RELATIONSHIP BETWEEN CUSTOMER CARE AND BUSINESS VOLUME :
THE CASE OF CONCORDE HOTEL, KUALA LUMPUR

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ABSTRACT

Care of any firm's customer has been recognized as the dominant factor in a business organization's success. This study helps us extend our understanding of the relationship between customer care, loyalty, satisfaction and business volume. The purpose of this study is to identify the effects of customer care factors that are positively related to customer loyalty and business volume in the hotel industry. Using data collected from the Concorde hotel in Kuala Lumpur, the findings indicate that loyalty, satisfaction and customer care with the performance of housekeeping, reception, food and beverage, and overall marketing are positively correlated to business volume. Also it's applications for other high quality hotel enterprises by utilization of proper Customer care practices is a great opportunity to increase customer value and provides a way to systematically attract, acquire and retain customers.

The study was to gain improved understanding of the factors present in customer care activities, and the role of these in enhancing or endangering business. The study consisted of study and analysis of five in-depth factors. Qualitative and quantitative information and data were collected from each of the persons interviewed in the staff and customer segments. The term, "care" is used extensively in the study as a doorway into the world of hospitality activities as well as an organizing construct for interpreting what was found. The concept of care includes activities related to staff attitude and systems. It additionally includes services that can link back to help enhance pre-existing capabilities for delivery of products or systems. Processes and measures of customer satisfaction and loyalty provide two critical aspects of the study. The importance of the concept of care and the actions that define it were found to be critically important for a customer's total satisfaction. The importance of the care phase in the total customer process was found to increase as the customer relationship matures. Different services offer different characteristics and challenges, while for many customers, their satisfaction-loyalty relationship with a provider tends to be non-linear. The relation between customer needs, satisfaction, and loyalty, and how these ultimately relate to a providing hotel's business volume, were seen to be linked in proportional ways. The complexity can be studied in many ways but herein the customer satisfaction-loyalty of each service event was first

evaluated separately. Customer satisfaction and Services provided within the gamut of the Hospitality budgets were then related to each other in order to compare the separate and combined characteristics. This provided the reference basis for analyzing how customer care might change business volume, relative to their level of satisfaction.

The findings from the survey with the in-house guests revealed that while the determinants from these evaluations present evident limitations, they could provide a basis for better mapping the more systemic interactions between the many possible ways to enhance customer care and levels of satisfaction. Managers, on the other hand, were seen to give ever-greater emphasis, in terms of their perceptions, to their arena of activities. For example, the service manager and project manager emphasized certain specific parts of a total package e.g. Renovated rooms , an account manager would tend to emphasize those aspects most closely related to contact-based relationships. This illustrates that there is a great, unrealized potential, particularly in the creation of a viable model of customer care able to accommodate the complexity of contemporary hospitality business development based on which some articulate recommendations have been provided.

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CHAPTER ONE

INTRODUCTION

The hospitality and tourism industry is often promoted as the world's fastest growing industry, and the hotel sector is said to be its fastest growing component (The Economist, 2000) .The hotel industry's potential in Malaysia is vast. Reflecting the explosive growth in global tourism, a large number of hotels and tourism centers have been established (Dowling, 2001). Now many other Southeast Asian nations such as Brunei, Cambodia, Myanmar and Vietnam are poised to emerge as popular spots for tourists. (ICER, 2003). Malaysia has been progressively marketing its tourism industry e.g. as hosts of the XVI Commonwealth games in 1998, Malaysia launched a year-long global promotion aimed at raising awareness of the country's new sport and leisure facilities. However most of its attractions are nature based and ecotourism is also being heavily promoted (Khalifah and Tahir,1997). The eighth Malaysian Plan was designed to boost the country's considerable tourist attractions especially with the government's aspiration that there should be one tourist per head of population (Sadi and Bartels, 2003). This can be attributed to an estimated US$ 12 billion in earnings from tourism from an overall US$ 55 billion in the Asia – Pacific region (Davison, 2004). A recent survey of 210 visitors indicates that most visitors support the following management strategies, viz: Adequate number of hotel rooms to cater to various budgets; limiting large tourist groups; Additional navigation signs and maps; better transport services; protecting the ecology (K.S.Chon, 2005).

