[100] had suggested that service transactions are subjectively judged, and that service quality depends on the degree to which a customer's perceived expectations have been met or not? The customers' satisfaction depends on diverse factors such as viz., the quality of tangible facilities; the responsiveness and empathy of staff to customer needs and requests; the consistency of service quality; the accuracy of information provided; and the location of the hotel respectively. Smaller gap between expectations and perceptions could lead to the service being perceived as of a higher quality resultant into delivery of higher customer satisfaction.

According to Fisk, et al., (1993)[101] service quality is one of the most researched area of services marketing. It has been investigated in an extensive series of focus group interviews conducted by Parasuraman, et al. (1985)[03] who had concluded that service quality is the comparison between what the customer felt, and should be offered, and what was provided. Other marketing researchers' viz., Gronroos, (1982)[102 too] had supported the belief that service quality is the discrepancy between customers' perceptions and expectations.

Zeithaml (1990)[103] had evaluated the service quality in a group of hotel in UK hotel based on six different locations considering five dimensions such as viz., tangibles, equipment, appearance of personnel; reliability , responsiveness, and assurance respectively. Assurance is concerning to the knowledge and courtesy of employees, and their ability to convey trust and confidence, and empathy refers to caring, individualized attention provided to customers (Zeithaml, 1990).

Rayka Presbury, Anneke Fitzgerald and Ross Chapman (2005)[10] had identified the key factors using the Progressive Comparative Analysis technique of data analysis that obstruct service quality delivery in the context of luxury hotels (04 and 05 Star-Categories) in Sydney, Australia. Those impediments were classified in four broad areas such as viz., Budget constraints, Staff attitude, Lack of mentoring, and high customer expectations respectively. It suggested that leaders in Sydney luxury hotels were expected to take responsibility for overcoming the impediments to service quality that is viz., budgetary constraints, inappropriate staff attitudes, lack of mentoring, and the high expectations of guests (Rayka Presbury, Anneke Fitzgerald and Ross Chapman, 2005).

Jiju Antony, Frenie Jiju Antony and Sid Ghosh (2004)[104] had found that service quality has been growing as key concern amongst service firms in the UK. It emphasized that service firms should pay more attention to the needs and expectations of the customers by constantly improving the quality of services offered to their customers. The researchers had found significant variations for service quality between the six hotels (Jiju Antony, Frenie Jiju Antony and Sid Ghosh, 2004).

Dong Kyoon Yoo Jeong Ah Park (2007)[105] had examined how firms enhanced their service quality to increase customers' satisfaction, and thus financial performance. The researchers had considered four factors such as viz., Employees, Perceived Service Quality, Customers, and Financial Performance to judge the success of service firm .The study had revealed that a shared understanding among employees played a critical role in enhancing perceived service quality. In addition, customers' satisfaction mediated between perceived service quality and financial performance. It was suggested that service firms should understand how important elements that is viz., employees, customers, perceived service quality, and financial performance are to interact and how it influences the overall performance (Dong Kyoon Yoo Jeong Ah Park, 2007).

G. Maxwell, M. McDougall and S. Blair (2000)[106] had explored the thought of managing diversity in relation to quality of service, a critical goal and priority for all hospitality organizations. The researchers had examined the practicalities and potentialities of managing diversity. The case study had analyzed UK hotel chain which showed that in the hotel sector, approaches to managing diversity were well developed, and closely linked to enhanced service quality. The researchers had suggested that managing diversity approach was essentially a function, and the need for hotel organizations to remain competitive through service quality in the face of changing labour and customer markets so that aspects of employees were considered (G. Maxwell, M. McDougall and S. Blair, 2000).

It was revealed that service quality is the most important element which is used to respond to the increased competitiveness, and was found positively linked between the customers' ideal preferences, and the characteristics of the service being offered (Santos, 2002)[107]. It was found that the research on employee-customer relationship quality in the hospitality industry was scarce, and not only in the hotel industry but also in other sectors viz., Banking (Ndubisi, 2006)[108], Parcel Delivery Services (Palaima and Aurus keviciene, (2007)[109], Consumer Services (Wong and Sohal, 2006)[110], Business-to-Business (Rauyruen and Miller, 2007)[111], and even charitable organizations.

Michael D. Hartline and O. C. Ferrell (1996)[112] had had attempted to examine the constructs across three interfaces of the service delivery process viz., Manager-Employee, Employee-Role, and Employee-Customer respectively. They had scrutinized the attitudinal and behavioural responses of customer-contact employees that can influence customers' perceptions of service quality, the relationships among these responses, and three formal managerial control mechanisms such as viz., Empowerment, Behavior-based Employee Evaluation, and Management Commitment to Service Quality. It was found that that managers who were committed to service quality were more likely to empower their employees and use behaviour-based evaluation. Managers need to increase employees' self-efficacy and job satisfaction for improving customers' perceptions of service quality (Michael D. Hartline and O. C. Ferrell, 1996).

The attitudinal and behavioural responses of customer-contact employees were found to be important because of the interactive nature of service delivery that is how the service has been delivered (Gronroos, 1983)[113].

Vincent P. Magnini and John B. (2004) had revealed that in the hotel industry, exceptional service failure recovery was a key determinant of customer satisfaction and loyalty. Western-based hotel corporations should adapt their failure recovery training programs for their properties in China. Adjustments were found to be made because of differences in cognitive processing (Vincent P. Magnini and John B, 2004)[114].

Recovery effort is found to be a major determinant of satisfaction and loyalty; even across cultures. The excellent recovery required employees to decode emotional cues and to be empowered to offer a customized recovery effort. These skills should be taught through service training.

Teaching skills to Chinese hotel associates was different than teaching skills to associates in many other countries. Cultural nuances in China required recovery training be more extensive, exhaustive, and from a basic starting point. It was suggested that hotel corporations should adapt training programs considering to the need of the hotel (Ibid).

Liana Victorino and Rohit Verma, Gerhard Plaschka, Chekitan Dev (2005)[115] undertook the study on the influence of innovation in service on customers' choices within the hotel as well as leisure industry. The researchers had attempted to discuss the influence of the creation of new services on service development as well as operational strategy. Their analysis was based on a National Survey of approximately 1,000 travelers in the United States, which was done using a web-based data acquisition approach was carried out for it. The travelers were segmented by reason of travel (Business or leisure), and analysis of choice which was applied to model customer preferences for various hotel service innovations. It was found that innovation in service does matter when guests select hotels for the type of lodging.

The service innovation was found to have a larger influence on choices when guests stayed at economy hotels rather than mid-range to up-scale hotels.

Travelers who are moving for leisure were found more influenced by innovative amenities such as programs for childcare and in-room kitchenettes than business travelers. The researchers had suggested that it is important to understand the choice of customers' which allow managers to better design their service offerings and help in formulating operational strategies around customer needs (Liana Victorino and Rohit Verma, Gerhard Plaschka, Chekitan Dev, 2005).

Leyland F. Pitt, Richard T. Watson, C. Bruce Kavan (1995) found that SERVQUAL is an appropriate instrument for researchers seeking a measure of service quality (Leyland F. Pitt, Richard T. Watson, C. Bruce Kavan, 1995)[116].

Dawn Iacobucci, Amy Ostrom, Kent Grayson (1995) had provided an understanding whether or not quality and satisfaction have distinct antecedent causes, consequential effects, or both that is whether or not they should be considered a single construct, or distinct, separable constructs. They had taken a broader perspective of research which was carried out to focus on consumers' understanding and use of the words quality and satisfaction in both studies. The respondents were asked to report whether or not they think quality and satisfaction differs, and if so, on what dimensions or under what circumstances? It was found that two studies offered fairly or not robust consumer definitions of quality and satisfaction (Dawn Iacobucci, Amy Ostrom, Kent Grayson, 1995)[117].

Halil Nadiri, Kashif Hussain (2005) had suggested that measuring service quality is important phenomena to the providers of hotel services. Their study provided an understanding by assessing the reliability and validity of the perceived service quality measurement scale. Their results indicated that the nature of perceived service quality measurement instrument was found in two dimension tangibles and intangibles for North Cyprus hotel services.

The study had revealed that tangibles and intangibles exerted a significant positive effect on customer satisfaction, and European customers who visited North Cyprus demanded improved service quality (Halil Nadiri, Kashif Hussain, 2005)[118].

Jochen Wirtz, Doreen Kum, Khai Sheang Lee (2000) had examined whether service guarantee had an impact on customers' perceptions of service quality, risk and purchase intent or not? A Before-After Experimental Design was carried out in the hotel industry which was employed to explore the impact of a service guarantee for an outstanding versus a good service provider. It was found that the provision of a guarantee marginally improved expected quality, reduced perceived risk, and had no effect on purchase intent. The study had also concluded that the impact of good quality provider were all positive and strong, and apart from the impact on perceived risk, the effects were significantly stronger than those for the outstanding quality provider (Jochen Wirtz, Doreen Kum, Khai Sheang Lee,2000)[119].

Blake Ives and Richard O. Mason (1990) had conducted research study on conceptual tools that helped in discovering ways that Information Technology (IT) can be used to personalize both products and customer service. A customer service life cycle was presented which assisted in using IT to revitalize customer service at various stages. It was found that IT might be used to fundamentally transform it in the future. To illustrate, IT would permit a firm to move from delivering from stock to making to order, or from selling to renting respectively (Blake Ives and Richard O. Mason, 1990)[120].

Praveen R. Nayyar (1992) had found that a focus on selected customer segments was associated with higher performance. But, a focus on either internal capabilities or geographic reasons were found to be associated with lower performance (Praveen R. Nayyar, 1992)[121].

