The Nigeria Hospitality Industry Experience on Customer Relationship Management and Marketing Effectiveness

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Abstract

This study investigated the relationship between Customer Relationship Management (CRM) and Marketing Effectiveness (ME) in the Nigeria Hospitality industry. Structured questionnaire was employed as the instrument for data collection. The Cronbach's Alpha Coefficient with a threshold of 0.7 was used to test the reliability of the research instrument, which showed CRM as a reliability coefficient of 0.763, while the Marketing Effectiveness is 0.838. The Spearman Rank order Correlation tool was employed to test the study hypotheses, in the SPSS package version 15. The major findings of this study showed that there is positive relationship between CRM and ME. The study also revealed that customer relationship management, and marketing effectiveness significantly impacted on Nigeria hospitality industry performance. Similarly, service automation significantly influenced ME in Nigeria hospitality industry. Since CRM, ME and service automation positively impact on industry performance; to achieve the desired ME in the Nigeria hospitality industry, marketing managers need to attract and retain customers through deliberate and consistent CRM policies and strategies. All staff therefore, should be given adequate marketing management orientation and training that would help to identify and treat customers as kings.

Key: Customer, Relationship, Management, Marketing, Effectiveness.

Concept of Customer Relationship Management

Customer relationship management (CRM) can be appreciated from marketing task; which is to provide real value to target customers, motivate purchase, and satisfy consumer needs. It is important to note that customers are attracted, retained or successfully managed when their needs are met. Customer relationship management consists of the processes a company uses to track and organize its contacts with its current and prospective customers. Darrell et al, (2002) argued that, CRM software is used to support these processes. The software system can be accessed, and information about customers and customer interactions can be entered, stored and also accessed by employees in different company departments. Typical CRM goals are to improve services provided to customers, and to use customer contact information for targeted marketing (Nwokah & Opara, 2004; Opara, et al, 2010; Wali & Opara, 2012).

Swift, (2001) assert that CRM are business activities that identify, quantify, acquire, develop and retain increasingly loyal and profitable customers by delivering the right product or service, to the right customer, through the right channel, at the right time and the right cost. It

integrates sales, marketing service, resource planning and supply-chain management functions through business process automation, technology solutions, and information resources to maximize each customer contact. According, to Swift (2001); Adiele & Opara, (2014), perspective of CRM is an enterprise approach to understanding and influencing customer behaviour through meaningful communications in order to improve customer acquisition, customer retention, customer loyalty, and customer profitability.

Concept of Marketing Effectiveness
Marketing effectiveness can be described as the function of improving marketing goal by optimizing their marketing activities to achieve better results for the short and long-term objectives. To increase marketing effectiveness you need to increase business performance with the same or less marketing spending over time. It is important to note that there is no one universal way of measuring marketing effectiveness, however some perspectives are stated below. The four basic dimensions of marketing effectiveness according to Nwokah, (2006) are: Corporate, Competitive, Customers and Exogenous factors. While Richie, (2012) identified five essential strategies for measuring Marketing Effectiveness to include: Plan ahead and design a response-attribution infrastructure to support all channels, Create control groups for a more-accurate measurement of campaign lift, define relevant measurement metrics, define specific attribution rules by campaign, then automate and use visual reporting and analytic tools.

The key for measuring marketing effectiveness is to build a tracking mechanism into each marketing tactic before it is employed. By assigning a unique tracking mechanism to each marketing tactics, you can identify which marketing efforts deliver a positive Return on Investment (ROI) and which ones do not. Here are ten tracking mechanisms that can also be used to measure the effectiveness of marketing: (1) campaign codes, (2) telephone numbers, (3) SMS keywords (text message responses), (4) email addresses (unique email addresses), (5) website landing pages (unique URLs), (6) mail-in response cards, (7) social media interactions (number of comments, likes, shares, connections, follows), (8) online form submissions (unique forms), (9) coupons/certificates/Rebates (presented at point of purchase) and (10) market insight surveys (Kotorov, 2003; Ndubisi, 2004; and Solcansky, & Simberova, 2010).

