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Title of the Thesis : **Strategies for Acquisition and Retention of Customers - An Empirical Study with Special Reference to Hotel Industry in Kancheepuram District**

Date and Time : **25-11-2020, Wednesday @ 11.30 am**

Venue : Commerce Research Centre,
V.H.N.S.N.College, (Autonomous)
Virudhunagar

Video Conference Platform : Google Meet

Meeting ID : <http://meet.google.com/tkv-mqzn-uzt>

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A copy of the thesis is available in the Department of Commerce, V.H.N.S.N. College (Autonomous), Virudhunagar for your reference. Faculty members, Research Scholars and Students are welcome to attend the Viva-Voce through Google meet.

Place : Virudhunagar

Date : 16- 11-2020

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**STRATEGIES FOR ACQUISITION AND RETENTION OF
CUSTOMERS - AN EMPIRICAL STUDY WITH SPECIAL
REFERENCE TO HOTEL INDUSTRY IN KANCHEEPURAM
DISTRICT**

A SYNOPSIS SUBMITTED TO MADURAI KAMARAJ UNIVERSITY IN PARTIAL FULFILMENT OF
THE REQUIREMENTS FOR THE DEGREE OF

DOCTOR OF PHILOSOPHY IN COMMERCE

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JUNE 2019

INTRODUCTION

In a country like India with a huge population size, the services sector has a huge potential. The development of the services sector can transform the burden of a large size of manpower into an asset through proper utilization and thereby can generate a huge size of income for the nation as a whole. The services sector is composed of a broad spectrum of service providing entities spread throughout the country. The services sector usually covers a wide range of activities from the most sophisticated information technology (IT) to simple services provided by the unorganized sector like the services of the plumber, mason, barber etc. The National Accounts classification of the services sector incorporates trade, hotels and restaurants, transport, storage and communication, as well as financing, insurance, real estate, business services, community, social and personal services (Sromana Jain 2014).

The service sector, also called tertiary sector, is the third of the three traditional economic sectors. The other two are the primary sector, which covers areas such as farming, mining and fishing, and the secondary sector, which covers manufacturing and making things. Activities in the service sector include retail, banks, hotels, real estate, education, health, social work, computer services, recreation, media, communications, electricity, gas and water supply (Service sector Fact sheet 2010). Services are any functions or tasks performed by an individual or a group of individual and for which there is a demand, and hence a price is determined if it is available in the relevant market (Sromana Jain 2014). Services are referred to intangible goods. Consumers consume services at the point of production, and the services are usually non-transferable, in the sense that the services cannot be purchased and then resold at a different price. The Indian tourism and hospitality industry has materialized as one of the key drivers of growth among the services sectors in India

(Service Sector in India 2014). Without the tourism industry there would be no hospitality industry, and without the hospitality industry the tourism industry would have a large gap.

ORIGIN OF HOTEL INDUSTRY IN INDIA

India has a unique culture and tradition. With its high natural resources it had attracted people from all parts of the world and provided temporary shelter to strangers and 'bird of passage' which means move one place to another such as 'Saraikhanas' or 'Panth Niwas' or 'Dharma Salas' or 'Vihar' or 'Hospice' or 'Musa Firkhana'. These institutions acted as public houses with lodging facilities for travellers, which is similar to the inns in western countries. The Buddhist vihars or monasteries were meant for housing monks who looked after the guests and provided material and spiritual comforts to them free of cost. The support of the state exchequer and the generous donations of the grateful guests helped in the upkeep of vihars. 'Dharamasalas' were built by affluent sections of the society, particularly royalty, as an offering to the poor and were meant for weaker sections of the society. Artha Sastra of Kautilya mentions that travellers were provided with accommodation at almost no cost at these Dharamasalas (A.K. Bhatia 1989).

Hotels according to the western concept were introduced in India by the British and the British and Swiss were running almost all hotels in India except the Taj Mahal of Bombay, built by Jamshedji Naoroji Tata in 1902. The real growth of the hotel industry in India was in the twentieth century when big business houses entered into hotel field. India's great industrialist, Jamshedji Naoroji Tata, felt that it was essential for the advancement of Bombay city in particular and India in general that it start an up-to-date hotel to provide facilities and comforts to visitors from all parts of the world to attract visitors from overseas (Negi, J.M. 2008). Before 1939, there were hardly any establishments that could entertain more than five hundred tourists at a time. After the World War II important cities in India

witnessed the emergence of many hotels and restaurants because the market was growing with the continuous influx of international visitors (Amitabh Devendra 2001).

There are three major types of hotels. The ratings are reviewed once in every five years.

Starred Hotels – These hotels are rated 1,2,3,4,5 star category

Approved Hotels - Hotels which have acquired approval from Ministry of Tourism but not classified into any star categories.