Susan M. Keaveney (1995) had examined customer switching behaviour, and its impact on market share and profitability of service firms. Customers' reasons for switching services were classified into eight general categories such as viz., pricing, inconvenience, core service failures, service encounter failures, response to service failure, competition, ethical problem, and involuntary switching respectively (Susan M. Keaveney, 1995)[122].

Riadh Ladhari (2009) had developed and tested a theoretical model of the relationships among the service quality constructs, emotional satisfaction, and behavioural intention in the hospitality industry. The study revealed that emotional satisfaction facilitated the effect of quality of service on behavioural intentions. It was found that the quality of service exerts direct as well as indirect effects through emotional satisfaction on behavioural intentions. The research study provided treasured insights into the role of emotional satisfaction in the hotel service experience. An emotional satisfaction was found to be more significant contributor to the forecast of behavioural intentions such as loyalty, word of mouth, and willingness to pay more respectively (Riadh Ladhari, 2009)[123].

Rooma, Roshnee, Ramsaran-Fowdar (2007)[124] had revealed that customer satisfaction was a primary goal for any service firm that had survived in highly competitive market. The researchers had revealed that by keeping tourists satisfied and delighted was more important for the Mauritian tourism industry in a situation of fierce competition abroad. The study investigated whether SERVQUAL dimensions were pertinent to the hotel industry. It was found by the researcher that developing a measure of hotel service quality was an important precursor to attracting and retaining tourists and ensuring the survival of hotels.

## 3. II.3: SERVICE ENCOUNTERS:

**An attempt has been made to outline in brief on service encounters as follows.**

Mary Jo Bitner, Bernard H. Booms, Mary Stanfield Tetreault (1990) had examined service considering view point of customer using the critical incident method in case of 700 incidents that were collected from customers of airlines, hotels, and restaurants. It was found that often a customer's need is for knowledge, and frequently information alone creates satisfaction or mitigates dissatisfaction. The suggestion regarding standardized responses or actions can be used for some types of incidents was made, and in most cases the responses were required to be tailored as per particulars of the incident (Mary Jo Bitner, Bernard H. Booms, Mary Stanfield Tetreault ,1990)[125].

It was evident that symptom of decreasing quality for customer was termed as the service encounter, or the moment of interaction between the customer and the firm. It has been found that interaction was considered to be the service from the customer's point of view. The study revealed that front-line employees were not trained to understand customers and had lacked the liberty and discretion need to relate to customers in ways that shall ensure effective service.

It was found that employees were underpaid and undertrained resultant into low levels of motivation, job dissatisfaction, high turnover, and ultimately dissatisfied customers and ultimately poor customer employee encounter (Surprenant and Solomon, 1987)[126].

Amy K. Smith, Ruth N. Bolton, Janet Wagner(1999) had attempted to provide an understanding that customers often reacted strongly to service failures so it was found that an organization's recovery efforts was equally strong and effective. The study had revealed a model of customer satisfaction with service failure/recovery encounters based on an exchange framework that integrates concepts from both the customer satisfaction and social justice literature, and used the principles of resource exchange, mental accounting, and prospect theory. It was found that customers' preferred to receive recovery resources that matched the type of failure they experience in amounts that are commensurate with the magnitude of the failure that occurred (Amy K. Smith, Ruth N. Bolton, Janet Wagner, 1999)[127].

Barbara A. Gutek, Markus Groth, Bennett Cherry (2002) had focused on conceptual and a practical approach for understanding the interaction between the three entities in service deliveries viz., customer, provider, and organization that are inter-connected that is viz., through strong or loose links, and the strength of each bond has immediate implications in designing a service strategy.

According to the researchers the organizations treated link between a customer and service provider and customer and the service organization as same. It was concluded that by treating two links the same, organization delivered services in ways that was not as effective or desirable for customers as they could be, if organizations focused on the strengths of a service delivery mode based on developing strong links between the customer (C) and organization (O), that lead to enhanced encounters (Barbara A. Gutek, Markus Groth, Bennett Cherry, 2002)[128].

According to Laurel Scanlan and Janelle McPhail (2000), it was understood that a customer defection is indicative of failure of delivery of services by service organizations. Customer retention can be improved by improving interpersonal relationships among customers and service provider in a proactive way. It will be helpful also in building long-term service relationships between customers and service organizations. The study brought out five critical relational attributes that were selected, and tested in a high interpersonal service context. It was found that hotel guests perceived personalization, social bonding, reliability, and familiarization as the most influential in the relationship formation process. It was suggested that management should develop proactive relationship-building strategies to build customer loyalty and thereby one can reduce the need for the use of service recovery strategies (Laurel Scanlan and Janelle McPhail, 2000)[129].

Communication in the service encounter emerged as the key reason of customer dissatisfaction, complaint and switching behaviour (Keaveney, 1995)[130].

Customers are found as less satisfied after a process failure that reduces satisfaction, and the outcome is the failure when there is no room available because of excessive booking (Smith, Bolton, & Wagner, 1999)[131].

## 3. II.4: CUSTOMERS' SATISFACTION:

**An attempt has been made to outline in brief on customers' satisfaction as follows.**

Satisfaction has been defined as a person's feeling of pleasure or disappointment resulting from comparing a product's perceived performance or outcome in relation to his or her expectations. Whether the customer is satisfied after purchase or buying or not depends on the product's or service performance in relation to the buyer's expectations. It implies that satisfaction is a function of perceived performance and expectations. If the performance falls short of expectations, the customer is dissatisfied. If the performance matches the expectations, the customer is satisfied. If the performance exceeds the expectations, the customer is highly satisfied or delighted.

Those who are highly satisfied are less ready to switch. High satisfaction or delight creates an emotional bond with the brand or services, not just a rational preference (Philip Kotler, 2000)[132]. Satisfaction is the emotional state that occurs as a result of a customer's interactions with the firm over time (Anderson, Fornell, and Lehmann (1994) [133]; Crosby, Evans, and Cowles (1990)[134].

Churchill and Surprenant (1982)[135] saw it as a cognitive evaluative process, and Oliver (1981)[136] summed customer satisfaction as an emotional reaction following expectancy disconfirmation. It was found that service quality and customer satisfaction are vital in the assessment of service quality in organizations endeavoring for success in a competitive environment (Oliver, 1981).

Tse and Wilton (1988)[137] had revealed that response of the customer to the evaluation towards perceived inconsistency between previous expectations and the actual performance of the product (Tse and Wilton, 1988). Similarly, Anderson and Sullivan (1993)[138] had suggested that satisfaction can be broadly characterized as a post-purchase evaluation of product quality give pre-purchase expectations (Anderson and Sullivan, 1993). Roland T. Rust et al (1999) had contributed to the most common beliefs about customer-perceived quality which was found wrong. The researcher illustrated that it is not essential to exceed customer's expectations as rational customers may rationally choose an option with lower expected quality, even if all non- quality attributes are equal. Marketers should pay more attention to loyal, and experienced customers who can sometimes be counter-productive.  It was argued that such measurements should go beyond measurement of customers' expectations (Roland T. Rust, J. Jeffrey Inman, Jianmin Jia, Anthony Zahorik, 1999)[139].

According to various studies, the relationship age, product usage, variety seeking, switching costs, consumer knowledge, and socio demographics compromising of age, income and gender have restrained the link between satisfaction and customer loyalty (Homburg and Giering, 2001)[140].

Camille Robinson, Je'Anna Abbott and Stowe Shoemaker (2005) had suggested that brand equity and customer satisfaction relate to customer loyalty, and relationship marketing which gave an understanding which lessoned some of the challenges faced by quick-service restaurants. Customers' relationships with companies need to be treated in the same way as personal relationships (Camille Robinson, Je'Anna Abbott and Stowe Shoemaker, 2005)[141]. It was found that customers were satisfied with the experience, but they may not necessarily become loyal customers (Bowen and Shoemaker, 2003)[142]. Loyal customers may like to form a communal relationship with the company. However, customer satisfaction is a crucial factor for building and maintaining customer loyalty.

Shoemaker and Lewis (1999)[78] had advocated that a customer be satisfied but s/he may not be always loyal. Companies cannot acquire customer loyalty without customer satisfaction. Hausfater (2005)[143] had argued that if the dining experience is dissatisfying, no loyalty card program can lead to repeat buying behaviour.

Youjae and Suna (2004) had analyzed the differences in satisfaction between loyal and non-loyal customers, and found that non-loyal customers' satisfaction was mostly based on the current transaction, giving the satisfaction instability and fragility.

The satisfaction of loyal customers was not only related to the current transaction, but also on the accumulation of all of the customers' experiences with the company. It was concluded that satisfaction can lead to loyalty and loyalty can in turn keep satisfaction levels more stable (Youjae and Suna, 2004)[144].

Mario Rese (2003) had examined the extent to which customer satisfaction leads to customer retention, and subsequently to a positive effect on profits. The relationship between customer satisfaction and customer retention was analyzed from an economic perspective. It was discovered that apart from the speed of technological progress, the possibility of assessing product quality was a significant driver for customer satisfaction as a source of retention (Mario Rese, 2003)[145].