The challenge marketers have in measuring marketing effectiveness is that the data to support these activities spans across disparate systems. Other challenges include different definitions or business rules for key metrics, like response, across marketing channels (Nwokah, & Opara, 2010; Opara & Opara, 2010). External conditions like competitive, weather, interest rates, gas prices, and others can pose challenging impacts on marketing effectiveness (Nwokah, 2006).

Nature of Hospitality Industry
The hospitality industry is one of the world's major industries, and it is the second largest employer in USA (Richie, 2012). This is not the scenario in Nigeria. People travel for a variety of reasons, including for vacations, business, and visits to friends and relatives. For many of these travelers, hotels and other accommodations may be more than just a place, to stay, but destinations in themselves. The industry includes all types of lodging, from luxurious 5-star hotels to youth hostels and RV parks. While many provide simply a place to spend the night, others provide food service, recreational activities, retail shops such as gift boutiques, newsstands, drug and cosmetics counters, laundry services, swimming pools, beauty salons, and fitness or health centers, and meeting rooms/halls.

In hospitality industry it is easy to set high expectations because guests will not be able to judge the product until after they have consumed it (Solcansky & Simberova, 2010; and Wali, &

Opara, 2012). Customer expectations are based on past experiences, the opinions of friends, and market information; and if we meet customers' expectations they will be satisfied.

RESEARCH METHODOLOGY

We selected from the population of ten hospitality industry a sample of forty senior managerial personnel randomly drawn from listed functional operating firms in Port Harcourt Metropolis as a case study for Nigeria hospitality industry. The Primary data was generated from structured questionnaire designed to elicit responses relevant to the study. The Cronbach's Alpha Coefficient with a threshold of 0.7 (Nunnally, 1978) was used to test the reliability of the research instrument, which showed CRM as a reliability coefficient of 0.763, while the Marketing Effectiveness is 0.838. The Spearman Rank order Correlation tool was employed to test the study hypotheses, in the SPSS package version 15.

Data Presentation and Analysis

The study presents and analysed the raw data obtained from the field through research questionnaire. Out of 40 administered research questionnaire, 36(90%) were retrieved for the analysis.

The result of Table 1 revealed in row one that 9(28%), 11(34%) and 11(34%) strongly agree, agreed and undecided respectively, with respect to Creating an enabling environment and take advantage of customers' consumption decision; with 3.8 mean.

Row two question two showed that 19(59%) respondents strongly agreed, while 9(28%) agreed, 1(3) undecided, 2(7) Strongly Disagreed and 1(3) Disagreed respectively with mean score of 4.3 to confirmed that brand value for customers is through available information build. On whether customers are treated as king with added value, the record showed 20(62%) strongly, 7(22%) agreed and 5(16%) were indifferent. This percentage of acceptance coupled with the mean score of 4.5 is respondents' affirmation to the question.

The fourth row, on whether quality services helps to build long term relationships with customers, shows 18(56%) strongly agreed, 10(31%) agreed, while 3(10%) were undecided and 1(3%) strongly disagreed with a mean score of 4.4.

Table 1: The Impact of CRM on Firms Performance

S/N	Items	Strongly Agreed (5)	Agreed (4)	Undecided (3)	Strongly Disagreed (2)	Disagreed (1)	Total(s)
Q1	Create an enabling environment and take advantage of customers' consumption decision.	28 9	34 11	34 11	0 -	0 -	3.8 32 .95
Q2	Brand value for customers is through available information	59 19	28 9	3 1	7 2	3 1	4.3 32 1.04
Q3	Customers are treated as king with added value	62 20	22 7	16 5	0 -	0 -	4.5 32 .76
Q4	Quality services helps to build lasting relationship with customers	56 18	31 10	10 3	3 1	0 -	4.4 32 .80

Survey Data 2014

Table 2 is the result of CRM impact on ME, which revealed that row one has 5(16%) strongly agreed, 6(19%) agreed, 10(31%) undecided, 6(18%) strongly disagreed and 5(16%) disagreed with mean score of 3.0. In row two, which indicate that, management job is effective with the marketing resources show 11(35%) strongly agreed and 9(28%) agreed, 8(25%) undecided, and 4(12%) strongly disagreed with a mean value of 3.8.

