

A Study of Customer Relationship Management Practices in Madhya Pradesh State Tourism Services

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Abstract. *The state-owned undertakings in India have been catering to the needs of people in various forms. Madhya Pradesh (MP) is no exception to it. To promote tourism in the state and serve people with various offerings, Government of MP launched Madhya Pradesh State Tourism Development Corporation (MPSTDC). It started with hotels and resorts at various tourist spots in MP. It got tied up with many allied agencies for promoting tourism in the state. In 1995, the new tourism policy was launched to serve customers with add-on benefits. Later, they launched air-conditioned luxury buses for tourists and other passengers. People gave warm response to this service. These bus services were considered to be punctual and customer service oriented. The objective was to serve the people with high level of comfort and safety. The corporation has achieved this objective to a large extent. The research study is an attempt to determine the factors that constitute the base of customer relationship management (CRM) with respect to MP Tourism services. The study was conducted on 250 passengers using MP Tourism bus services. Comparison between MPSTDC-owned bus services and private operator services of the same category was done to measure their performance. The passengers' point of view was received and effectiveness of MP Tourism bus services was determined on various parameters.*

Keywords: CRM; MP tourism; passenger; luxury; amenities.

JEL Codes: M 31, M 38.

REL Codes: 7B, 14F.

Introduction

The heart of India, Madhya Pradesh, was formed on November 1, 1956. With a population of more than 603 lakhs, the state is rich in natural resources and tourism places. There are many places of tourist interest in the state such as: Ujjain, Indore, Mandav, Omkareshwar, Bhopal, Sanchi, Pachmadhi, Shivpuri, Gwalior, Amarkantak, Khajuraho to name a few. Madhya Pradesh Tourism Development Corporation was set up by state Government to promote tourism in state and attract inflow of tourists from the country and abroad. In 1995, the new tourism policy aimed at improving the performance of corporation. In a decade, professional approach was adopted by corporation to revamp the image of state tourism. The Government allocated more budgets to the corporation and repositioning of corporation was done.

The corporation, which started with hotels and resorts, later included heritage hotels, restaurants, package tours, city tours, tie-up with allied partners, cultural tourism, wildlife & adventure tourism, leisure & business tourism, pilgrim tourism, and luxury bus services. The air-conditioned luxury bus service was meant for tourists as well as other passengers. After starting buses for major cities like: Bhopal, Indore, Pachmadhi and Shirdi (outside state), the corporation started bus reservation through online booking for the convenience of passengers. The “Incredible India” campaign also promoted tourism. More tourist sites were identified and water sports, city rides were added to increase revenues from tourists. All these efforts have been successful in attracting tourists in state to a large extent. According to a latest report, Madhya Pradesh has moved up and ranked sixth in terms of tourists’ choice in 2008.

Customer Relationship Management (CRM) refers to business strategy aimed at gaining long-term competitive advantage by delivering customer value and extracting business value simultaneously. CRM becomes necessary to study the dynamic business environment. Since customer spendings on leisure purpose have increased, the entertainment industry has also responded favourably. The aim of CRM is to gain a win-win equation for all. Factors like: service quality, delivery, responsiveness, reliability, accessibility and empathy together constitute CRM practices. This is considered as the benchmark of success of an enterprise. According to Gamble, CRM is central to the task of making an organization customer-focused. The organizations must start thinking about customers in terms of people with personal interactions and opinions.

CRM is a multifaceted process, mediated by a set of information technologies that focuses on creating two-way exchange with customers so that organizations have an intimate knowledge of their needs, wants and buying patterns. It is a process used to learn more about customers’ needs and behaviors in order to develop stronger relationships with them. It is the

philosophy, policy and coordinating strategy connecting different players within an organization for the purpose of coordinating their efforts in creating an overall valuable series of experiences, products and services for the customer. The current research work studies the CRM practices in Madhya Pradesh Tourism Corporation owned buses.

Literature review

A brief review of the existing research in this field has been presented. The findings of research are as follows:

Gummerson (1996) explored the extent of application of relationship marketing in service sector. Service users hold good image of the organization if it provides effective CRM services. Poor relationship marketing caused discontinuation of services by many customers. Jain and Dhar (2003) studied determinants of CRM effectiveness in India. They used in-depth interviews focused on behavioural dimensions of relationships. It was found that CRM emerged as a core business process for maintaining and enhancing the competitive edge in modern business affairs. It is the CRM that becomes the deciding factor while selection of services.