Eugene W. Anderson, Claes Fornell, Roland T. Rust (1997) provided an understanding on a prevalent belief that firms wanted to follow superiority in customer satisfaction as well as productivity. It was believed that two goals cannot be always compatible. If a firm wanted to improve its productivity by trimming, it would result into a rise in output in the short-term, but if customer satisfaction is highly dependent on the efforts of personnel, the success in future would be endangered. The studies that were carried out reveled two contradictory standpoints about the school of thought. Accordingly, customer satisfaction and productivity are compatible as improvements in customer satisfaction could decrease the time and effort devoted to handling returns, rework, warranties, and complaint management; it also reduces the cost of making future transactions. The researcher offered the results that customer satisfaction and productivity were less likely to be compatible when customer satisfaction is relatively more dependent on customization; it is the degree to which the firm's offering is customized to meet heterogeneous customers' needs as opposed to standardization .The degree to which the firm's offering has been found to be reliable, standardized, and free from deficiencies. When it is difficult or costly to provide high levels of both customization and standardization simultaneously (Eugene W. Anderson, Claes Fornell, Roland T. Rust, 1997)[146].

Kumar, manohar u. Kalwani, Maqbool dada (1997) had undertaken the study on customers who were found to be waiting during the process of acquiring and consuming many products and services. Those waiting experiences were found typically negative, and had an impact on customers' overall satisfaction with the product or service. It revealed for better managing those waiting experiences, many firms had instituted a variety of programs not only to reduce the actual duration of the wait but also to improve customers' perceptions of it. The researcher had also examined the impact of initiative viz., the institution of a waiting time guarantee on customers' waiting experiences. A waiting time guarantee is found to be a commitment from a firm to serve its customers within a specified period of time. It was found that a time guarantee, if met, increased satisfaction at the end of a wait and if violated, decreases satisfaction at the end of the wait (Kumar, Manohar U. Kalwani, Maqbool Dada, 1997)[147].

Ruth N. Bolton (1998) had developed and estimated a dynamic model for the duration of building customer relationship that focused on the role of customer satisfaction.

The study tried to offer model on the duration of the customer's relationship with an organization that delivered continuous services, such as utilities, financial services, and telecommunications. The duration of the provider customer relationship was postulated in the model to depend on the customer's subjective expected value of the relationship, which was updated according to an anchoring and adjustment process. The results indicated that customer satisfaction ratings prior to any decision, to cancel or stay loyal to the provider were positively related to the duration of the relationship. The strength of the relationship between duration times and satisfaction levels was found to depend on the length of customers' prior experience with the organization. Experienced customers are found to be less sensitive to losses as they weighed prior-satisfaction levels heavily. Service organizations need to be proactive, and it should learn from customers before they flaw by understanding their current satisfaction levels (Ruth N. Bolton, 1998)[148].

Wai-Ching Poon, Kevin Lock-Teng Low (2005) had examined the factors responsible for different satisfaction levels between the Asian and Western Travellers during their stay in Malaysian hotels. The significance of the tangible and intangible factors and the difference in the perception of Asian and Western guests' towards hotel attributes were focused in this study. The results showed a significant variation between their evaluations of hotel quality and satisfaction levels in Malaysian hotels were found higher among Western travellers than the Asian travelers, while both travellers perceived hospitality as an influential factor in determining the overall satisfaction level. It was concluded that Asian travellers were more concerned with the value for money services, while Western travellers were found more concerned about regarded security, food and beverage as important factors for them while staying in the hotels or revisiting it (Wai-Ching Poon, Kevin Lock-Teng Low, 2005)[149].

Paul S. Goodman, Mark Fichman, F. Javier Lerch, Pamela R. Snyder(1995)[150] had conducted research study on relationship and level of involvement among customers & suppliers, and customers' evaluations of core as well as peripheral factors in their transactions, and overall satisfaction of the customers. It was detected that customers who were highly involved were found as dissatisfied with core factors which expressed large overall dissatisfaction with the relationship than those who were less involved & were also dissatisfied with core factors.

The marginal aspects, such as responsiveness of supplier to inquiries of customers were found to influence the way, how customers evaluated a core product as well as their overall satisfaction (Paul S. Goodman, Mark Fichman, F. Javier Lerch, Pamela R. Snyder, 1995).

Claes Fornell, Michael D. Johnson, Eugene W. Anderson, Jaesung Cha, Barbara Everitt Bryant (1996) had provided an understanding on the nature and purpose of American Customer Satisfaction Index (ACSI), and explained the theory underlying the ACSI Model, They also illustrated the use of ACSI in conducting benchmarking studies, both cross-sectional and over time.

It was identified that customer satisfaction was greater for goods than for services and, in turn, greater for services than for Government Agencies as well as found cause for concern in the observation that customer satisfaction in the United States was declining. The decrease in satisfaction was found in services. It was revealed that the model for the seven major economic sectors for which data were collected included (1) customization was found to be more important than reliability in determining customer satisfaction, (2) customer expectations played a greater role in sectors in which variance in production and consumption was relatively low, and (3) customer satisfaction was more quality-driven than value or price-driven (Claes Fornell, Michael D. Johnson, Eugene W. Anderson, Jaesung Cha, Barbara Everitt Bryant,1996)[151].

Chezy Ofir, Itamar (2001) had identified that customers' evaluations of quality and satisfaction were critical input in the development of marketing strategies. It was demonstrated that expecting to evaluate lead to less favorable quality and satisfaction evaluations and reduces customers' willingness to purchase and recommended the evaluated services.

The negative biasness of expected evaluation was observed when actual quality was either low or high, and it persisted when buyers told explicitly to consider both the positive and negative aspects. The three possible explanations for systematic bias which were referred as negativity enhancement, role expectation, and vigilant processing were examined. It indicated that buyers begun the evaluation task with low expectations, they focused during consumption primarily on negative aspects of product or service quality (Chezy Ofir, Itamar 2001)[152].

John T. Bowen, Shiang-Lih Chen (2001) had developed and implemented a method for hotels to identify attributes that would increase customer loyalty. The study used the database of hotels to draw samples for both focus groups and a mail survey. Based on 564 completed surveys from hotel guests, it was found that the relationship between customer satisfaction and customer loyalty was non-linear (John T. Bowen, Shiang-Lih Chen, 2001)[153].

Eugene w. Anderson (1996) had examined the relationship between customer satisfaction and willingness-to-pay or price tolerance. It was found that the various ways of growing customer satisfaction could benefit the firm and it was important to managers too for considering, initiating or continuing such efforts in developing theory. The study revealed a positive association between changes in customer satisfaction and changes in price tolerance. It also revealed a negative association between the level of customer satisfaction and the level of price tolerance (Eugene w. Anderson, 1996)[154].

Eugene W. Anderson and Mary W. Sullivan (1993) had examined the antecedents and magnitudes of customer satisfaction, and a model showing this relationship in a utility-oriented framework which was also built. They had estimated and tested the model in contradiction of alternative hypotheses from the satisfaction literature. A unique database was analyzed in this process. A national representative survey of 22,300 customers of a various major products and services in Sweden in 1989-1990 was conducted.

It was found that satisfaction was best identified as a function of perceived quality and disconfirmation the degree to which perceived quality failed to match pre-purchase expectations. It was also revealed that the quality which was less than expectations had a large impact on satisfaction and repurchase intentions than quality. The disconfirmation was expected to happen when quality was found easy to calculate. The elasticity of repurchase intentions was found lower with respect to satisfaction for firms. The implication was made that long-run reputations affect insulating firms which consistently provided high satisfaction (Eugene W. Anderson and Mary W. Sullivan, 1993)[155].

Dimitris Zondiros, Nikolaos Konstantopoulos, Petros Tomaras (2007) had defined customer satisfaction as a measure of how a firm's product or service performed compared to customer's expectations. The researcher proposed a simulation model using employee satisfaction as one of the most important factors leading to customer satisfaction the others being expectations and disconfirmation of expectations. The data used was obtained from a two-year survey conducted in banks of Greece. It was found that employee satisfaction resulted in greater customer satisfaction when there was serious effort to keep employees satisfied (Dimitris Zondiros, Nikolaos Konstantopoulos, Petros Tomaras, 2007)[156].

According to Eugene W. Anderson (1994) revealed that perceived quality, expectations, customer satisfaction, and effect of customer satisfaction on re-purchase likelihood were found to be higher for products than for services, but repurchase likelihood for products was found to be lower. The retailers had the highest repurchase likelihood and score lowest on the other variables. A set of relevant category characteristics was used to understand variation in both the levels of variables and their relationships. Quality, expectations, satisfaction, and satisfaction's effect on repurchase were higher and repurchase likelihood was lower when competition, differentiation, involvement, or experience was high, and when switching costs, difficulty of standardization, or ease of evaluating quality was low (Eugene W. Anderson ,1994)[157].

Jianan Wu, Wayne S. Desarbo, Pu-Ju Chen, Yao-Yi Fu(2006)[158] related customer satisfaction, customer retention, and firm profitability which provided sufficient justification or the reason for the measurement of customer satisfaction. Based on Expectancy-Disconfirmation theory in customer satisfaction, the study revealed the maximum likelihood based latent structure factor analytic methodology which depicted the customer heterogeneity regarding the various major determinants of customer satisfaction judgments involving multiple attributes, and provided directions for segment-specific CSM decisions. The researchers have portrayed the proposed model framework which included the technical aspects of the model structure and subsequent maximum likelihood estimation. It was found that the proposed model was superior over a number of different model specifications in the research application carried out (Jianan Wu, Wayne S. Desarbo, Pu-Ju Chen, Yao-Yi Fu, 2006)[158].

Yaniv Poria (2004) had explained that respondents who filled in guest satisfaction questionnaires were not a truly representative sample of the hotel guests as they did it on a voluntary basis.