Table 2: CRM Impact on ME

S/N	Items	Strongly Agreed (5)	Agreed (4)	Undecided (3)	Strongly Disagreed (2)	Disagreed (1)	Total(s)
Q1	Customer Relationship Management impact on Marketing Efficiency	16 5	19 6	31 10	18 6	16 5	3.0 32 1.29
Q2	Management job is effective with the marketing resources	35 11	28 9	25 8	12 4	0 -	3.8 32 1.0
Q3	Marketing at the top communicated and implemented down the line	28 9	25 8	19 6	3 1	25 8	3.6 32 1.5

Survey Data 2014

The last row recorded a mean score of 3.6, 9(28%) strongly agreed, 8(25%) agreed, 6(19%) undecided, 1(3%) strongly disagreed and 8(25%) disagreed to marketing at the top communicating and implementing down the line.

Table 3: Integrated Marketing Efforts Impact on CRM

S/N	Items	Strongly Agreed (5)	Agreed (4)	Undecided (3)	Strongly Disagreed (2)	Disagreed (1)	Total(s)
Q15	Marketing integration Efforts do not impact on CRM	41 13	18 6	41 13	0 -	0 -	4.0 32 .92
Q2	Marking Research does not impact on CRM	44 14	41 13	0 -	12 4	3 1	4.1 32 1.12
Q3.	New product development does not impact on CRM	41 13	53 17	0 -	6 2	0 -	4.3 32 .77

Survey Data 2014

In row one of Table 3, the question on marketing integration efforts and its impact on CRM, the responses showed that 13(41%) strongly agreed and 6(18%) agreed, 13(41%) undecided, and a mean score of 4.0. While the second row recorded 14(44%) for strongly agreed, 13(41%) agreed, 4(12%) strongly disagreed and 1(3%) disagreed with mean of 4.1. Similarly, the mean value for the last row revealed 4.3, strongly agreed 13(41%), 17(53%) agreed, and 2(6%) to new product development impact on CRM. In view of the above results, it is observed that there is a significant relationship between CRM and ME variables.

In table 4, four questions were raised to elicit answers on sales force automation as a dimension of CRM influence on ME. The first row showed a high percentage of occurrence as

14(44%) strongly agreed, 10(31%) agreed and C undecided, and 1(2%) strongly disagreed, for build mechanism to attend to feedback from customers.

Table 4: Sales Force and CRM Impact on ME

S/N	Items	Strongly Agreed (5)	Agreed (4)	Undecided (3)	Strongly Disagreed (2)	Disagreed (1)	Total(s)
Q1	Build mechanism to attend to feedback from customers.	44 14	31 10	22 7	2 1	0 -	4.2 32 .88
Q2	Efficiently manage leads, customers, selling and other activities	50 16	28 9	16 5	6 2	0 -	4.2 32 1.1
Q3.	Sales are well improved through sales force automation	56 18	44 14	0 -	0 -	0 -	4.6 32 .50
Q4.	Effective integration of sales, marketing and services makes the customer the centre of our hotel enterprise.	66 21	25 8	9 3	0 -	0 -	4.6 32 .67

Survey Data 2014

This was further confirmed with a mean value of 4.2. In row two, the question item recorded 16(50%) strongly agreed, 9 (28%) agreed, 5(16%) undecided, and 2(6%) strongly disagreed, with a mean score of 4.2. Similarly, row three showed that 18 (56%) strongly agreed, and 14 (44%) agreed with a mean value of 4.6, on whether sales processes are improved as sales force automation (SFA) is practiced.

Finally, row four showed responses to the question item on influence of effective integration of sales, marketing and customer services to ME, as 21(66%) strongly agreed, 8(25%) agreed and 3(9%) Undecided with 4.6 mean. It can be said that sales force automation has shown to be very significant in the MCR.

HYPOTHESES TESTING

In this section, the study hypotheses are statistically tested and analysed using the SPSS window output version 15.0, with a view of proffering answer to the study problem. We therefore state decision rule that: (a) ±.00 - .19 (very weak), (b) ±.20 -39 (weak), (c) +.40 - .59 (moderate), (d) ±.60 - .79 (strong) and (e) ±.80 -.99 (very strong); lastly, (1) ±1 (perfect).

Key:
(a)   **   = Correlation significant at the 0.01 level (2 tailed)
(b)   *   = Correlation significant at the 0.05 level (2 tailed)
(c)   Rho   = Spearman Rank order correlation coefficient.