Licensed Units – These acquire license from MCD or local authority.

Luxury –These are having 4,5 and 5 star deluxe rating.

Budget - Hotels having classification between 1 Star – 3 Star has been defined as a Budget accommodation unit.

Others – Includes approved (awaiting classification) as well as licensed units.

CUSTOMER RETENTION

Customer retention is the maintenance of continuous trading relationships with customers over the long term. Customer retention is the mirror image of customer defection or churn. High retention is equivalent to low defection (Ahmad, R. and Buttle F. 2001). Customer retention is the number of customers doing business with a firm at the end of a financial year, expressed as percentage of those who were active customers at the beginning of the year (Dawkins, P.M. and Reichheld, F.F. 1990). Customer retention refers to the ability of a company or product to retain its customers over some specified period. High customer retention means customers of the product or business tend to return to, continue to buy or in some other way not defect to another product or business, or to non-use entirely. Selling organizations generally attempt to reduce customer defections. Customer retention starts with the first contact an organization has with a customer and continues throughout the entire lifetime of a relationship and successful retention efforts take this entire lifecycle into account. A company's ability to attract and retain new customers is related not only to

its product or services, but also to the way it services its existing customers, the value the customers actually generate as a result of utilizing the solutions, and the reputation it creates within and across the marketplace (Customer Retention-Wikipedia)

STATEMENT OF THE PROBLEM

Excellent customer service and high customer satisfaction begins with understanding customer expectations. In companies customer satisfaction is generally measured by asking customers whether their product or service has met or exceeded expectations. It is very important to ask this question because asking is a key factor that leads to customer satisfaction.

When customers have high expectations, and the reality fall short, they will be disappointed and will likely rate their experience as less than satisfying. Customer expectations set the bar for customer satisfaction, which also affects repurchase decisions and customer loyalty. If a customer feels that their expectations does not fulfil by the hotel owners and will not come back and utilise the services. On the flip-side, if a marketer deliver a service that exceeds customer expectations, surely will come back to buy again and tell all their friends about the experience.

Retaining a customer is as important as finding new ones, unfortunately a lot of the time once a customer has been acquired, many businesses forget to prize the value in retaining them, and spend more time on getting more new customers. Hotel owners need to decide which is more important to them - acquiring new leads and potential customers, or retaining and nurturing the current customer base. Service quality and customer satisfaction are inarguably the two core concepts that are at the crux of the marketing theory and practice (Mackoy, 1996). In today's world of intense competition, the key to a sustainable competitive advantage lies in delivering high quality service that result in satisfied customers (Shemwell et al., 1998).

There are a number of other problems that should be considered by the hotel owners and the customers in customer retention management.

1. Which Customers will be targeted for retention?
2. Do demographic factors have any influence in the selection of hotels, booking rooms and payment of room rent?
3. What Customer Retention Strategies will be used?
4. Do the hotels implement CRM Approach?
5. Is any strategy developed to retain the customers to avoid losing customers?
6. Do the hotel cater to the needs of existing and potential customers?
7. What are the important factors influencing customer retention strategies?

These are the problems faced by hotel owners now-a-days, so there is a need for the researcher to study the strategies of the Customer Acquisition and Retention in Hotel Industry.

RESEARCH OBJECTIVES

The research aims to investigate the Strategies for Acquisition and Retention of Customers in hotels. To retain customers, the relationship with customers has to be managed in a long-term and trusting manner for mutual benefits. Thus the adoption of CRM should enhance the hotels performance through increasing customer satisfaction and loyalty, declining customer acquisition costs and increasing profitability by customers who are willing to pay a premium for better services. The objectives of the study are

1. To focus on the importance of hotel industry.
2. To analyse the customer relationship management in hotel industry.
3. To know the important factors influencing customer retention strategies.

4. To identify the Customer Retention management techniques adopted by the hotel industry.
5. To provide suggestions for the improvement of Customer Acquisition and Customer Retention management in hotel industry.

SCOPE OF THE STUDY

Hotel industry is a highly flourishing, lucrative and competitive market. To compete in such a market, the hotels should focus on maintaining good relations with the customers and satisfying the customers. Increasingly, the organizations are using Customer Relationship Management (CRM) to help boost sales and revenues by focusing on customer retention and customer loyalty (Thomas Chacko and Merlin Thanga Joy A). Success in the hotel and tourism industry depends on understanding the key factors of customer satisfaction. Customer satisfaction leads to purchase repetition, intention to revisit, and potential increases future patronage of the hotel. Satisfying customers during their first visit and prolonging their stay can help develop customer loyalty and thereby encourage the desire to revisit the destination (Poon and Long, 2005).