The study had explored the distribution of guest satisfaction questionnaires and the biasness that employees brought to the process. It was found that sampling procedures that were supposed to be carried out systematically were done at the convenience of hotel employees or for the personal, reasons. It was suggested that the employees' intervention was a factor that biases the data and renders it less than informative. It was found that employees intervened in the distribution of guest satisfaction questionnaires. To avoid this, hotel management should recognize the distribution of the GSQ as a process that involves the guests, the employees, the hotel, and the management; all of which should be taken into account for a better investigation of guest satisfaction (Yaniv Poria, 2004)[159].

David Solnet (2006) had found that the service climate factors were closely linked to organizational practices which were customer-centric and they were predictors of customer satisfaction perceptions. The researcher had suggested various possible ways for additional examination that could be taken in to consideration to assess the impact of service climate dimensions on variety of customer outcomes, perceptions of employee and, in particular, on financial performance of the firm. The researcher had also revealed that there was a direct relation between customer satisfaction and financial performance of the firm (David Solnet, 2006)[160].

## PART-III: SPECIFIC REVIEW OF LITERATURE

**3. III: 0:  SPECIFIC REVIEW OF LITERATURE:**

**This part has focused to offer a brief sketch with its implications on selected conceptual aspects viz., CRM, Customer Loyalty & Retention as follows.**

**3. III. 1: RELATIONSHIP MARKETING:**

**An attempt has been made to outline in brief on relationship marketing such as follows.**

It is fact that companies must restructure and transform their ways of creating and maintaining business relationships. As large number of manufacturers have exposed, and found  that Relationship Marketing (RM) and CRM have become critical with constantly changing technology and growing global competition. It is about long-term business relationships, its development and survival. RM is a concept reflecting a number of differing themes or perspectives (Galbreath and Rogers, 1999)[161].

The RM is attracting, maintaining and enhancing customer relationships in multi-service organizations (Berry et al., 1983)[162]. This concept has emerged as a new principal opinion, mixing customer service and quality in line with market orientation. It has highlighted the organization of activities of marketing around cross-functional processes as opposed to organizational functions or departments. It has resulted in a stronger link between the internal processes and the needs of customers, and had resulted in higher levels of customer satisfaction (Christopher et al, 1991)[163].
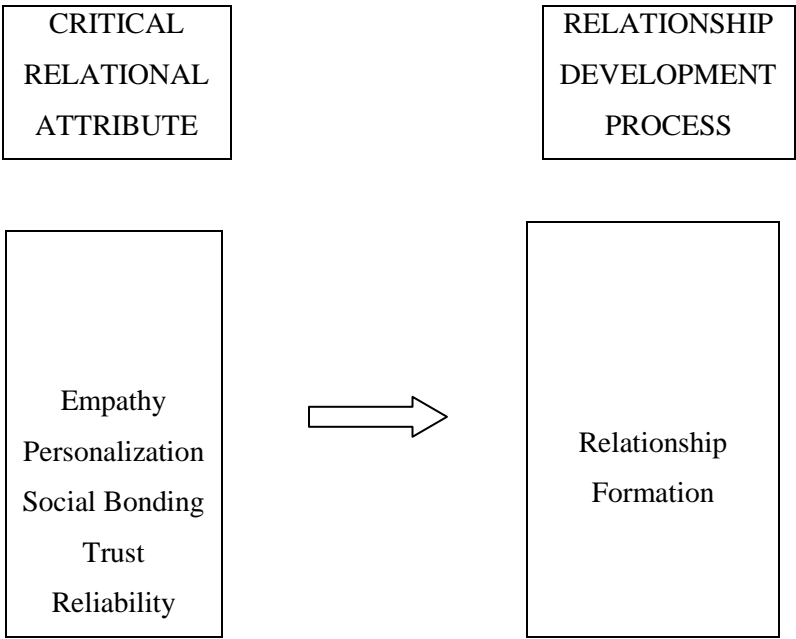
The CRM has grown from relationship marketing with a better emphasis on improved customer retention with the help of the effective management of customer relationships.

Both, RM and CRM have highlighted that retention of customer affects profitability of company which is essential to maintain present relationship with a customer than create a new ones (Payne et al., (1999)[164]; Reich held, (1996)[165]. Both these practices are used to identify the potential loyal customer groups and seriously consider the response required. The CRM strategies will be considered effective only if they deliver positive outcome and profit for organizations and competitive value and quality for customers. It is important that an organization is customer focused, but it matters what and how it does. If the CRM strategy is improving the profitability and increasing the quality of the product and services with more reasonable price than the competitors, then the organization is clearly on the right path and shall be able to have better and stronger market position (Gaurishanker, 2000)[166].

The relationship marketing has often been contrasted to transaction marketing (Baye, 1995)[167] which is about developing, selling and delivering products by means of short-term, discrete economic transactions, because the lifetime value of the customer is not taken into account. Customer attraction and not customer retention is at the heart of transaction oriented marketing exchanges.

Wilson (1995) had identified that relationship formation begins with search and experiment, and also form a recommendation, to reduce the higher risk associated with services. The relationship shall improve with an increased commitment of both the partners in exchange for sustaining the relationships resultant in to vigorous customer loyalty (Wilson, 1995)[168].

**Figure Number: 3.1:** Relationship Development Process

| CRITICAL RELATIONAL ATTRIBUTE | | RELATIONSHIP DEVELOPMENT PROCESS |
|---|---|---|
| Empathy Personalization Social Bonding Trust Reliability | → | Relationship Formation |

**Source:** Laurel Scanlan Janelle McPhail, (2000)[129]

The study revealed number of positive service encounters that were experienced before a relationship activates to form, and the respondents had shared that with the three to four visits of a particular hotel, they were regarded as a regular customers (Laurel Scanlan Janelle McPhail, 2000)[129.]

The formation of a service relationship largely depends on the first impression and positive service encounter between service provider and customer (Bettencourt & Gwinner, 1996 [169]; Parasuraman, Zeithaml, & Berry, 1985 [03], 1988 [170]; Surprenant & Solomon, 1987 [126]). The service provider should be able to fine tune their behaviour for matching it with expectations of the customers. Special attention, if given to customers shall result into strong positive and memorable long-term exciting emotional experience for them as well as the service provider respectively (Price, Arnould, & Deibler, 1995)[171].

**Critical Relational Attributes:**

Empathy, personalization, social bonding, trust, and reliability were found as crucial attributes influencing formation of relationships outlined in brief as follows:

**Empathy:**

Shared understanding between the service provider and the customer can be created using sociable communication which should stimulate his or her attention and interest in service resultant into delivery of satisfaction of their needs and wants (Laurel Scanlan Janelle McPhail (2000)[129]. It is important that marketers put efforts to build, sustain and strengthen long-term relationships with customers. (Rosen & Surprenant, 1996)[172]. Rosen and Surprenant (1996)[172], had argued that satisfaction and service quality are not sufficient diagnostic tools for assessing service relationships. The SERVQUAL attributes emphasizes upon exchange instead of relationships. The service providers should focus on personalization and social bonding which are the relational aspects in creating, building and sustaining long term relationships with the customers (Laurel Scanlan Janelle McPhail, 2000)[129].

**Personalization:**

Laurel Scanlan Janelle McPhail (2000)[129] argued that service provider should possess ability to recognize guest to create favourable and positive impression on them. They would feel really special and regular guests should preferably be identified and called by their first name to make them feel privileged. They should be persuaded to join hotel membership club for receiving special privileges and personalization.

According to Mittal & Lassar (1996)[173], personalization has a positive impact on customers' perceptions of overall service quality, and patronage behaviour especially in exchange situations that consists of interpersonal service encounters (Edwardson, 1998)[174].

**Social Bonding**:

Social familiarization and customer knowledge nurtures reciprocated friendship and feelings of affection between the customer and the service provider organization (Laurel Scanlan Janelle McPhail, 2000)[129].

Familiarization of the customer's needs, the service provider can better satisfy their needs in a customized way to deliver higher level of satisfaction resultant into creation of strong closer social bonds (Berry, 1995)[175]. Social bonding significantly influences customer loyalty resultant into positive feelings of affection and mutual friendships (Shani & Chalasani, 1992)[176].

**Trust:**

Trust get influenced by sincerity, courteousness and confidence of both parties for each other in relational exchanges (Laurel Scanlan Janelle McPhail, 2000)[129]. Morgan Hunt (1994) had stated that trust can exists provided both of them have confidence in each other as well as also in fulfilling exchange with reciprocal reliability and integrity in both of them (Morgan Hunt 1994)[177].

**Reliability:**

Reliability of the organization is highly essential for creating, building and sustaining service relationships. Its reliability get tested in personal service encounter, and therefore the service delivery outcome must be monitored (Bitner, 1995)[178] (Laurel Scanlan Janelle McPhail, 2000)[129].

## 3. III.2: CUSTOMER RELATIONSHIP MANAGEMENT [CRM]:

In the early 1990's, the concept of relationship marketing was formally introduced into the field of service marketing. Financial Service Institutions, Airlines and other services providers found it more profitable to retain and reward the existing customers.

Customer Relationship Management(CRM) has been alternatively described and related by various researchers and academia with various others diverse terms such as Customer Relationship Marketing; Continuous Relationship Marketing; Collaborative Customer Relationship Marketing; Supplier Relationship Marketing; Mobile Customer Relationship Marketing; Partner Relationship Marketing; Enterprise Customer Relationship Marketing, and Electronic Customer Relationship Management (e-CRM) (K. Ram Mohan Rao , 2005)[179].