The hospitality industry in Malaysia is diverse and can be broadly dichotomized into two segments: lodging properties and food-service operations. It is one of the nations' top

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industries and employers in the private sector (Malaysian Travel Industry Association, 1998). The provision of service and other resources, for the purpose of increasing the value the buyers receive from their purchases and from the processes leading up to the purchase is a part of customer care. With the rising dominance of the service sector in the Malaysian economy, customer care has grown in importance, as its impact on hospitality firms has become widespread.

Given the competitive challenges, luxury hotels' customer care activities have no grounds for relaxation – luxury hotel companies have a leadership role to play in strategically customer care management. Reducing the negative impact on business volume due to ever increasing competition will not occur quickly but involves steady progress to achieve success. It's a well-known business rule of thumb that 80% of your income comes from 20% of your customers. But how does one optimally identify and satisfy those 20%? Today, many companies in the hospitality sector are investing in their customer care programs to get a better view of their customers and their buying habits, enabling the businesses to market special offers more effectively and provide an improved service. (Mohd. Sallehudin, 2001)

Fig 1.1 : Construct for Customer Care

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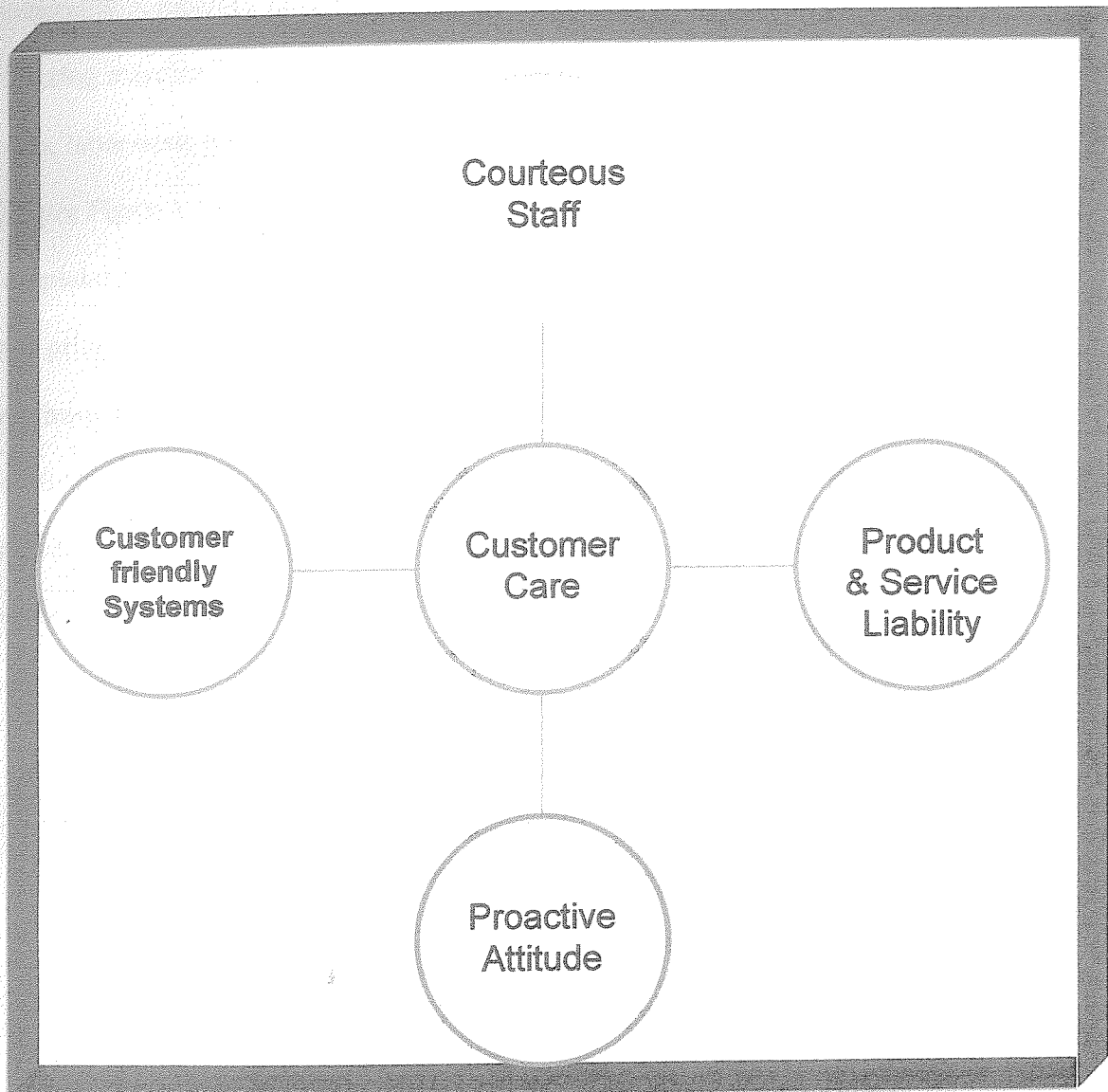
1.1 Statement of the Problem