Gaur and Waheed (2003) studied the factors influencing usage of interactive technologies in service business to determine the implications. The research was conducted on selected hospitality and travel services in Mumbai. They concluded that service sector businesses emphasize the use of interactive technologies to build and maintain relations with the customers in long run. Jain and Gupta (2004) determined the magnitude of customer defined service quality gaps. They studied on two major quality measurement scales: service quality and service performance. In terms of service quality parameters, they found that the customers gave utmost importance to expectations followed by perceptions and importance rating.

Pathak and Modi (2004) studied quality of services provided by the companies in India with respect to issues and challenges. When service quality is measured on various parameters in, all the parameters are equally given weightage by the customers. The study was conducted on customers of hospitality services, tourism services and insurance services in a metro city. Jain and Jain (2006) delved into CRM practices of hotels in central India to measure the effectiveness against factors like: value proposition, recognition, customer orientation, reliability, relationship orientation, credibility, customization, personalization and gestures. Customers gave first rank to value proposition and last rank to personalization. Vijayadurai (2008) identified service quality factors in hospitality industry. The significantly influencing perception of service quality factors on the customers' satisfaction and their behavioural intention are service delivery, reliability, assurance and

responsiveness. Most of the research work indicates that customer demands are increasing in terms of service quality and other parameters.

Research objectives

MPSTDC launched luxury buses to cater the needs of tourists and other passengers. These buses got support from customers due to many factors. There are many states which run luxury buses for tourists apart from ordinary passenger bus services. The major objective of this research was to determine the factors that constitute the base of CRM with respect to MPSTDC owned bus services. On the basis of these factors, CRM practices of MPSTDC bus services were compared with private operators and overall effectiveness was determined. CRM practices were evaluated on various parameters between the two players.

Methodology

It was an exploratory study to determine the factors that constitute the foundation of CRM in this sector. Based on these factors, performance of MPSTDC buses was evaluated. The research was conducted on 250 passengers of MPSTDC buses, which included students, businessmen, executives and tourists. These passengers have also traveled in luxury buses of private operators.

Tool for data collection and analysis: Secondary data were collected from various sources like Internet, newspapers, journals, business magazines etc. For primary data collection, a self-administered and non-disguised five-point scale questionnaire containing 14 statements was used. The data was tabulated in the form of rows and columns in Excel sheet and analyzed by using SPSS (Statistical Package for Social Sciences) and z-test. Item to total correlation was applied before factor analysis to check the significance of items in the questionnaire.

Hypotheses: For the research, some null hypotheses were formulated and tested for significance to prove the objectives in scientific manner. The stated null hypotheses were as follows:

H₀₁ – There is no significant difference in the amenities provided by state-owned buses and private buses.

H₀₂ – There is no significant difference in the comfort provided by state-owned buses and private buses.

H₀₃ – There is no significant difference in the speed of service offered by state-owned buses and private buses.

H₀₄ – There is no significant difference in the staff cooperativeness in state-owned buses and private buses.

The above hypotheses were tested and results were drawn.

Results and discussions

Item to total correlation was applied using MS Excel to check the significance of items in the questionnaire. There were 14 items (statements) in the questionnaire. By applying the formula, correlation value for each item of the questionnaire was observed to be higher than the critical value of the Pearson correlation coefficient (.195) at .05 level of significance. Therefore, all the statements in the questionnaire were included for factor analysis. Principal component analysis was applied by using 500 iterations and sorting was done by size. Factor analysis through SPSS identified five factors that represented the study of CRM in MPSTDC buses. Table 1 indicates factor analysis showing constituent factors with factor loads. Description of factors:

Factor 1: Amenities. This factor constituted customer-friendly services (factor load of 0.859), waiting lounge (factor load of 0.796), video facilities (factor load of 0.695), cleanliness (factor load of 0.601) and the total factor load was 2.951 with 8.73 percent of variance. The basic facilities and add-on benefits provided delight to passengers. Cleanliness inside the bus was most important factor. The video facility was a source of entertainment for them.

Factor 2: Comfort. This factor constituted of ambience (factor load of 0.816), air-conditioner service (factor load of 0.797), comfortable seats (factor load of 0.629), and the total factor load was 2.242 with 7.09 percent of variance. These components together constitute the comfort factor. The passenger expectations in terms of comfort and luxury are higher. He expects best ambience, comfortable seats and perfect air-conditioner performance.

Factor 3: Supportive staff. This factor constituted ticket booking process (factor load of 0.728), staff behaviour (factor load of 0.653), facility management (factor load of 0.536) and the total factor load was 1.917 with 6.48 percent of variance. This factor becomes crucial in determining the superiority of corporation-owned buses over private operator services. The behaviour of staff towards passengers was cooperative.