CRM is a managerial process of acquiring customers by understanding and fulfilling their requirements to retain them in a way that would meet their expectations and shall be helpful also in attracting new customers through customer specific strategic marketing approaches. It invites total commitment on the part of the entire organization in evolving and implementing relationship strategies that would be rewarding to all concerned (H. Peeru Mohamed and A. Sagadevan, 2003)[180].In CRM, a variety of after marketing tactics have been used for customer bonding or staying in touch after the sale is made. It focuses on individual or one-to-one relationship with a customer that integrated database knowledge with a long-term customer retention and growth strategy. It was about attracting new customer which was viewed only as an intermediate step in the marketing process for developing close relationship with the customers and turning them into loyal ones which are equally important aspects of marketing (Berry, 1995)[175].

It is aimed at improving marketing productivity that can be achieved by increasing marketing efficiency and through enhancing marketing effectiveness. It is found to be an integrated effort to maintain and build up a network with an individual customer, and to continuously strengthen the network for the mutual benefit of both sides through interactive individualized and value-added contacts over a longer period of time (Adrian Payne, 2005)[181].

Sungmi and Mike (2002) had revealed that CRM is a business strategy designed to optimize profit, revenue and customer satisfaction. It is to collect and store information about customers that can be used to test new marketing offers, and the best ones are turned into full-scale marketing campaigns (Sungmi Chung and Mike Sheman, 2002)[182].Marketers now emphasize up on total customer satisfaction which indicates that the customer is satisfied and delighted with respect to purchase of a product or availing a service. CRM is the process of building continuous long-term, trusting win-win relationships with Customers, Distributors, Dealers, And Suppliers (Kotler, 2000)[183].

The CRM requires building a new perspective away from mass marketing orientation that calls for dealing with one customer at a time. It implies selling to a single customer as many products as possible over a long period of time and across different product lines. It is emerging as a core marketing activity for business operating in this fiercely competitive environment. In the year 2002, Worldwide Statistics revealed that 70 per cent of the companies had revamp its customer processes, 53 per cent had used e-Commerce to transform relationships, and as many as 49 per cent had organized themselves by customer type. It has therefore become necessary to accept that the future is CRM because when a company manages its customer relationship well the benefit received by it, far exceeds the cost. It is interesting to note that attracting a new customer is 7 times more costly than retaining an old one, and if a customer is once satisfied s/he will advocate regarding the product and also the company, and in a span of 10 years s/he will bring to the company 100 new customers.

On the other hand, if s/he is dissatisfied with the company's product or service, s/he may not only switch over to the competitor but can also communicate others regarding his/her problems, which may restrict the future prospects to move up the ladder of customer loyalty. Therefore, a customer is like a double-edged sword which should be too handled very carefully (Adrian Payne, 2005)[181].

CRM helps companies in offering customized products and services aimed at delivery of personalized experience to an individual customer that shall create new marketing opportunities for the companies (Wilson , 2002)[184].

A narrow perspective of Customer Relationship Management is database marketing that emphasizes the promotional aspects of marketing linked to database efforts (Bickert, 1992)[185].

The important point to consider about CRM is customer retention which has a variety of after marketing tactics which is used for Customer Bonding or Staying in touch after the sale was made (Vavra, 1992)[186].

The approach which is made about the up to date application of Information Technology was to focus on individual or one-to-one relationship with customers that can be integrated into database knowledge with a long-term customer retention and growth strategy (Peppers and Rogers, 1993)[187].

Fayerman (2002)[188] had stated that CRM is a customer-focused business strategy aimed to increase customer satisfaction and customer loyalty by offering a more responsive and customized services to each of the customer. Wilson (2002)[184] had found that there is no universal explanation of what CRM is. But, it has been found that there are various attempts to define CRM that have existed and organizations have attempted to adapt the definitions of CRM according to their own business and unique needs. To illustrate, the CRM has been defined in two ways. CRM is an infrastructure that enables the delineation of an increase in customer value, and the correct means by which to motivate valuable customers to remain loyal certainly and to buy again (Dyche, 2001)[189].

CRM is an enterprise-wide mindset, mantra, and set of business processes and policies that are designed to acquire, retain and service customers (Greenberg 2001)[190].

According to Chen and Popovich (2003)[191], CRM applications have the ability to deliver repositories of customer data at a much smaller cost than old network technologies. Throughout an organization, CRM systems can accumulate, store, maintain, and distribute customer knowledge.

Peppard (2000)[192] had offered an understanding on implementation of Customer Relationship Management (CRM) software. The researcher had presented a framework based on incorporating business activities, channel management, relationship management back office integration within a customer centric strategy and had also conveyed about peoples' narrow view of about CRM. CRM can help companies to undertake profitability analysis for its customers (Bull, 2003)[193]. CRM can help companies to better understand its target prospects. It can properly plan to identify and decide upon to which tire of customers are worth attraction and retention for them to better exploit their unexploited potential in a strategic way (Galbreath and Rogers, 1999)[161].

Greenberg (2004)[194] had emphasized that CRM can increase the true economic worth of a business by improving the total lifetime value of customer adding that successful CRM strategies can encourage customers to buy more products, stay loyal for longer periods, and communicate effectively with a company. The CRM can also ensure customer satisfaction through the allocation, scheduling and dispatching the right people, with the right parts, at the right time (Chou et al., 2002)[195].

According to Swift (2001), companies can gain many benefits from CRM implementation considering the benefits that are commonly found in various areas such as viz., lower cost of recruiting customers, the cost of recruiting or obtaining customers may decrease since there are savings to be made on marketing, mailing, contact, follow-up, fulfillment services and so on.

No need to acquire so many customers to preserve a steady volume of business. The number of long-term customers will increase and consequently the need for recruiting many new customers will decrease (Swift, 2001)[196].

Curry and Kkolou (2004) had referred to the major benefits and reasons for adoption of CRM which included that customers from the competition will come to prefer your organization; a simplified, customer-focused internal organization will simplify the infrastructure, shrinking the workflow and shall be useful in removing non-productive information flow, and an increase in profits will increase from more satisfied customers and a more compact, focused company (Curry and Kkolou, 2004)[197].

There are companies that adopt CRM systems just because it is the most advanced technology and they should have it because their competitors have it (Chou et al, 2002)[195]. To illustrate, that is by Pareto's principle, it is assumed that 20 percent of a company's customers generate 80 percent of its profits, in industrial sales, it takes an average of 8 to 10 physical calls in person to sell to a new customer, 2 to 3 calls to sell to an existing customer. It is 5 to 10 times more expensive to acquire a new customer than obtain repeat business from existing customer (Paul Gray and Jongbok Byun, 2001)[198].

Peppers and Rogers (1999) had referred to this as maximizing lifetime customer share resulting in customer retention and customer profitability (Peppers and Rogers, 1999)[199].

Mosad Zineldin (2006)[200] had examined and developed a better understanding of triangle relationship between quality, Customer Relationship Management (CRM), and customer loyalties (CL) which lead to companies' competitiveness (CC).

A research model (5Qs) was designed to measure satisfaction and loyalty. The model was based on two conditions: the customer database and CRM strategy that were well structured, and that Management Control Systems had the capacity to produce required data for the analysis. It was found that change in quality over time within various segments or related to specific products or categories of products or services can be used as an indicator to the level of loyalty. It was also found that by linking infrastructure, interaction and atmosphere indicators to the quality of object and processes, researchers and managers can identify changes in CRM strategy so as to improve the overall satisfaction and loyalty, hence the ultimate outcomes.

Tuija Mainela, Pauliina Ulkuniemi (2013)[201] had examined the role of personal interaction in CRM in the project business. The research question addressed was that how was personal interaction intertwined with the management of customer relationships in the project business? The researchers had used exploratory case study to empirically examine two firms providing project business solutions: one provided highly-tailored technological solutions to the process industry, and the other provided professional engineering services to the same industry. It was found that two specific functions connect personal interaction with CRM.

Those two functions explained the importance of personal interaction, and disclosed the contents of interaction that was considered in relationship and project management. The authors also revealed how two situational factors influence and are influenced by personal interaction.

Hannu Saarija¨rvi; Heikki Karjaluoto; Hannu Kuusela (2013)[202] had reviewed CRM literature published during 2003 to 2011. It was found that literature had not sufficiently emphasized on the role of the emerging service orientation, value co-creation, and the opportunities provided by new technology and communication channels. IT calls for a strategic shift and understanding in the focus of CRM for empowering to customers.

Tendai Chikweche and Richard Fletcher (2013)[203] had examined the use of CRM at the bottom of the pyramid (BOP).It was found that at the BOP, CRM is a key strategic tool that can be used by firms and can be facilitated by firms' relationships, and connections to consumers' social networks. The study provided managers with insights into the importance of CRM at the BOP and the need for proper planning and management in order for the concept to be effective.

Dennis Herhausen and Marcus Scho¨gel (2013)[204] had examined the direct and moderating effects of generative learning on customer performance. The researchers test the relationships between customers' relationship management (CRM) capabilities, generative learning, customer performance, and financial performance with a cross industry survey of CEOs and senior marketing executives from 199 firms. Partial least squares were used to estimate the parameters of the resulting model. It was found that generative learning affected customer performance directly, and firms need a well-developed generative learning orientation to fully benefit from translating new insights resulting from CRM capabilities into establishing, maintaining, and enhancing long-term associations with customers, and vice a versa.

**3. III.2.1: CRM in Service Sector:**

**An attempt has been made to outline in brief on CRM in service sector as follows.**

K M Mital (2003)[205] had emphasized that patient needs were driver for efficient hospital services. Personal contact and relationships was found very important in health care environment. The study was carried out to know relevance and significance of CRM for hospitals where three broad groups of outpatient, inpatient and emergency services were considered.