In the face of growing competition and rising operational expenses, hotels and hospitality companies have long stuck to the conservative practices of cutting costs and lowering margins. This has resulted into falling levels of business due to rising operating costs, labor costs and intense competition (Bruce, 2004)

As per Figure 1.1 one can see that the term "customer care" is frequently used in place of complaint handling due to its positive focus, and is a reminder that customer satisfaction is a priority. Customer satisfaction and retention may manifest itself in form of repeat purchase/patronage leading to increased turnovers and a larger market share etc, as per the following Table 1.1. However business volume is also determined by other factors including level of consumer income, price of the products and the quality of service. This paper is therefore an effort to investigate the relationship between customer care and the business volume

Table 1.1 Deemed benefits of customer care

Beneficiary	Benefit
Providers	Higher income (more sales, repeat business, referred business) Recognition Personal satisfaction & fulfillment Less stress Higher self-awareness and self-control Greater authenticity Happier life at work Stronger social networks, family ties Happier life outside work
Organizations	Quality sales (more add-ons, more service sales) More repeat business More referred business Fewer returns Better reputation Higher morale, happier employees Lower employee turnover Higher caliber of job applicants Fewer complaints Higher productivity Better work environment Higher inventory turnover Higher profits
Society	Higher income from individuals and firms Higher productivity Stronger families and social networks Greater civility

Source: (Berry and Leonard: 1995)

1.2 Objectives of the Study

The general objective of this study is to determine the relationship between customer care and business volumes in the Hotel industry.

The specific objectives being:-

a. To establish the quality of service Concorde Hotel KL extends to its customers

b. To find out the level of revenues generated by Concorde Hotel KL and the department wise breakup

c. To find out about the training programs related to customer care, being conducted.

d. To investigate the relationship between customer care and business volume

1.3 Significance of the study

This study aims to reveal how customer care affects business volume .The findings would be helpful to the management of Concorde Hotel KL and similar other businesses in devising means of improving quality of their services and hence improving revenues.

The findings can also be used in future by other researchers in relevant fields .The results contained in this study shall provide a useful guide to corporate executives in formulating their operational strategies.

1.4 Scope of the study

This study was conducted in Kuala Lumpur at the Concorde Hotel, which is located along Jalan Sultan Ismail . Respondents to the study were Concorde Hotel's staff in the Operations, Sales and Marketing departments etc. It has also focused on the customers / patrons of Concorde Hotel KL but the major focus has been put on marketing and

operations managers as key informants. This study was conducted using Concorde Hotel KL as the subject but is an effort to create a universal model for the Malaysian hotel industry.

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