Factor 4: Speedy services. This factor constituted arrival time (factor load of 0.734), departure time (factor load of 0.642), and the total factor load was 1.376 with 5.83 percent of variance. The departure time and arrival time of bus at destination holds significance for passengers. The passengers follows time schedule to be followed strictly by the bus operators.

Factor 5: Trust factor. This factor constituted dependability and trust (factor load of 0.577), loyalty factor (factor load of 0.543), and the total factor load was 1.120 with 4.28 percent of variance. Due to excellent services, the passengers become loyal to the operators. Dependability and trust is another factor where state-owned buses are liked by most of the passengers.

Results of z-test. On application of z-test, null hypotheses H_{01} , H_{02} and H_{04} were rejected and hypothesis H_{03} was found to be not rejected at 0.05 level of significance. Table 2 indicates table values and calculated values in terms of hypotheses testing. It can be concluded that there were significant differences in amenities, comforts, speedy services and staff's cooperativeness provided by MPSTDC buses and other private buses of the same category. These differences were in favour of MPSTDC buses. In terms of amenities, the customers perceived and welcomed customer friendly services like: good waiting lounge, good quality video in bus for entertainment, neatness of bus and waiting lounge. The passengers marked cleanliness inside the bus, which they liked well. These facilities were considered better in MP tourism buses.

In terms of comfort, the ambience was nice as observed by passengers, the air-conditioner was working well and seats were comfortable enough all made to make the journey happy and safe. Similarly, in terms of cooperativeness of bus staff, state tourism services were having an edge. Barring few instances, the behaviour of staff was pleasant towards passengers. From ticket booking process to allotment of seats and other formalities, the staff was supportive. The overall facility management was better in state tourism buses. The staff of restaurants was also cooperative. Many passengers complained about rude behaviour of private bus staff.

However, in terms of speedy services, there was no significant difference between tourism buses and other private buses of the same category. The complaint of being late was faced at times. Though it was not a common practice, but the customers' expectations with state tourism buses were higher in this regard. They expected high degree of punctuality from state buses, which was followed to a large extent. The corporation has to make serious efforts to sort this problem. Some passengers also complained of problems faced during online booking.

In terms of trust and reliability, tourism buses were far better than private operators. All the respondents have traveled in private buses once or more. On dependability and trust factors, the nature of association with Government Corporation also helped in making the image of these buses customer friendly. Many passengers, though complained of higher charges, were loyal for tourism buses. They appreciated the frequency of buses and expected more buses on other routes as well.

Conclusions and implications

The study has determined five factors: amenities, comfort, speedy services, supportive staff and trust with respect to CRM practices in MPSTDC services. The corporation can feel delighted to find that in terms of amenities, comfort, supportive staff and trust, the passengers favoured it. The corporation

should be concerned for further improving on such fronts. In case of speedy services, they should fulfill the expectations of passengers. Due to state owned services, many factors are under their control. Since private players are also gearing up to make their services better, the corporation should constantly plan for making things better. The problems faced by passengers during online booking should be handled by the corporation. More routes should be identified to connect tourism spots and other places.

This study was confined to MP State Tourism Corporation owned buses in Madhya Pradesh. The results of this study should not be generalized for other states. Further studies can be done on a large sample and comparison across tourism corporation-owned bus services can be done between various states. The study has wide implications for our state in particular. Much work can be done towards strengthening CRM practices in this regard.

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Appendix

Table 1

Factor analysis showing constituent factors with factor load:

S. No.	Variable no.	Factor no.	Percentage of variance	Total factor load	Factor name
1	VAR00005	Factor 1	8.73	2.951	Amenities
	VAR00001				
	VAR00002				
	VAR00003				
2	VAR00004	Factor 2	7.09	2.242	Comfort
	VAR00009				
	VAR00008				
3	VAR00010	Factor 3	6.48	1.917	Speedy Services
	VAR00012				
	VAR00011				
4	VAR00006	Factor 4	5.83	1.376	Supportive Staff
	VAR00007				
5	VAR00013	Factor 5	4.28	1.120	Trust factor
	VAR00014				

Table 2

Result of hypotheses testing by z-test:

S. N.	Statement	Calculated value of z	Table value of z	Result
H ₀₁	No significant difference in amenities provided by state-owned buses and private buses	2.127	1.960	H ₀₁ rejected
H ₀₂	No significant difference in comfort provided by state-owned buses and private buses.	2.270	1.960	H ₀₂ rejected
H ₀₃	No significant difference in speed of service offered by state-owned buses and private buses.	1.587	1.960	H ₀₃ accepted
H ₀₄	No significant difference in staff cooperativeness in state-owned buses and private buses.	2.983	1.960	H ₀₄ rejected