The study covers the area of Kancheepuram district. The temples of Kancheepuram district reflect the glorious traditions of South India. Mammalappuram was a flourishing port-town during the time of Pallavas. This is one of the most famous tourist attractions in the district of Kancheepuram. The monuments of Mamallapuram are excellent specimen of Dravidian temple architecture and Pallava art. Sriperumpudur is another place of tourist interest in the Kancheepuram District (Preface Kancheepuram District). Moreover, Kancheepuram has been chosen as one of the heritage cities for HRIDAY - Heritage City Development and Augmentation Yojana scheme of Government of India (HRIDAY - Heritage City Development and Augmentation Yojana).

In this heritage city, therefore, there is a need to study customer retention and acquisition in hotel industry in kancheepuram district. The reason to choose Kancheepuram District as area of the study is because it is a spectacular site of temples and the district headquarters is also known as the temple city. As it is a temple city, Tourism was flourished and this let to the development of more number of hotels. So, the present research was undertaken to study the Customer Retention and Acquisition strategies with special reference to Hotel industry in Kancheepuram district.

RESEARCH DESIGN AND METHODOLOGY

The research process approaches both descriptive and empirical. Empirical research is a research using empirical evidence. It is a way of gaining knowledge by means of direct and indirect observation or experience. Descriptive research is research that describes market characteristics or functions and involves pre-planned and structured design which is generally used to make specific predictions. Primary and secondary data collected and presented in this research report. The Null Hypothesis and interview Schedule are formulated and framed accordingly for the research problem. The findings and suggestions of the study emerge from the inferences drawn from the sample survey of customers as well as hotel owners/Managers in Kancheepuram District.

Primary Data

The present study is an empirical one based on survey method. First hand data are collected from the fields through interview schedule and observation. Data related to customer Retention and Acquisition Strategies are gathered through the interview schedule from Customers and Hotel Owners/Managers. This structured interview schedule was pre-tested.

Secondary Data

The secondary source of information includes the internet, printed books, newspapers, web publications, experts, and organizations. The hotel's website was a credible source of information that was used for the research. Moreover, data was also collected by making online bookings to monitor the processes and procedures used by the hotel.

Pilot Study

A pilot study was conducted with a sample of 10 hotel managers and 25 customers. However, in the light of experience gained, necessary changes were made and modified questionnaire was then again pre tested. The reliability of the scale was checked every time.

Pre Test

The pre test was conducted in June-July 2016 with 50 respondents from consumers and 15 respondents from hotel owners. Based on the requirement of pre-test, the draft schedule was revised. The specimen of the interview schedule for both customers as well as hotel owners/managers for the present study is shown in Appendix A.

Sampling Design

A convenience Sampling was chosen for customers and simple random sampling for hotel owners/managers from the universe. Nearly, 400 hotels in Kancheepuram District, among these 80 hotels were selected randomly and data were collected. 410 customers were selected and collected data through personal interview method. The sample size of customer respondents were 410 and hotel owners/managers were 80 in kancheepuram district.

Field work and Collection of Data

Field work for the present study was carried on personally by the researcher itself. The survey was conducted in several stages during August 2016 – April 2017 covering

a period of 9 months. The opinions and suggestions of the respondents on the topic under the discussion were also elicited and recorded at the end of the schedule. Completed schedules were checked immediately on the spot in order to avoid revisits.

DATA PROCESSING

After completing the interview schedule, editing of the data was done. For further processing, the data were computerised.

FRAMEWORK OF ANALYSIS AND STATISTICAL TOOLS

In order to analyze, sample units were classified for customers and hotel owners/managers. Demographic factors of the respondents shown in the form of Frequency Tables and simple statistical techniques for analyzing the data.

Following this, collected data were cross tabulated to find the strategies for customer acquisition and customer retention. For this, analysis of variance using chi-square test, F test, Factor Analysis, Multiple regressions Analysis and ANOVA were used. The hypotheses were framed on the lines of the objectives of the study.

CHAPTERIZATION

The present study, entitled “Strategies for Acquisition and Retention of Customers – An Empirical Study with special reference to Hotel Industry in Kancheepuram District” consists of five major chapters. The present chapter identifies and states the problems of the study by providing an overview of the tourism and hotel industry. It also deals with the research design including objectives of the study, scope of the study, operational definitions of the concepts, methodology and tools applied, construction of interview schedule, sampling design, data processing and framework of analysis and limitations of the study.

Chapter II “Review of Literature” presents the review of literature on customer retention and acquisition strategies in hotel industry.

Chapter III “Customer Relationship Management in hotel industry” discusses the relationship of customers with the hotel industry.

Chapter IV “Factors influencing Customer acquisition and Retention strategies” describes analysis and interpretation of the data collected from the hotel owners.

Chapter V brings research report to logical presentation by highlighting the Findings, Suggestions and conclusions.