Ho1: ME does not significantly impact on hospitality industry Performance.
Ho2: There is no significant relationship between CRM and hospitality industry Performance.

Table 5: Impact of CRM and ME on Firms Performance

PREDICTOR Variable	Statistical index	Marketing Effectiveness	Firms' Performance
Customer services	Rho	0.383**	0.317*

Survey Data 2014

The results of the hypothesis Ho1 in Table 5, showed Rho of 0.383 and a significant level of 0.01, implying that Marketing Effectiveness significantly impact on Firms' Performance, therefore the null hypothesis is rejected.

In the case of Ho2, the Rho value is 0.317 at a significant level of 0.05 which implies it significantly influenced Marketing Effectiveness, but the correlation is weak. It therefore means that Ho2 is rejected; there exist a significant relationship between customer relationship management and Nigeria hospitality industry Performance. It is observed that the relationships between the CRM variables and measure of ME are all positively significant, and the correlation between CRM and ME is strong, as shown by coefficient of 0.716 at significant level of 0.01.

Ho3: Service automation does not significantly influence ME in Nigerian hospitality industry.
Ho4: There is no significance relationship between service automation and CRM.

Table 6: Result of Sales Force Automation and CRM Impact on ME

PREDICTOR Variable	Statistical index	Marketing Effectiveness	Service Automation
Sales force automation	Rho	0.301**	0.463**

Survey Data 2014

The results in table 6 shows Rho of 0.301 for Ho3 and significant at 0.01 level (P<0.01), as such hypothesis three is rejected. This means that, Service Automation significantly influenced Marketing Effectiveness in the hospitality industry, but the correlation is weak.

In the case of Ho4, which analyzed the relationship between Service Automation and CRM, the result showed Rho of 0.463 which indicates a positive relationship that is significant at P<0.05 level. In view of this, Ho4, is rejected, that is, there is a significant relationship between service automation and CRM.

DISCUSSION OF FINDINGS

This study was set out to examine the impact of CRM and ME in the Nigerian hospitality industry. Our findings revealed that, CRM and ME significantly impacted on Nigeria hospitality industry performance. Similarly, service automation significantly influenced marketing effectiveness in Nigeria hospitality industry.

The finding is consistent with that of Law et al, (2013) and Oluto et al, (2010). They found that CRM is a combination of policies, processes, and strategies implemented by an organization to unify its customer's interactions and provide a means to track customer's information Operational.

The concept of building relationship is emphasized through CRM as noted in Nwokah, (2006). However, Law et al (2003) relevantly remarked that the goal is to build a profile of loyal and profitable customers with the right philosophy. Hoots, (2004) conclusively opined that

effective implementation and management of the existing relationships with consumers and customers will eventually lead to Marketing Effectiveness.

Similarly, Swift (2001) posits that generally, customers' services, campaign management and service automation form the core of the CRM. While he noted that operational CRM provides support to facilitate office business process.

Kotorov, (2003) discovered that Service Automation (SFA) is positively and significantly related with ME. Richie (2012), and Opara et al, (2010), argued that CRM integrates sales, marketing, services, enterprise resource planning and supply-chain management functions through business process automation; just as technology solution and information resources do maximize Marketing Effectiveness. These attributes of Service automation are necessary if a long-term customer relationship is to be enjoyed they opined (Opara & Nwulu, 2009) .

CONCLUSION AND RECOMMENDATION

The findings of this study showed a positive relationship between CRM and ME in Nigeria hospitality industry; and that service automation significantly influenced ME. We conclude that, since CRM, ME and service automation significantly impact on firms' performance in Nigeria hospitality industry; to achieve the desired ME in the Nigeria hospitality industry, marketing managers need to attract and retain customers through deliberate and consistent CRM policies and strategies. It is imperative for hospitality firms to improve on the present ME as to achieve the desired CRM and industry Performance. The Nigeria hospitality industry can achieve this by formulating policies/strategies that will help in acquiring, keeping and growing profitable customer relationships that would deliver superior customer value and satisfaction. We recommend among other things, that all staff be given adequate marketing orientation and training that would identify and treat customers as "Kings".

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