All other services such as diagnostic services, nursing services, dietary services, pharmaceutical services sterilization supply management services, linen services, laundry services, etc were viewed as part of the three broad groups, and CRM practices more or less was applied in a same fashion to all. It was discussed how certain industrial engineering or management science techniques like queuing theory could be utilized for estimation of very vital resources such as medical staff size (outpatient services), hospital bed numbers (inpatient services), and ambulance fleet size (emergency services), that affect planning of all other hospital resources and ultimately' lead to improved patient satisfaction.

It was emphasized that apart from directly improving relationship aspects with patients and their relatives, availability of necessary resources in hospitals in adequate numbers, could improve CRM practices in hospitals (K M Mital, 2003).

Sipra Mukhopadhyay (2003)[206] had explored the strategies adopted by hospitality industry to maintain customer relationship. There were various facets, viz., satisfaction, loyalty, retention measures, complaint management failure and recovery. These are reflected in strategies such as segmentation and targeting with appropriate product offer, product innovation, and demand and quality management, complaint management redressal/feedback system. The study had focused on the above mentioned facet to know their usage by industry to maintain relationship but the linkages among these facets were not identified.

The study revealed that segmentation and targeting with appropriate product and pricing more so for the restaurants along with product innovation were the major strategy thrust in the industry. The study indicated that a balanced mix of tangibles and intangibles would achieve the desired result (Sipra Mukhopadhyay, 2003).

S Ragunath and Joseph Shields (2003)[207] had proposed that online insurance could be smoothened by the introduction of e-CRM techniques in the online insurance business by making the present agents and middlemen as network partners for information gathering, transfer, servicing and processing.

The study had revealed that the implementation ability of e-CRM was high in the stages of 'Routine Post Sale Transaction', and 'Non- Routine Post-Sale Transactions', while it was suggested that it could be used in tandem with human interaction in the 'Pre-Sale Interaction' and 'Sale Transaction' stages. The human action could help in stage 1 viz., 'Customer Research'. The perceptions was found to be significantly different in both the life and general insurance segments, with the willingness of agents for participation in data mining being very low in the general insurance segment (S Ragunath and Joseph Shields ,2003).

Ajit Mathur (2003)[208] had provided an understanding on the actual experience of Taf Air Caterers, the leading airline catering company in India. The author had attempted to explain customer relationships, and its dynamics based on his own experience. Three brief cases on relationships with Singapore Airlines, Virgin Atlantic and GE capital were used to illustrate the approach.

The study had revealed the key learnings and insights for both practicing managers and those wishing to pursue further in it (Ajit Mathur, 2003).

According to G Shainesh and Ramneesh Mohan (2003), service firms worldwide had been the pioneers in adopting the practice of CRM practices. In India too, the service firms have taken some of the early initiatives in CRM, especially in financial services. The researcher had conducted study among managers who belonged to the area of Hospitality, Telecom, And Financial Services to understand the CRM practices and programs adopted by them.

The study had addressed few issues such as quality and customer centric processes, employee empowerment, technology selection, customer knowledge strategies, and individualization of market programs respectively (G Shainesh and Ramneesh Mohan, 2003)[209].

Kapil Chaturvedi and Anil B Bhatia (2003)[210] had explained how companies have found Electronic Customer relationship management (e-CRM) critical to their businesses. But, few were aware about the difference between traditional CRM and e-CRM, and how it evolved from the existing marketing practices to an e-CRM solution, and the kind of technical architecture that should be employed in it. The researcher had highlighted some of the areas like definition of e-CRM and also elicited the fundamental differences between CRM and e-CRM solutions and described the features of an e-CRM solution. The researcher attempted to evolve a broad framework for assessment of the current situation (e-CRM Capability Index calculation), and strategy alignment. The study suggested the broad technical architecture for a comprehensive eCRM solution (Kapil Chaturvedi and Anil B Bhatia, 2003).

Anjana Grewal (2003)[211] had presented a case study on CRM practices based on a leading foreign bank in India in the early 1990s. It provided insights on what made relationship management practices happen. The researcher had developed the model that outlined the ten stages for effective customer relationship practices in financial services.The researcher had defined the customer relationship, understanding transaction behaviour and business volumes for different customers. It was found that winning strategies and processes for effective CRM in Banking and Financial Services and  had also developed a customer profitability model, created the organization structure to support relationship management practices, developed training programmes, relationship pricing, and also continuously evaluated the role of relationship managers respectively (Anjana Grewal, 2003).

Wolfgang Messner (2005) had provided an understanding that CRM has changed the way companies handle customer enquiries, advertise and sell their products or manage the entire relationship with their customers. It was found that CRM plays a direct role in cost, CRM technology has often altered the cost drivers of activities in ways that can improve a company's value proposition. The researcher looked at the evolution of CRM and CRM technology to analyze the current status of the CRM, and had provided recommendations on the way and time to utilize in better way CRM technology (Wolfgang Messner, 2005)[212].

Rosemary Stockdale (2007)[213] had identified the provision of self-service technologies in the travel and tourism industry has increased rapidly with the widespread use of e-commerce. There was an apparent contradiction between increased opportunities for customer autonomy while encouraging firms to develop close and lasting relationships to gain competitive advantage in an intensely competitive electronic market.

It was found that the concepts of managing customer relationships online and the use of self-service technologies highlighted the complementary capabilities of CRM for self-service

technologies. The study offered a framework to support the development of more effective customer relationships within the self-service environment (Rosemary Stockdale, 2007).

Mario Castellanos-Verdugo, Nadine Veerapermal (2009)[41] had suggested an extensive variety of actions that hotel managers need to perform in order to develop and maintain quality of employee & customer relationships. The study offered useful variables for hotel managers in presenting a relationship marketing strategy in their hotels, irrespective of its category (Mario Castellanos-Verdugo, Nadine Veerapermal, 2009).

B M Ghodeswar (2003)[214] had provided an understanding that customer expectation for quality, service, and value frequently. It was found that successful companies were gearing up to organize their businesses around the types of customers they serve rather than organizing their businesses along the product lines or geographic business units. The increasing focus on customers and companies are taking a process-oriented approach to CRM.

The researcher had offered a framework for designing a strategy for effective CRM to highlight the key elements such as viz. developing customer insight, use of technology in CRM, customer contact, personalizing customer interaction, and achieving superior customer experience respectively (B M Ghodeswar, 2003).

Diana Luck; Geoff Lancaster (2013)[215] had identified the role of customer relationship marketing or CRM as a strategic solution to hotels or part of their strategies. It was found the spirit of a customer-focused environment remains a preliminary indication of the benefit received by Hotel industry from a strategic and focused approach of CRM. The hotels, in evidence, had recourse to basics of CRM for a large number of strategic and tactical reasons. It is contended that the success of a strategy depends upon the company's ability to identify and identify target customers' genuine need and want, as well as on the company's ability to deliver improved value in terms of specific needs and wants. It was suggested that hotels should identify the target customers' requirement and they should also ensure themselves to understand the dynamics of CRM strategy. It is necessary to understand the fundamentals of CRM to optimally mix CRM in their strategies for getting maximum benefit from available opportunities. The researchers revealed that hotels should agree to emphasize on the three strategies associated with CRM which are acquisition of customer, retention of customer or customer account development (Ibid).

## 3. III.3: GLOBALIZATION OF CUSTOMER RELATIONSHIP MANAGEMENT:

**An attempt has been made to outline brief on Globalization of Customer Relationship Management as follows.**

Philip J Kitchen, Gurvinder Shergill and Lynne Eagle (2003)[216] had focused on the implications of CRM as a consequence of globalization in the compelling and evolutionary global marketplace.

According to them managers at all the levels of an organization should be able to reach and communicate with customers, and public as each one of them can impact on overall market share and profit performance. It was found that corporation played a very significant role in brand marketing and strategic business unit management. It was found that much focus is needed on macro issues or on tangible products rather than the rapidly developing services sector.

The study focused on an often-overlooked aspect of global marketing management and the management of customer relationships across international borders (Philip J Kitchen, Gurvinder Shergill and Lynne Eagle (2003).

B. Ramaseshan, David Bejou, Subhash C. Jain, Charlotte Mason and Joseph Pancras (2006) had found that improvements and progress in Communication and Information technologies coupled with Privatization and Deregulation has led to rise of globalization and global consumer.

Global CRM (GCRM) is to be considered as the strategic application of the processes, and practices of CRM by firms operating in multiple countries or by firms serving customers in multiple countries which should incorporate relevant differences in business practices, competition, regulatory characteristics, country characteristics, and consumer characteristics while designing CRM strategies to maximize customer value across the global customer portfolio of the firm.

The authors had provided an overview of the GCRM environment and the challenges in formulation and implementation of CRM across national boundaries as a source of sustainable competitive advantage (B. Ramaseshan, David Bejou, Subhash C. Jain, Charlotte Mason and Joseph Pancras, 2006)[217].

Graham Hoskins (2003) had attempted to offer an understanding about CRM by looking at its forebears and history.

He had examined the ongoing thinking and challenges views and perceptions about the meaning of CRM and how will it do in future. The researcher had identified that CRM is not about technology, databases or the market of one. It is about providing choices to customers, enabling them to manage their relationships. It is about changing the way businesses are carried out and valuing those people who manage customer interactions. It has been found that the role of technology and customer information is essential. But, it is only an enabler in the formation of relationships (Graham Hoskins, 2003)[218].

Rajesh Natarajan and B Shekar (2003) had considered data mining as the process of discovering implicit and hidden patterns in data and had found it as one of the most important backend processes. The researcher had divided data mining operations into two categories.

The aggregate or the macro level, wherein without looking at any customer in particular, the researcher had tried to acquire a general customer behaviour, trends and preferences from a large database such as market basket purchases from retail store. In the micro level the researcher had attempted to track a particular customer, and tried to advance the relationships by acting in a timely way to his or her choice and preferences.

The study indicated the basic tasks relevant to CRM such as viz., segmentation, classification, regression, deviation detection and link analysis along with the discussion on few of the data mining tools that undertook the above operations (Rajesh Natarajan and B Shekar, 2003)[219].

Rosalind Hopewell (2003) had given a general view of CRM and how it has to be started in an organization. The researcher had provided an understanding to ensure relationship with customer from day one when they had approached the firm. It was found that CRM is about caring the customer, not only doing business with them. But it shall also included understanding their businesses and customers. It is only by understanding who the customers are and where did they went, it would help any company to manage relationship with its customers. Customers are found as businesses unique asset which can make a difference, when, managed effectively (Rosalind Hopewell, 2003)[220].

W. R. Synnott (1978) had revealed that when there was rapid growth of international banking the problem of controlling the flow of vital management information was found, both for customers and financial organizations. The need for International Distributed Processing Network was identified a worldwide corporate MIS called the Total Customer Relationship system (TCR). It was found that TCR provided management with easily accessible comprehensive information on dealings with multi-national corporate customers around the world. The study had revealed the background and development of TCR as well as the consolidated reports produced by the system (W. R. Synnott, 1978)[221].

## 3. III.4: CUSTOMER RETENTION AND LOYALTY:

**An attempt has been made to outline customer retention and loyalty ,in brief which is given as follows:**

Carmen tideswell Elizabeth fredline (2004)[222] had revealed that it is fundamental for hospitality and tourism organizations to establish what their consumers think in terms of strategies used by hotel properties to secure their loyal customer.

A survey was supervised in 2,000 hotel guests' in a five-star hotel to understand the guests' frequency towards the two properties on the Gold Coast, Australia and this was perceived to be effective in the marketing strategies used to create guest loyalty. The study focused on the segmenting the market of the diverse levels of loyal guests, and also analyzed the gap between the ongoing versus preferred rewards for loyalty. It was found that a group of guests were found to have low behavioral loyalty to a hotel property, there were varied degrees of attitudinal loyalty towards hotels.

It was also revealed that guests of low loyalty category were not attached to the property still they had reported positive things for hotel property, and that they would not switch to another hotel property even if a better price was offered, or if at the time to stay, there is unavailability in current hotel property. It was also found that the hotel guests' of extreme loyalty, highly attached to the hotel to which they were loyal, and in case of unavailability , many of them were ready to change the timing of their visit too (Carmen Tideswell Elizabeth Fredline ,2004).

In general, it has been found that the longer the customer stays in the relationship, the more profitable the relationships will be for the organization (Reichheld & Sasser, 1990)[223].

Loyal customers who are having long term relationships tend to buy more, helps in creating positive WOM and relatively less price sensitive asking for lesser efforts of marketers to satisfy them. Companies should deeply study their customers' switching behaviour to truly identify the gap between satisfaction scores and repurchase loyalty (Reichheld, 1996)[223].

Philip Kotler (2000)[132] had argued that critical factor in attaining customer loyalty is customers' satisfaction because a customer who is highly satisfied will exhibit certain characteristics such as viz., stays loyal longer, buys more as the company introduces new products and upgrades existing ones, talks favourably about the company and its products, pay less attention to competing brands and advertising, and shall be less sensitive to price and will cost less to serve than new customers because transactions are routinized.

Mattila (2001)[224] had pointed out the three main prerequisites to a strong brand relationships such as viz., emotional bonding, affective commitment and forgiveness of the occasional service failure. Frequency programs were not found to be the measures of these prerequisites encouraged deal-induced responses by customers who were in pursuit of the best prices or richest rewards. He had stressed that the loyalty sought by restaurateurs involved a commitment by customers on many levels, and cannot be bought by free items and gift certificates. It was found that loyalty is not merely frequency or repurchases intention, but it is the result of a strong emotional bond forged between the customer and the company respectively (Mattila, 2001).

Hausfater (2005) had revealed that despite the popularity of loyalty card programs, it is important for companies to understand that the most important loyalty-building tool for restaurants was the customer's experience. A reward or frequency program was found to be beneficial in encouraging customers to return to a restaurant, but it cannot be used alone. Rather, such programs should be looked at as a way for the company to create more opportunities to potentially satisfy their customers and begin to form relationships with them (Hausfater, 2005)[143].

Jay Kandampully, Hsin-Hui Hu (2007)[225] had provided an understanding about the associations between service quality and customer satisfaction and the way it influences corporate image and customer loyalty. The sample of the study included respondents who had stayed in different hotels in Mauritius, and the respondents were randomly contacted and invited to contribute in a survey on their respective hotel's services. It was found that corporate image was influenced by both quality of service and customer satisfaction which in turn was found to have influenced customer loyalty. It was revealed that creating & projecting a favorable image of the hotel is the key to customer loyalty, which can be done in support with improving service quality and satisfying customers.

The researchers had offered the results with the differences in values and cultures in various countries, and highlighted that the results were required to be matched by further evidence from other countries. The study also emphasized that the further investigation on the impact of service quality, customer satisfaction, corporate image, and behaviour intentions on organizational performance measures such as viz., profitability, extension of the integrative framework, and need for incorporating other variables. This study had showed the importance of a long term focus on superior service delivery on a firm's image.

The service quality and customer satisfaction are responsible to enhance a long term image of the firm in the mind of customer (Jay Kandampully, Hsin-Hui Hu, 2007).

Creating and maintaining customer loyalty has become crucial in strategic marketing practices. As customers differ in their value to companies, marketers must put efforts to attract customers and also for retain them by building customer loyalty (Jaishankar Ganesh, Mark J. Arnold, Kristy E. Reynolds, 2000)[226].

Sharad Borle, Siddharth S. Singh, Dipak C. Jain (2008) had suggested that the measurement of customer lifetime value is important because it can be used as a metric in evaluating decisions in the context of CRM. For a firm, it was considered important to form some expectations as to the lifetime value of each customer at the time a customer starts doing business with the firm and at each purchase by the customer. The authors had revealed that the lifetime value of each customer at each purchase occasion by jointly modeling the purchase timing, purchase amount, and risk of defection from the firm for each customer was calculated. The data was collected from a membership-based direct marketing company where the time of each customer joining the membership and terminating it was known once when the events took place. It revealed that there is an uncertain relationship between customer lifetime and purchase behaviour. The authors shared the result that the longer customer lifetime does not necessarily imply higher customer lifetime value. The authors had compared their model with other models for knowing the result of the average customer lifetime, the average interpurchase time, and the average dollar purchase amount. Its result revealed that their model performed better than all the other models compared with in case of both at predicting customer lifetime value as well as also in targeting valuable customers. The results also showed that longer inter-purchase times are associated with larger purchase amounts and a greater risk of leaving the firm. Both males and females customers seemed to have similar interpurchase time intervals and risk of leaving, whereas female customers spent less compared with male customers (Sharad Borle, Siddharth S. Singh, Dipak C. Jain, 2008)[227].

Hanaa Osman and Nigel Hemmington, David Bowie (2009) had explored ways to generate customer loyalty in a hotel brand. It was found that the transactional approach to marketing can be an effective strategy for hotels which should target niche segments with highly differentiated offers at competitive prices. It can create significant customer loyalty. The authors had provided unique insights into hotel culture, hotel as well as customer relationships, hotel service customization and customer loyalty.

They had challenged the view that transactional marketing is less appropriate than relationship marketing in achieving customer loyalty in hotel branded operations (Hanaa Osman and Nigel Hemmington, David Bowie, 2009)[228].

Customer retention occurs when a customer is loyal to a company, brand, or to a specific product or service, expressing long-term commitment and refusing to purchase from competitors. A company can adopt a number of strategies to retain its customers.

Companies can build loyalty and retention through the use of a number of techniques such as viz., including database marketing, the issue of loyalty cards, redeemable against a variety of goods or services, preferential discounts, free gifts, special promotions, newsletters or magazines, members' clubs, or customized products in limited editions. Customer retention is linked to employee loyalty, since loyal employees build up long-term relationships with customers (www.dictionary.bnet.com) [11]. Customer Retention marketing is a tactically-driven approach based on customer behaviour. It's the core activity such as viz., are Relationship Marketing, Loyalty Marketing, Database Marketing, and Permission Marketing respectively. (www.jimnovo.com)[12].

Laurel Scanlan, Janelle McPhail (2000) had contributed in advancing an understanding that a customer defection is linked to service encounter failure in service organizations. The researchers had embraced the idea of improving customer retention through proactively promoting the important role of the interpersonal service encounter to build long-term service relationships between customers and service organizations. It was posited that the critical relational attributes in the face-to-face service encounter are most influential in the formation of a service relationship from the business traveler's perspective. It was found that hotel guests' perceived personalization, social bonding, reliability, and familiarization to be most influential in the relationship formation process which was in the order of their perceived importance. It calls for developing proactive relationship-building strategies to build customer loyalty. It shall reduce the need to use recovery strategies by focusing on the psychological needs which were found in the critical relational attributes (Laurel Scanlan, Janelle McPhail, 2000)[129].

Katherine N. Lemon, Tiffany Barnett White, Russell S. Winer (2002) had examined the influence of customer future-focused considerations over and above the effects of satisfaction on the customers' decision to discontinue a service relationship. It was found that expected future use and anticipated regret influence the decision. Understanding and managing those future-focused considerations were found to be critical to successful dynamic CRM.

It was also found that customers' might want to examine whether there is true addition utility provided by a firm's relational positioning, or not to be overly influenced by the marketer's relationship-building efforts. The study revealed that firms should consider satisfaction to be the primary tool to manage customer retention. The researchers had also suggested that customers were found as significantly forward-looking when they make the decision to continue or discontinue a service relationship.

Failing to consider these components may lead firms to underestimate the likelihood that satisfied customers may defect and to overestimate defection rates for the dissatisfied customers, thereby potentially misallocating resources to customer retention efforts (Katherine N. Lemon, Tiffany Barnett White, Russell S. Winer, 2002)[229].

Peter C. Verhoef (2003) had attempted to question the effectiveness of several CRM strategies. The researcher had investigated the differential effects of customer relationship perceptions, and relationship marketing instruments on customer retention and customer share development over time. Customer relationship perceptions was considered as an evaluation of relationship strength and a suppliers' offerings, and customer share development was considered as the change in customer share between two periods. The study had revealed that the affective commitment and loyalty programs that provided economic incentives had positively affected both to that is the customer retention and customer share development whereas direct mailings had influenced customer share development. It was found that the firms can use the similar strategies to affect both customer retention and customer share respectively (Peter C. Verhoef, 2003)[230].

Jacquelyn S. Thomas (2001) had observed that customer acquisition and retention are not the independent processes. It was found that due to data limitations, customer management decisions are frequently based only on an analysis of acquired customers. The analysis showed that decisions can be biased and misleading. The author had presented a modeling approach that estimated the length of a customer's lifetime and adjusted for that biasness. The author had showed the financial impact of not accounting for the effect of acquisition on customer retention (Jacquelyn S. Thomas, 2001)[231].

Adrian Palmer, Una McMahon-Beattie, Rosalind Beggs (2000)[232] had assessed the variety of loyalty programmes that existed within the UK corporate hotel sector. It was found that there is no single formula for the development of a successful loyalty programme within the hotel sector.

Dwi Suhartanto and Any Noor (2013)[233] had provided an understanding of how loyalty determinants affect attitudinal loyalty in the budget hotel industry. The study had examined attitudinal loyalty as a single dimension which included cognitive, affective, and conative elements. The researchers had also drawn attention that service quality, perceived value, and customer satis-faction directly and indirectly affect attitudinal loyalty.

It was found that attitudinal loyalty model underlines the importance of service quality and customer satisfaction in the formation of attitudinal loyalty. The study also revealed that the effect of service quality on loyalty is indirect through customer satisfaction.

M. Laškarin (2013)[234] had revealed that the purpose of the study was to strike a balance between what hotel guests' want and what is offered to them as a reward, and to find other programme partners whose services guests wanted to use.

The researcher had found that different extents of satisfaction and different responses to a specific service create inconsistencies between less or more loyal guests with reference to the same service or product. They had revealed that well-organized programmes for creating hotel loyalty could help to make a better approach to guests, which results into a higher level of satisfaction with services rendered.

Rahman Bin Abdullah et; al (2009)[235] had drawn attention that hotel industry face difficulties in retaining employees as the factors that contribute to both employee satisfaction and loyalty was not identified.

The researcher had considered 13 satisfaction variables and 3 loyalty variables that is employment tenure, employee future plan with the company, and recommending employment in the company which was taken as the 3 loyalty indicators for the study. The researcher had attempted to identify factors which lead to increased tenure, and had tried to investigate whether there is any linkage between employee satisfaction and employee loyalty. It was found that employee satisfaction and employee loyalty were correlated. It was found that four out of the thirteen satisfaction variables viz., relationship with supervisor, recognition and rewards, working conditions, teamwork and cooperation showed the strongest correlation with the three loyalty variables. The study revealed that findings can be used by the service industries in developing effective employee training programmes by placing emphasis on the four satisfaction variables which correlated strongly with the three loyalty variables in future.

Tracey S. Daggeret (2011) [236] had examined the central role that commitment plays in driving customer loyalty, and to identify the effect that confidence, social and special treatment benefits as well as relationship investment, communication and management had on the development of commitment, and eventually on customer loyalty. It revealed that relationship commitment drives customer loyalty and that confidence, social and special treatment benefits affect commitment to the service, as does relationship investment and management. But, relationship communication was found to have a negative effect on commitment to the service.

Michael Haenlein (2012)[237] had analyzed the effect of abandonment of unprofitable customer on the abandoning firm's present customers, on their leaving the hotel, voice, and loyalty intentions toward that firm. It was found that present customers were considerably more likely to respond actively to unprofitable customer abandonment that is exit or voice than passively through silence and loyalty. It also revealed that raising satisfaction or switching cost among present customers was unlikely to bind the potential negative concerns of unprofitable customer abandonment.

The researchers had drawn attention that the only variable that pushes the choice between exit, voice, and loyalty was the perceived attractiveness of the best alternative relationship.

Kofi Poku, Mariama Zakari, Ajara Soali(2013)[238] had investigated how service quality impacts customer loyalty in Golden Tulip, a 4-star hotel; Miklin Hotel, a 3-star hotel and Lizzie's Hotel, a 2-star hotel in Kumasi, a leading city in Ghana.

The study revealed that 50 customers seeking lodging and boarding services were randomly selected and 5 staff members were purposively selected from each hotel for the study. The study revealed that customer satisfaction is not based solely on the rankings/classification of the hotels but on service quality that gives value for money which in turn produces customer loyalty.

It was found that direct relationship between customer satisfaction and loyalty exist. The researchers provided an understanding that tangibility does not play any significant role in developing customer loyalty for all the hotels as the guests were least satisfied with it and were likely to take it for granted in their quest for change.

## 3. III.5: COMPLAINT MANAGEMENT:

**An attempt has been made to outline in brief on complain management as follows.**

Tax, Brown, & Chandrashekaran (1998) had revealed that a majority of complaining customers in the Telecommunications, Banking, and Health Care Industries were dissatisfied with recent complaint handling experiences which further supported the notion that complaint management is not the optimal strategy for customer retention (Tax, Brown, & Chandrashekaran, 1998)[239].

Customers' who were encouraged to complain reported greater increase in satisfaction and product evaluation compared to those customers who were not explicitly asked to complain. Consumer complaint behaviour and intentions about the unsatisfactory products or services in addition, varies by the culture of customers (Huang et al., 1996)[240].

Huang et al. (1996)[240] had stated that hotel guests as individuals appeared to be less powerful than the hotel management. In such a case, hotel guests from a country with a higher power distance were more likely to take no action and or private action namely warning family and friends.

Patterson et al. (2006)[241] had pointed out that most Asian countries were high in power distance, and that customers from a higher power distance prefer to deal with employees of high status or position when dissatisfied with a company's services.

Yavas et al. (2004)[242] had investigated organizational responses to customer complaints in the hotel industry. The results suggested that organizational response options have varying degrees of influence on customer satisfaction and revisit intention. The studies on the relationship between customers' demographics, and their complaint behaviour in hotels had showed that more vocal and active complainers tended to be younger, better educated having high income (Heung and Lam, 2003[243]; Lam and Tang, 2003[244]).

Eric W.T. Ngai, VY.H. Wong and Fanny K.Y. Chanincent C.S. Heung European (2007)[245] undertook the study to examine the variations in the complaint behaviour of the customer of Asian and Non-Asian hotel guests in terms of culture dimensions. The researchers had examined the association between demographic factors [age, gender and education] and complaint behavior of the customer. A face-to-face interview was accompanied to collect primary data.

The study revealed that older complainants were visible through public actions, but people with an advanced level of education were not complaining publicly. Asian guests were rarely complaining to the hotel for fear of losing face and they were not familiar with the channels of complaint than Non-Asian guests. They were more likely than Non-Asian guests to take private complaint action such as making negative word-of-mouth comments. It was also found that there was no significant relationship between complaint encouraging factors vis-à-vis respondents' nationality and between effective complaints handling method vis-a-vis respondents' nationality respectively (Eric W.T. Ngai, VY.H. Wong and Fanny K.Y. Chanincent C.S. Heung European, 2007)[245].

Stephen S. Tax, Stephen W. Brown, Murali Chandrashekaran (1998) had revealed that large number of companies considered investments in handling of complaint as a resource of raising commitment of customer and building customer loyalty. The study had found that the majority of complaining customers were dissatisfied with complaint handling experiences. It was also found that customers evaluate complaint incidents in terms of the outcomes, they receive, the procedures that they use to arrive at the outcomes and the nature of the interpersonal treatment during the process. The author had developed and tested the competing hypotheses regarding the interplay between satisfaction with complaint handling and prior experience in shaping customer trust and commitment. The results supported the quasi brand equity perspective, satisfaction with complaint handling had a direct impact on trust and commitment (Stephen S. Tax, Stephen W. Brown, Murali Chandrashekaran, 1998)[246].

James G. Maxham III and Richard G. Netemeyer (2003) had examined how employees' perceptions of shared values and organizational justice could stimulate customer-directed extra-role behaviours while handling complaints. Their results indicated that employee' perceptions of shared values and organizational justice affected customer directed extra role behaviours. They had found that extra-role behaviours had significant effects on customers' perceptions of justice and that these behaviours mediated the effects of shared values and organizational justice on customer justice perceptions. The study had revealed that customers' rating of justice had affected the customers' outcomes of satisfaction with recovery, overall firm satisfaction, purchase intent, and Word of Mouth respectively (James G. Maxham III and Richard G. Netemeyer, 2003)[247].

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